

FIRST-TIME HOMEBUYER TAX CREDIT  
As Modified in the American Recovery and Reinvestment Act  
Major Modifications Shaded  
February 2009

| FEATURE                          | CREDIT AS CREATED JULY 2008<br>APPLIES TO ALL QUALIFIED<br>PURCHASES ON OR AFTER APRIL 9,<br>2008   | REVISED CREDIT –<br>EFFECTIVE FOR PURCHASES ON<br>OR AFTER JANUARY 1, 2009 AND<br>BEFORE DECEMBER 1, 2009                               |
|----------------------------------|---|---|
| <b>Amount of Credit</b>          | Lesser of 10 percent of cost of home or \$7500  | Maximum credit amount increased to \$8000   |
| <b>Eligible Property</b>         | Any single family residence (including condos, co-ops, townhouses) that will be used as a principal residence.  | No change<br>All principal residences eligible.   |
| <b>Refundable</b>                | Yes. Reduces (or can eliminate) income tax liability for the year of purchase. Any unused amount of tax credit refunded to purchaser.   | No change<br>Purchasers will continue to receive refund for unused amount when tax return is filed.                                     |
| <b>Income Limit</b>              | Yes. Full amount of credit available for individuals with adjusted gross income of no more than \$75,000 (\$150,000 on a joint return). Phases out above those caps (\$95,000 and \$170,000). | No change<br>Same income limits continue to apply.  |
| <b>First-time Homebuyer Only</b> | Yes. Purchaser (and purchaser's spouse) may not have owned a principal residence in 3 years previous to purchase.   | No change<br>Still available for first-time purchasers only. Three-year rule continues to apply.  |
| <b>Revenue Bond Financing</b>    | No credit allowed if home financed with state/local bond funding.   | Purchasers who utilize revenue bond financing can use credit.   |
| <b>Repayment</b>                 | Yes. Portion (6.67% of credit or \$500) to be repaid each year for 15 years, starting with 2010 tax filing.   | No repayment for purchases on or after January 1, 2009 and before December 1, 2009  |
| <b>Recapture</b>                 | If home sold before 15-year repayment period ends, then outstanding balance of repayment amount recaptured on sale.   | If home is sold within three years of purchase, entire amount of credit is recaptured on sale. Applies only to homes purchased in 2009. |
| <b>Termination</b>               | July 1, 2009<br>(But note program changes for 2009)   | December 1, 2009  |
| <b>Effective Date</b>            | Purchases on or after April 9, 2008 and before January 1, 2009. Repayment to begin for 2010 tax year.   | All revisions are effective as of January 1, 2009   |