

\$8K HOMEBUYER TAX CREDIT EXTENDED FOR QUALIFIED MEMBERS OF ARMED SERVICES

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Active duty service members and other federal employees have an extra year to purchase a principal residence and qualify for the Home Buyer Tax Credit. The extension gives a much needed break to service members scrambling to take advantage of the buying opportunity brought on by the historic drop in home prices and low mortgage interest rates. To demonstrate that the real estate market hit bottom and is now moving up, March home sales activity in California increased 32.7% and the median price was up 2.4% from the prior month according to MDA Dataquick, which tracks real estate statistics nationwide.

To be eligible for the homebuyer tax credit extension, members must serve outside of the U.S. on official extended duty for at least 90 days during the period from Jan 1, 2010 and April 30, 2010. Buyers must also enter into a binding contract to purchase a home by April 30, 2011 and close on the purchase by June 30, 2011. The new law also increases income limits to \$125,000 for single buyers and \$225,000 for couples. The purchase price of the home cannot exceed \$800,000 and the buyer must occupy the home as their principal residence for 3 years. However, if the service member is transferred to a duty station at least 50 miles away, the 3 year occupancy requirement is waived.

Current homeowners can also take advantage of a smaller \$6,500 tax credit on a move up home as long as they have lived in the home they are selling for at least 5 of the last 8 years.

With housing market data showing five consecutive months of improvement, many service members are taking advantage of zero down VA mortgages and the \$8,000 tax credit to purchase a home.