First-time Home Buyer Tax Credit Available for Buyers of Manufactured Homes

By: Laura Arce, Senior Program Manager at CFED

At last someone recognized that manufactured homes and stick-built homes need to be treated the same without discrimination. As long as someone buys the house, they can use the credit. The land is not important. For existing homes, the purchase date suffices. For newly built homes, the move-in (occupancy) date suffices.

What Type of Home Will Qualify for the Tax Credit?

Any home that will be used as a principal residence will qualify for the credit. This includes single family detached homes, attached homes like townhouses and condominiums, manufactured homes (also known as mobile homes) and houseboats. The definition of principal residence is identical to the one used to determine whether you may qualify for the $250,000 / $500,000 capital gains tax exclusion for principal residences.

First-Time Home Buyer Credit

If you are a first-time home buyer, you may be able to claim a one-time tax credit of up to $7,500 ($3,750 if married filing separately) or 10% of the purchase price of your home (whichever is smaller). You may be able to claim the credit:

1. If you purchased your main home in the United States after April 8, 2008, and before July 1, 2009, and
2. If you did not own any other main home during the 3-year period ending on the date of purchase.

You can choose to claim the credit on your 2008 Form 1040 for a main home purchased after December 31, 2008, and before July 1, 2009. If you constructed your main home, you are treated as having purchased it on the date you first occupied it.

Who Cannot Claim the Credit? You Cannot Claim the Credit if Any of the Following Applies:

1. Your modified adjusted gross income is $95,000 or more ($170,000 or more if married filing jointly).
2. You are (or were) eligible to claim the District of Columbia first-time home buyer credit for any taxable year. (See Form 8859)
3. Your home financing comes from tax-exempt mortgage revenue bonds.
4. You are a non-resident alien.
5. Your home is located outside the United States.
6. You sell the home, or it ceases to be your main home, before the end of 2008.
7. You acquired your home by gift or inheritance.
8. You acquired your home from a related person. A related person includes your spouse, ancestors (parents, grandparents, etc.) or lineal descendants (children, grandchildren, etc.
9. A corporation in which you directly or indirectly own more than 50% in value of the outstanding stock of the corporation.
10. A partnership in which you directly or indirectly own more than 50% of the capital interest or profits interests.

Repayment of Credit

You generally must repay the credit over a 15-year period in 15 equal installments. The repayment period begins 2 years after the year in which you claimed the credit. Therefore, if you claim the credit on your 2008 tax return, the re-payment period begins in 2010 and you must include the first installment as additional tax on your 2010 tax return.

If your home ceases to be your main home before the 15-year period is up, you must include all remaining annual installments as additional tax on the return for the tax year that happens. This includes situations where you sell the home or convert it to business or rental property.

For exceptions to the repayment rule, more information about the credit, and how to claim the credit (see Form 5405) First-Time Home Buyer Credit.

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