

# Michelle's Mortgage Minutes

FEBRUARY 19, 2009

## TAX CREDIT FOR FIRST-TIME HOMEBUYERS

**There are still First-Time Homebuyer grants available for Sherman and Denison. Sherman's grant only covers closing costs. Denison's grant can cover closing and down payment.**

### Tax credit applies to:

- first-time home buyers (no homeownership in past 3 years)
- primary residence only
- eligible purchase made on or after January 1 and before December 1, 2009
- income limits: (1) married couple—\$150,000; (2) single—\$75,000; (3) otherwise, phase-out credits apply
- transaction must be an arms-length transaction

**This is a tax credit** equivalent to 10% of the purchase price up to \$8,000.

### How does the credit work?

- After you purchase the house, you will complete an IRS form and send it with your 2008 or 2009 tax return. If you are taking the credit for 2008 and have already filed your tax return, you will need to amend it. The IRS will make you a check.

### The money can be used however you please:

- fix up your house
- pay off debt (so you are more comfortable with your new house payment)
- put the money in the bank

**For an eligible purchase in 2008**, you may qualify for the tax credit (interest-free loan) under the old guidelines.

**For an eligible purchase in 2009**, you can choose to claim the credit on either your 2008 (or amended) return or 2009 return.

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*You can find more information at [www.irs.gov](http://www.irs.gov).*

*We are not accountants nor are we giving financial advice. This information is being passed along from us as we understand it from a mortgage banker's perspective.*



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### REFINANCING Interested? Not sure it makes good financial sense?

There are expenses involved in refinancing your existing mortgage. If you find someone that tells you otherwise, look closely at the fine print.

Refinancing doesn't make sense for everyone. If you want someone to quickly calculate your savings so you can make an educated decision, call or email us.

We'll need the following information.

- What do you currently owe?
- How long do you have left on your current loan?
- Does your loan include taxes and insurance?
- How much are your taxes and insurance?
- Have you ever refinanced your current house and received cash back or paid off debt?
- What is your current interest rate?
- Do you currently have a FHA or VA loan?

Having the answers to the majority of these questions will allow us to more accurately determine whether refinancing makes sense in your situation.