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March 5, 2009

Directive 2009-4

MEMORANDUM: ALL PARTICIPATING LENDERS

SUBJECT: Comparison between the 2008 and 2009 Federal First-time Homebuyer Tax Credit

The purpose of this Directive is to inform you that the American Recovery and Reinvestment Act of 2009 removes the prohibition on claiming the federal first-time homebuyer tax credit if the home purchase was financed by tax-exempt mortgage revenue bonds. Eligible homebuyers are now able to obtain a CDA loan and claim the new tax credit. The chart that follows is for general informational purposes only. CDA is not providing advice on the tax credit and refers you to the IRS website for additional information. Specifically, information can be found at: <http://www.irs.gov/newsroom/article/0,,id=204671,00.html>

	2008 Tax Credit (Housing and Economic Recovery Act of 2008)	2009 Tax Credit (American Recovery and Reinvestment Act of 2009)
Can the tax credit be claimed if the borrower is purchasing a home through CDA's Maryland Mortgage Program?	No	YES
What is the maximum amount of the tax credit?	The lesser of \$7,500 or 10% of the purchase price	The lesser of \$8,000 or 10% of the purchase price
Who can claim the tax credit?	First-time homebuyers purchasing a principal residence <u>on or after April 9, 2008 and before January 1, 2009</u>	First-time homebuyers purchasing a principal residence <u>on or after January 1, 2009 and before December 1, 2009</u>
Is the tax credit repayable?	Yes, it must be repaid in 15 equal installments over 15 years beginning with the 2010 tax year	Only if the home ceases to be the borrower's principal residence within 36 months of the purchase date
Does the allowable tax credit phase out at certain income levels?	Yes, the amount of the credit begins to phase out for taxpayers whose adjusted gross income is more than \$75,000, or \$150,000 for joint filers	

As always, we appreciate your continued participation in MMP. If you have any questions concerning this Directive or suggestions for improving our Program, please contact me directly at (410) 514-7508 or 1-800-638-7781 or by e-mail at manahan@mdhousing.org.

Sincerely,
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