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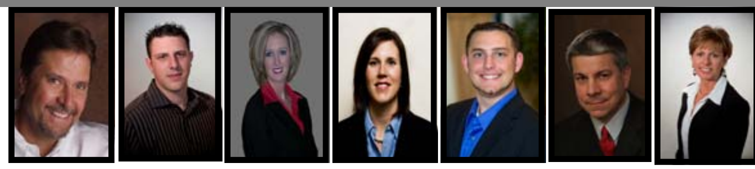
November 2009 Newsletter



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Enhanced First-Time Homebuyer Credit

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The Worker, Homeownership, and Business Assistance Act of 2009 (2009 Worker Act) extends the first-time homebuyer credit (FTHBC) to qualified purchases before May 1, 2010, and provides several other enhancements and modifications.

Below is a summary of the "Enhanced - First Time Homebuyer Credit" passed into legislation on November 6, 2009.

Major Revisions to the "First Time Homebuyer Credit" :

1. Extends the deadline for purchasing and closing on a home.
2. Authorizes the credit for long-time homeowners buying a replacement principal residence.
3. Raises the income limitations for homeowners claiming the credit.

Under the new law, an eligible taxpayer must buy, or enter into a binding contract to buy, a principal residence on or before April 30, 2010 and close on the home by June 30, 2010. For qualifying purchases in 2010, taxpayers have the option of claiming the credit on either their 2009 or 2010 return.

For the first time, long-time homeowners who buy a replacement principal residence may also claim a homebuyer credit of up to $6,500 (up to $3,250 for a married individual filing separately). They must have lived in the same principal residence for any five-consecutive year period during the eight-year period that ended on the date the replacement home is purchased. ***The long-term resident provisions apply to residence purchased after the date of enactment (Nov 6, 2009).***

People with higher incomes can now qualify for the credit. The new law raises the income limits for homes ***purchased after Nov. 6, 2009***. The credit phases out for individual taxpayers with modified adjusted gross income (MAGI) between $125,000 and $145,000 or between $225,000 and $245,000 for joint filers. The existing MAGI phase-outs of $75,000 to $95,000 or $150,000 to $170,000 for joint filers still apply to purchases on or ***before Nov. 6, 2009.***

The following limitations have also been put in place concerning the "First Time Homebuyer Credit."

1. Residence Purchase price cannot exceed $800,000.
2. Taxpayer must be 18 years of age. For Married individuals, one of spouses must meet this age requirement.
3. Taxpayer cannot be claimed as a dependent of another.
4. The property cannot be acquired by the individual's spouse.

Four Tips for Buying Foreclosures

From Consumer Magazine

1. Don't pay a fee for property listings. You can find free information on foreclosed homes in your area by checking with a local agent.

2. Invest in a home inspection. This is always a good idea whenever you buy a house, but for a foreclosed property it is especially the case. The property may have been vandalized. Fixtures and appliances may be missing. Also, with utilities shut off it will be impossible to test the water pressure in the shower. Try to arrange for the utilities to be turned on before you buy. The inspection will cost between $250 and $400, but it will end up saving you if there is a problem with the home's structure or its systems.

3. Don't assume the sale is final. In some states or if buying from an auction, a homeowner may have up to 180 days after the foreclosure to pay any outstanding debts and reclaim the home even if it has been bought by someone else.

4. Buy some title insurance. The title insurance will protect you against any liens that you might not know about. It will also prevent a previous owner from making a successful claim on the house after you buy it.