

\$6,500



Now's the Time to Make a Move!

Long-time homeowners can get up to a \$6,500 tax credit.

Now's the time to get in the market.

ACT NOW to sign on a contract for the purchase of **your next home** by April 30, 2010.

Read Q&As on the tax credit prepared by the IRS at www.IRS.gov.

Contact your REALTOR® or www.YourIllinoisHome.com for more details.

If you have specific questions or need additional information, please contact a tax professional or the Internal Revenue Service at 800-829-1040.

Who can use the long-time homebuyer tax credit?

Long-time homeowners who buy a replacement principal residence by April 30, 2010. According to the IRS, the long-time homeowner must have lived in the same principal residence for any five-consecutive year period during the eight-year period that ended on the date the replacement home is purchased.

How much is the credit? For long-term homeowners, the credit is equal to 10 percent of the purchase price up to \$6,500 (or \$3,250 for a married individual filing separately).

What is the deadline for using the tax credit?

Under the new law, an eligible taxpayer must buy, or enter into a binding contract to buy, a principal residence on or before April 30, 2010 and close on the home by June 30, 2010.

Are there income limitations? The new law raises the income limits for homes purchased after Nov. 6, 2009. The credit phases out for individual taxpayers with modified adjusted gross income (MAGI) between \$125,000 and \$145,000 or between \$225,000 and \$245,000 for joint filers.

Which properties are eligible? Any single-family home (including condos, co-ops, townhouses) that will be used as a taxpayer's principal residence. Vacation properties are not eligible; the tax credit may not be used to purchase a home for more than \$800,000.

How do I claim the tax credit? For qualifying purchases in 2010, taxpayers have the option of claiming the credit on either their 2009 or 2010 return. The credit reduces a taxpayer's tax bill or increases his or her refund, dollar for dollar. It

is fully refundable, meaning the credit will be paid out to eligible taxpayers, even if they owe no tax or the credit is more than the tax owed. The credit is claimed using IRS Form 5405. Taxpayers claiming the homebuyer credit must file a paper tax return because of the added documentation requirements.

Does the credit have to be repaid? No, as long as the buyer stays in the home for at least three years. If the home is sold within three years of the date of purchase, the buyer is required to pay back the full amount of the credit, including any refund received.

What is the deadline for military service members?

The credit is extended through May 1, 2011, for members of the military serving outside the United States for at least 90 days.

Do I have to sell my current home to use the tax credit on the home I want to buy for my next principal residence?

According to the IRS, if you meet all of the requirements for the credit, the law does NOT require you to sell or otherwise dispose of your current principal residence to qualify for a credit of up to \$6,500 when you buy a replacement home to use as your principal residence.

Do I need to own a home at the time I buy my new home to get the credit as a long-time resident of the same main home?

According to the IRS, you do NOT have to own a home at the time you make your new purchase but you must satisfy the criteria for having owned and lived in a home as your primary residence for a five-consecutive year period that falls somewhere within the eight-year timeframe that ends on the date you buy the home on which you are claiming the credit.

HURRY!

Both the **\$6,500 long-time buyer** and the **\$8,000 first-time buyer tax credit** end at midnight on **April 30, 2010.**