

First-Time Homebuyer Credit

In general, you can claim this credit if:

- You bought your main home in the United States after 2008 and before May 1, 2010 (before July 1, 2010, if you entered into a

written binding contract before May 1, 2010), and

- You (and your spouse, if married) did not own any other main home during the 3-year period ending on the date of purchase.

No credit is allowed for a home bought after April 30, 2010 (after June 30, 2010, if you entered into a written binding contract before May 1, 2010).

Special rule for long-time residents of same main home. Even if you are not a first-time homebuyer, you may be able to claim the credit if:

1. You buy a main home in the United States after November 6, 2009, and before May 1, 2010 (before July 1, 2010, if you entered into a written binding contract before May 1, 2010), and
2. You (and your spouse, if married) owned and used the same home as your main home for any period of 5 consecutive years during the 8-year period ending on the date of purchase of the home described in (1).

Home bought in 2010. You can choose to claim the credit on your 2009 return for a main home you bought in 2010 before May 1 (before July 1, 2010, if you entered into a written binding contract before May 1, 2010).

Main home. Your main home is the one you live in most of the time. It can be a house, houseboat, mobile home, cooperative apartment, or condominium.

Home constructed by you. If you constructed your main home, you are treated as having bought it on the date you first occupied it.

Who cannot claim the credit. You cannot claim the credit if any of the following apply.

1. You are a nonresident alien.
2. Your home is located outside the United States.
3. You sell the home, or it stops being your main home, before the end of 2009.
4. You acquired your home by gift or inheritance.
5. You bought your home before November 7, 2009, and your modified adjusted gross income (MAGI) is \$95,000 or more (\$170,000 or more if married filing jointly), or you bought your home after November 6, 2009, and your MAGI is \$145,000 or more (\$245,000 or more if married filing jointly). See [Modified adjusted gross income \(MAGI\)](#) later.
6. You bought your home after November 6, 2009, and:
 - a. Your purchase price is more than \$800,000,
 - b. You can be claimed as a dependent on someone else's return, or
 - c. You (and your spouse, if married) were younger than 18 when you bought the home.

7. You acquired your home from a related person. A related person includes:

- a. Your spouse, ancestors (parents, grandparents, etc.), or lineal descendants (children, grandchildren, etc.).
- b. Your spouse's ancestors or lineal descendants if you are married and bought your home after November 6, 2009.
- c. A corporation in which you directly or indirectly own more than 50% in value of the outstanding stock of the corporation.
- d. A partnership in which you directly or indirectly own more than 50% of the capital interest or profits interest.

For more information about related persons, see *Nondeductible Loss* in chapter 2 of Publication 544, Sales and Other Dispositions of Assets.

Amount of the credit. Generally, the credit is the smaller of:

- \$8,000 (\$4,000 if married filing separately), or
- 10% of the purchase price of the home.

However, if the *Special rule for long-time residents of same main home* described earlier applies, the credit can be no more than \$6,500 (\$3,250 if married filing separately).

If you bought the home before November 7, 2009, you are allowed the full amount of the credit if your modified adjusted gross income (MAGI) is \$75,000 or less (\$150,000 or less if married filing jointly). The credit is reduced if MAGI is more than \$75,000 (\$150,000 if married filing jointly). The credit is completely eliminated if MAGI is \$95,000 (\$170,000 if married filing jointly) or more.

If you bought the home after November 6, 2009, you are allowed the full amount of the credit if your MAGI is \$125,000 or less (\$225,000 or less if married filing jointly). The credit is reduced if MAGI is more than \$125,000 (\$225,000 if married filing jointly). The credit is completely eliminated if MAGI is \$145,000 (\$245,000 if married filing jointly) or more.

Modified adjusted gross income (MAGI).

Your MAGI is the amount from Form 1040, line 38, increased by the total of any:

- Exclusion of income from Puerto Rico, and
- Amount from Form 2555, line 45 and line 50; Form 2555-EZ, line 18; and Form 4563, line 15.

TIP **Credit claimed on 2008 return.** *The maximum credit was originally \$7,500 (\$3,750 if married filing separately). So if you made the election to claim the credit on your 2008 return for a home you bought in 2009 and you did not use the February 2009 revision of Form 5405, you now may be able to claim a larger credit, not to exceed a total credit of \$8,000, on an amended 2008 return. See [Amended Returns and Claims for Refund](#) in chapter 1.*

Repayment of credit. If you bought the home in 2009 or 2010, you generally must repay the credit if you dispose of the home or the home stops being your main home within the 36-month period beginning on the purchase date. This includes situations where you sell the home, you convert it to business or rental property, the home is destroyed, condemned, or disposed of under threat of condemnation, or the lender forecloses on the mortgage. You repay the credit by including it as additional tax on the return for the year the home stops being your main home. If the home continues to be your main home for at least 36 months beginning on the purchase date, you do not have to repay any of the credit.

If you and your spouse claim the credit on a joint return, each spouse is treated as having been allowed half of the credit for purposes of repaying the credit.

Exceptions. The following are exceptions to the repayment rule.

- If you sell the home to someone who is not related to you, the repayment in the year of sale is limited to the amount of gain on the sale. (See item 7 earlier under [Who cannot claim the credit](#) for the definition of a related person.) When figuring the gain, reduce the adjusted basis of the home by the amount of the credit.
- If the home is destroyed, condemned, or disposed of under threat of condemnation, and you acquire a new main home within 2 years of the event, you do not have to repay the credit.
- If, as part of a divorce settlement, the home is transferred to a spouse or former spouse, the spouse who receives the home is responsible for repaying the credit if required.
- If you die, repayment of the credit is not required. If you file a joint return and then you die, your surviving spouse must repay his or her half of the credit if required.

Home bought in 2008. You generally must repay any credit you claimed for a home you bought in 2008 and sold in 2009.

In some cases, there is an exception for members of the uniformed services or Foreign Service and for intelligence community employees.

How to take the credit. To take the credit, complete Form 5405 and attach it to your Form 1040. Enter your credit on Form 1040, line 67.

How to repay the credit. If you are required to repay the credit, complete Parts III and IV of Form 5405. Attach the form to your Form 1040. Include the repayment on Form 1040, line 60. On the dotted line to the left of line 60, enter the amount of repayment and "FTHCR."

More information. For more information, including special rules for members of the Armed Forces, see Form 5405 and its instructions.