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Great news for you first-time homebuyers out there – this week, the Senate and House passed a bill (the House vote was 403-12) extending the first-time homebuyer tax credit through mid 2010, which means that you have more time to find your dream home and take advantage of a monumental tax credit from the U.S. Government.

Here's a rundown of the most recent developments:

1. First time homebuyers (who are defined as buyers who have not owned a home in the past three years) may be eligible for a credit of up to \$8,000.
2. **New Buyer Categories** - Along with first-time homebuyers, existing homeowners (or “repeat buyers”) who have lived in their principal homes for 5 consecutive years (out of the past 8 years) and are purchasing a new principal residence may be now eligible for a credit of up to \$6,500.
3. **New Income Limits** - Buyers filing as single or head-of-household taxpayers can claim the full credit if their modified adjusted gross income is less than \$125,000. Married couples filing joint returns are eligible if their combined income is less than \$225,000. Single or head-of-household taxpayers who earn between \$125,000 and \$145,000, and married couples who earn between \$225,000 and \$245,000 are eligible to receive a partial credit.
4. **New Dates** - Many news outlets are referring to the credit as being extended through May, others are referencing June as the deadline. Specifically: to be eligible, binding purchase agreements must be signed by April 30, 2010 and deals must be closed by June 30, 2010.
5. **New Guidelines for Qualifying Homes** - All homes with a purchase price of less than \$800,000 qualify. Vacation home and rental property purchases are not eligible.
6. **The Credit is Refundable** - If the amount of income taxes you owe is less than the credit amount you qualify for, the government will send you a check for the difference. For example: a first-time buyer qualifying for the full \$8,000 credit who owes \$5,000 in federal income taxes would receive a \$3,000 refund. Qualified home buyers can take the tax credit on their 2009 or 2010 income tax return.
7. The tax credit does not have to be repaid unless the owner sells, or stops using the home as their principal residence, within three years after the date of purchase.

All spheres of the housing industry are very excited about this breaking development! With rates still hovering at historic lows and a renewed extension on this historic tax credit, now is the time for first time homebuyers to consider entering the market!

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