First-Time Homebuyer Credit Facts

Here are seven things the IRS wants you to know about claiming the credit:

1. You must buy - or enter into a binding contract to buy - a principal residence located in the United States on or before April 30, 2010. If you enter into a binding contract by April 30, 2010, you must close on the home on or before June 30, 2010.
2. To be considered a first-time homebuyer, you and your spouse - if you are married - must not have jointly or separately owned another principal residence during the three years prior to the date of purchase.
3. To be considered a long-time resident homebuyer you and your spouse - if you are married - must have lived in the same principal residence for any consecutive five-year period during the eight-year period that ended on the date the new home is purchased. Additionally, your settlement date must be after November 6, 2009.
4. The maximum credit for a first-time homebuyer is $8,000. The maximum credit for a long-time resident homebuyer is $6,500.
5. You must file a paper return and attach Form 5405, First-Time Homebuyer Credit and Repayment of the Credit with additional documents to verify the purchase. Therefore, if you claim the credit you will not be able to file electronically.
6. New homebuyers must attach a copy of a properly executed settlement statement used to complete such purchase. Buyers of a newly constructed home, where a settlement statement is not available, must attach a copy of the dated certificate of occupancy. Mobile home purchasers who are unable to get a settlement statement must attach a copy of the retail sales contract.

If you are a long-time resident claiming the credit, the IRS recommends that you also attach any documentation covering the five-consecutive-year period, including Form 1098, Mortgage Interest Statement or substitute mortgage interest statements, property tax records or homeowner's insurance records.