Top 10 First-Time Homebuyer Credit Tax Tips

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There is still time to claim the First-Time Homebuyer Tax Credit on your 2009 tax return. If y purchased or entered into a binding contract to purchase a home in 2009 or early 2010, you may be eligible to claim the First-Time Homebuyer Credit. Claiming this credit might mean a larger refund. Here are 10 things the IRS wants you to know about the First-Time Homebuy Credit and how to claim it.

1. You must buy – or enter into a binding contract to buy – a principal residence located the United States on or before April 30, 2010. If you enter into a binding contract by A 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-yea 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 lo 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. Though yo cannot file electronically, you can still use IRS Free File or tax-preparation software to prepare your return. The return must then be printed out and sent to the IRS, along w all required documentation.
6. If before May 1, 2010, you enter into a binding contract to purchase a home before Ju 2010, and you are claiming the credit, attach a copy of the pages from the signed binc contract to make a purchase showing all parties' names and signatures, the property address, the purchase price and the date of the contract.
7. New homebuyers must attach a copy of a properly executed settlement statement use complete such purchase. Generally, a properly executed settlement statement shows parties' names and signatures, property address, sales price and date of purchase. However, settlement documents, including the Form HUD-1, can vary from one locati another and may not include the signatures of both the buyer and seller. In areas whe signatures are not required on the settlement document, the IRS encourages buyers t sign the settlement statement when they file their tax return -- even in cases where th settlement form does not include a signature line.
8. Buyers of a newly constructed home, where a settlement statement is not available, n attach a copy of the certificate of occupancy showing the owner's name, property add and date of the certificate.
9. Purchasers of mobile homes who are unable to get a settlement statement must attac copy of the executed retail sales contract showing all parties' names and signatures, property address, purchase price and date of purchase.
10. If you are a long-time resident claiming the credit, the IRS recommends that you also attach documentation covering the five-consecutive-year period such as Form 1098, Mortgage Interest Statement or substitute mortgage interest statements, property tax records or homeowner's insurance records.

For more information about the First-Time Homebuyer Tax Credit and the documentation requirements, visit IRS.gov/recovery.