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New \$10,000 Tax Credit for New Home Buyers in California

California lawmakers approved a new budget that included a **\$10,000 tax credit** for home buyers, the largest home-buyer incentive ever offered in US history to date. Here's what you need to know. The \$10,000 tax credit is for any home buyers that purchase a new home between March 1, 2009 and March 1, 2010.

- This is NOT limited to first-time buyers;
- There is NO income limitation; and most importantly
- You do NOT have to pay it back, as long as you remain in the home for 2 years.

The bill, however, only set aside \$100 million for this tax credit, so after 10,000 new homes are purchased, the credit is gone – so don't wait.

The credit CAN be utilized along with the new \$8,000 first-time home buyer's credit made available by the new Stimulus Plan.

This means that if you're a first-time home buyer, and you purchase a qualified new home in California that costs more than \$200,000, you'll get \$18,000 in tax credits that you do not have to pay back, if you're a first-time home buyer and you purchase a new home that remains your primary residence for three years.

It's important to note that qualified home buyers will receive the tax credit, in equal amounts, over 3-years. If your tax credit is \$7,500, you will receive a tax credit of \$2,500 each year for three years. If your tax credit is \$10,000, you will receive a tax credit of \$3,333.33 each year for three years.

Finally, there is no down payment requirement to receive the \$10,000 tax credit, although you will likely have a down payment requirement to secure a mortgage in today's market, at least 3.5% if you use FHA financing. The good news is the Stimulus Plan also restored the higher maximum loan limits of \$729,750 for FHA and conventional loans for 2009.

This is largest home buyer tax credit ever offered in US history, let alone California. If you have even been thinking about buying a new home in California, give us a call before it's too late. Don't miss out on this great opportunity to buy the new home of your dreams.

Sincerely,

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