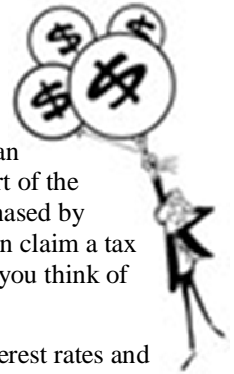


## It's a Buyers Market and it just got better! First-time homebuyers tax credit!



First-time homebuyers, you're closer than you think to owning a home! If you've been thinking of buying your first home, this year is a great time to do so. If you are a first-time homebuyer, you can benefit from the American Recovery and Reinvestment Act which was recently modified and is part of the economic stimulus package. The major changes are applicable to primary residences that are purchased by first-time homebuyers on or after Jan. 1, 2009 and before Dec. 1, 2009. First-time homebuyers can claim a tax credit of up to \$8,000\* on their income taxes and receive money back in excess of taxes. Whether you think of this new credit as 8,000 reasons or one *really big one*, it's a new, strong incentive to make a move.



First-time homebuyers now is a great time to consider buying a home. With affordable real estate prices, low interest rates and the First-time Homebuyers Tax Credit in place to give you an additional opportunity in 2009! To learn if you or someone you know qualifies, call or visit Cornerstone Real Estate - we're here to help - Office:(956) 765-3700 • 1108 N US Hwy 83 • Zapata, TX 78076

\*Tax credit is the lesser of 10% of the cost of the home up to \$8,000. Buyers must meet additional credit qualification criteria.



### Tax Credits – Frequently Asked Questions:

#### ◆ What is this new homebuyer tax incentive for 2009?

The American Recovery and Reinvestment Act which was recently modified and is part of the economic stimulus package offer First-time homebuyers who are purchasing a primary residences on or after Jan. 1, 2009 and before Dec. 1, 2009 a tax credit of up to \$8,000 on their income taxes.



#### ◆ Who is eligible?

Only first-time homebuyers are eligible. A person is considered a first-time buyer if he/she has not had any ownership interest in a home in the three years previous to the day of the 2009 purchase.

#### ◆ Is there an income restriction?

Yes. The income restriction is based on the tax filing status the purchaser claims when filing his/her income tax return. Individuals filing Form 1040 as Single (or Head of Household) are eligible for the credit if their income is no more than \$75,000. Married couples who file a Joint return may have income of no more than \$150,000.

#### ◆ What is a primary residence?

Generally, a primary residence is an "owner-occupied" home. The term includes single-family detached housing, condos or co-ops, townhouses or any similar type of new or existing dwelling. Even some manufactured homes count as primary residences.



#### ◆ Will I have to repay the 2009 tax credit?

No. There is no repayment for 2009 tax credits.



#### ◆ How do I apply for the credit?

There is no pre-purchase authorization, application or similar approval process. All eligible purchasers simply claim the credit on their IRS Form 1040 tax return. The credit will be reflected on a new Form 5405 that will be attached to the 1040.

#### ◆ Is the credit amount applied to my downpayment?

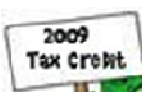
No. Congress tried hard to devise a mechanism that would make the funds available for closing costs, but found that pre-funding would require cumbersome processes that would, in effect, bring the IRS into the purchase and settlement phase of the transaction.

#### ◆ If I claim my 2009 credit on my 2008 tax return, will I have to repay the credit just as the 2008 credits are repaid?

No. Congress anticipated this confusion and has made specific provision so that there would be no repayment of 2009 credits that are claimed on 2008 returns.

#### ◆ Will I ever have to repay any of the 2009 credit back to the government?

One situation does require a recapture payment back to the government. If you claim the credit but then sell the property within 3 years of the date of purchase, you are required to pay back the full amount of any credit, including any refund you received from it. A few exceptions apply\*\*. This provision is designed as an anti-flipping rule.



#### ◆ Am I eligible for the credit if I have a home under construction (new construction)?

Yes, so long as you actually occupy the home before December 1, 2009.

\*\*The repayment rules are eased for many circumstances. If the homeowner who used the credit dies within the first 3 years of ownership, there is no recapture. Special rules make adjustments for people who sell homes as part of a divorce settlement, as well. Similarly, adjustments are made in the case of a home that is part of an involuntary conversion (property is destroyed in a natural disaster or subject to condemnation by eminent domain by an authorized agency) within the first 3 years.