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Where advice makes a difference.

Key Points \$8,000 Tax Credit

Fairfax, Virginia: Check to see if you qualify:

Haven't owned a home in past three years?

Do you have a ratified residential real estate contract on or before April 30th 2010?

Must close on or before June 30, 2010.

The home purchase should be made between January 1, 2009 and November 30, 2009 to be eligible for the 2009 credit of up to \$8,000.

For members of the Armed Forces deployed on duty outside the United States, the tax credits are extended to May 1, 2011 (must close before July 1, 2011) Must be deployed outside the U.S. for at least 90 days between Dec 31, 2008 – May 1, 2010.

Purchases prior to January 1, 2009 are only eligible for the 2008 version.

So, the key thing to take away from this is to make sure you purchase your home before December 1, 2009.

Home must be used as a primary residence.

Vacation homes and rental property do not qualify for \$8,000 tax credit.

Are you buying this home from an unrelated third-party (i.e. not your spouse, parent, grandparent, child or grandchild)?

If you are single, do you make more than \$125,000 a year? Or, if you are couple filing jointly, do you make more than \$225,000 a year?

The full credit is available for couples buying homes in Fairfax, Virginia, City of Alexandria, Virginia and Vienna, Virginia and filing returns whose modified adjusted gross income (MAGI) is \$225,000 or less and for other taxpayers whose MAGI is \$125,000 or less. Detailed information can be found on the irs.com website.

What is "modified adjusted gross income"?

Modified adjusted gross income or MAGI is defined by the IRS. To find it, a taxpayer must first determine "adjusted gross income" or AGI. AGI is total income for a year minus certain deductions (known as "adjustments" or "above-the-line deductions"), but before itemized deductions from Schedule A or personal

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exemptions are subtracted. On Forms 1040 and 1040A, AGI is the last number on page 1 and first number on page 2 of the 1040 form. For Form 1040-EZ, AGI appears on line 4 (as of 2007). Note that AGI includes all forms of income including wages, salaries, interest income, dividends and capital gains.

What IRS form must be used to for residents of Fairfax, Virginia, City of Alexandria, Virginia and Vienna, Virginia?

<http://www.irs.gov/pub/irs-pdf/i5405.pdf>

Additional required items:

For both first-time and long-time homebuyers:

- For purchasers of conventional homes, a copy of Form HUD-1, Settlement Statement, or other settlement statement, showing all parties' names and signatures, property address, sales price and date of purchase.
- For purchasers of mobile homes who are unable to get a settlement statement, a copy of the executed retail sales contract showing all parties' names and signatures, property address, purchase price and date of purchase.
- For a newly constructed home where a settlement statement is not available, a copy of the certificate of occupancy showing the owner's name, property address and date of the certificate.

For long-time homebuyers only:

To qualify, eligible taxpayers must show that they lived in their old homes for a five-consecutive-year period during the eight-year period ending on the purchase date of the new home. To claim the credit, long-time residents must attach the documents above.

The IRS also recommends attaching any of the following to document the five-consecutive-year period:

- Form 1098, Mortgage Interest Statement, or substitute mortgage interest statements,
- Property tax records or
- Homeowner's insurance records.

I'm a Mortgage Banker that has helped 1000's of people and their families obtain Mortgage Loans in Fairfax, Virginia, City of Alexandria, and Vienna, Virginia over the past 18 Years!

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