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From: Espada, Jose R
Sent: Tuesday, March 03, 2009 12:26 PM
To: 'MS-2009-L@listserv.iupui.edu'
Subject: IN, CN: Future Impact Follow-up: Details of the 1st Time Home Buyer Tax Credit

Dear Fourth Year Medical Students;

I want to thank those of you who attended the Future Impact Program last Saturday (February 28th). It was again a great success. We had over 100 fourth year medical students in attendance, all of which, left with great information. Since one of the major focuses will be home buying, I want to be sure and include you on the following information.

Here are the summarized details of the 1st Time Home Buyers Tax Credit that was signed by President Obama in February as part of the Stimulus Package. In our Future Impact Program on Saturday, this was mentioned by Mike Mills and later clarified by Paul Nysewander (the tax accountant). Here are the details passed on to me to pass on to you.

- ◆ The credit is \$8000 for individuals, \$8000 for joint filers, or \$4000 for married persons who each file separately. It is a credit, and you don't have to pay it back, but there are a few limitations.
- ◆ You must be a 1st time buyer... if you owned a "main" home within the 3 year period preceding your purchase, you do not qualify. You must purchase between January 1, 2009 and December 1, 2009. It is not applicable to refinances, only purchase.
- ◆ You must stay in the home for three years. This is important. It has to be your main home for three years, or you may have to pay the rebate back later.
- ◆ The credit is for 10% of the purchase price, up to \$8000. In other words, you would receive a \$7000 rebate on a \$70,000 home.
- ◆ If you make more than \$75000 (\$150,000 jointly) the rebate phases down (we haven't seen a chart yet,) but most new residents will be eligible for the full \$8000.

The Key word is: **REBATE.**

- ◆ Let's say you buy a \$150,000 home before December 1, 2009.
- ◆ You make \$50000.
- ◆ You file in 2009 and you would normally owe:
 - \$1000 in taxes: you get back a check for \$7000.
 - 0 in taxes: you get back a check for \$8000
 - are owed \$1000 by the IRS: you get back a check for \$9000.

The details can be found in the attached link below. Note that there is an opportunity to claim the credit on either your 2008 or 2009 filing. I have also attached a link to the IRS form. It's remarkably easy.

[IRS news item from Feb 25, 2009: <http://www.irs.gov/newsroom/article/0,,id=204672,00.html>](http://www.irs.gov/newsroom/article/0,,id=204672,00.html)

[The IRS Form 5405 <http://www.irs.gov/pub/irs-pdf/f5405.pdf>](http://www.irs.gov/pub/irs-pdf/f5405.pdf)

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