

# TAX TIPS

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July 14, 2010

## HOME BUYER CREDIT EXTENDED ONCE AGAIN

At the end of June Congress passed the "Homebuyer Assistance Improvement Act of 2010" which will provide relief to those taxpayers who could not meet the June 30, 2010 closing date to qualify for the first-time homebuyer credit.

The first-time homebuyer credit is generally equal to the lesser of \$8,000 (\$4,000 for a married individual filing separately) or 10% of the purchase price of the taxpayer's principal residence. In addition, a long-term resident, which is a taxpayer who maintained a principal residence in any five consecutive years during the past eight years of purchasing a new residence, could qualify for a reduced credit equal to the lesser of \$6,500 (\$3,250 for a married individual filing separately) or 10% of the purchase price of the taxpayer's principal residence.

These homebuyer credits were available for residences purchased before May 1, 2010, or for those purchases under written binding contract by May 1, 2010 and the purchase was closed before July 1, 2010. Due to the popularity of these homebuyer credits, a backlog of mortgage applications occurred at lending institutions and federal loan programs which delayed the closing of the purchases of the residences.

The new law extends the closing date of the purchase of the new residence until October 1, 2010 to allow taxpayers to be able to qualify for the credit they missed due to circumstances that may have been beyond their control. However, this is only applicable as long as the taxpayer has entered into a binding written contract before May 1, 2010.

If you have any questions please contact our National Tax Services Group at 609.520.1188 or email [Taxbriefs@withum.com](mailto:Taxbriefs@withum.com)

**MISSED THE JUNE 2010  
DEADLINE FOR  
HOME BUYER'S  
CREDIT? YOU CAN  
STILL APPLY.**

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