

H.R. 3221—Tax Credit Provision

For homes purchased after April 9, 2008 and before July 1, 2009

On July 30, 2008, President Bush signed into law The Home Recovery Act of 2008—H.R. 3221.

Section 36 of The Act establishes a **First Time Home Buyer Tax Credit** for qualified purchasers.

The Tax Credit will be administered by the IRS and provides a reduction in the tax liability of a home buyer and in some cases, a refund.



A Mfd home located in a OKC subdivision!

This brochure is intended to highlight some key provisions of the tax credit. MHAO recognizes that each homebuyer has specific tax concerns and suggests that you consult with a qualified legal, tax and/or investment professional to whom you have provided all pertinent facts and information as to your individual situation.

All Homes are Eligible! HUD Code or Factory Built!

Frequently Asked Questions!

- 1. What is the First Time Home Buyer Credit?** A federal income tax credit of 10% of the purchase price up to \$7,500.
- 2. What is the definition of a first time home buyer?** Generally, a buyer who has not owned a residence during the three-year period prior to purchase.
- 3. Who is eligible to claim the tax credit?** Qualified first time home buyers purchasing any kind of home—new or resale.
- 4. What types of homes will qualify for the tax credit?** Any home purchased by an eligible first time home buyer, used as a principal residence. The home may be a manufactured home, a modular home and be real or personal property.
- 5. Are there income limits to determine who is eligible to take the tax credit?** Yes. Modified adjusted gross income (MAGI) of up to \$75,000 for single or head-of-household buyers and \$150,000 for joint tax payers.
- 6. If my MAGI is above the limit, do I still qualify for a credit?** Possibly. A partial credit of less than \$7,500 are available for some taxpayers subject to phase-out limits.

- 7. I heard the tax credit is refundable. What does that mean?** Refundable means that it can be claimed even if the taxpayer has little or no federal income to offset. Should that be the case, the IRS will issue a check to the home buyer for the difference between the tax due and the amount of the tax credit.
- 8. Does the tax credit have to be paid back to the government?** Yes. The credit must be paid back in equal installments over a fifteen year period, which begins two years after the credit is taken. If the home is sold, the balance due is recovered from equity.
- 9. Because the money must be repaid, isn't the first time home buyer program really a zero-interest loan rather than a tax credit?** Yes. Because the tax credit must be repaid, it is like a zero interest loan.



Manufactured Homes in Leased Communities are Eligible Too!

