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Major Victory on the Home Buyer Tax Credit and NOLs

The National Association of Home Builders (NAHB) and local Home Builders Association applauded Congress for passing legislation that will extend and expand the \$8,000 first-time home buyer tax credit, stating that this will provide a much-needed boost to the fragile housing market and economy.

The new law will extend the \$8,000 credit for first-time home buyers for sales contracts entered into by April 30, 2010 and closed by June 30. Further, it has been expanded to include a new \$6,500 credit for owners of existing homes who are purchasing a new principal residence. An existing home owner can claim the \$6,500 tax credit if they have been residing in their principal residence for five consecutive years out of the last eight. Additionally, the income eligibility limits to claim the full credit amount for both groups of home buyers have been raised to \$125,000 for individuals and \$225,000 for married couples.

NAHB estimates that the extended and expanded home buyer tax credit will create 211,000 jobs and generate 180,000 additional home sales in the coming year. It is also expected to generate \$9.6 billion in wage income and \$6.9 billion in federal, state and local taxes.

The legislation, which also extends unemployment insurance benefits and offers relief to cash-strapped firms by providing broader tax benefits for businesses with net operating losses (NOLs), has been signed into law by President Obama.

\$8,000 First-time Home Buyer Tax Credit at a Glance

- The \$8,000 tax credit is for first-time home buyers only. For the tax credit program, the IRS defines a first-time home buyer as someone who has not owned a principal residence during the three-year period prior to the purchase.
- The tax credit does not have to be repaid.
- The tax credit is equal to 10 percent of the home's purchase price up to a maximum of \$8,000.
- The tax credit applies only to homes priced at \$800,000 or less.
- The tax credit now applies to sales occurring on or after January 1, 2009 and on or before April 30, 2010. However, in cases where a binding sales contract is signed by April 30, 2010, a home purchase completed by June 30, 2010 will qualify.
- For homes purchased on or after January 1, 2009 and on or before November 6, 2009, the income limits are \$75,000 for single taxpayers and \$150,000 for married couples filing jointly.
- For homes purchased after November 6, 2009 and on or before April 30, 2010, single taxpayers with incomes up to \$125,000 and married couples with incomes up to \$225,000 qualify for the full tax credit.

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The Home & Building Association of Greater Grand Rapids (HBAGGR), a professional trade non-profit organization, was founded by 18 builders and chartered by the National Association of Home Builders (NAHB) in 1945. Its members are committed to providing quality homes, buildings, renovations, products and services for the entire region through adherence to ethical practices, community involvement, advocacy and education.

The \$6,500 Move-Up / Repeat Home Buyer Tax Credit at a Glance

- To be eligible to claim the tax credit, buyers must have owned and lived in their previous home for five consecutive years out of the last eight years.
- The tax credit does not have to be repaid.
- The tax credit is equal to 10 percent of the home's purchase price up to a maximum of \$6,500.
- The tax credit applies only to homes priced at \$800,000 or less.
- The credit is available for homes purchased after November 6, 2009 and on or before April 30, 2010. However, in cases where a binding sales contract is signed by April 30, 2010, the home purchase qualifies provided it is completed by June 30, 2010.
- Single taxpayers with incomes up to \$125,000 and married couples with incomes up to \$225,000 qualify for the full tax credit.

For more information on the First Time Home Buyer's Tax Credit and the Repeat Home Buyer Tax Credit, please visit www.hbaggr.com.

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