



# THE LAMPPOST

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## Tax Credits for Everyone! Well, Almost...

It's official. Whether or not you agree with the federal economic stimulus packages, President Obama has signed a bill that extends the tax credit for first-time homebuyers (FTHB's) into the first half of 2010. This program had been scheduled to expire on November 30, 2009. In addition to extending the tax credit of up to \$8,000 through June 30, 2010, the extension measure also opens up opportunities for recent or current homeowners. The program that has existed for FTHB's remains intact with a provision that allows those who earn more money to qualify (see below).

Additionally, the program now gives those who already own a residence some additional reasons to move to a new home. This incentive comes in the form of a tax credit of up to \$6,500 for qualified purchasers who have owned and occupied a primary residence for a period of five consecutive years during the last eight years. In order to qualify for the credit, all purchase contracts need to be in effect no later than April 30, 2010 and close no later than June 30, 2010.

The amount of income someone can earn and qualify for the full amount of the credit has been increased. Single tax filers who earn up to \$125,000 are eligible for the full credit amount. Those who earn more than this cap can receive a partial credit. However, single filers who earn \$145,000 or more are ineligible. Joint filers who earn up to \$225,000 are eligible for the full amount. Those who earn more than this cap can receive a partial credit. However, joint filers who earn \$245,000 or more are ineligible. Qualifying buyers may purchase a property with a maximum sales price of \$800,000.

An eligible first time homebuyer may request from the IRS a tax credit of up to \$8,000 or 10% of the purchase price for a home. If the amount of the home purchased is \$50,000, the maximum amount the credit can be is \$5,000. If the amount of the home purchased is \$100,000, the amount of the credit may not exceed \$8,000.

Anyone who has not owned a primary residence in the previous 36 months, prior to closing and the transfer of title, is eligible. This applies both to single taxpayers and married couples. In the case where there is a married couple, if either spouse has owned a primary residence in the last 36 months, neither would qualify. In the case where an individual has

owned property that has not been a primary residence, such as a second home or investment property, that individual would be eligible.

As mentioned above, the tax credit has been expanded so that existing homeowners who have owned and occupied a primary residence for a period of five consecutive years during the last eight years are now eligible for a tax credit of up to \$6,500.

For those taking advantage of the tax credit in 2009, you may choose to either apply for the credit with your 2009 tax return or you may apply for the credit sooner by filing an amended 2008 tax return with Form 5405 (<http://www.irs.gov/pub/irs-pdf/f5405.pdf>).

According to the IRS, if any of the following describe your situation, a credit would not be due.

- You buy your home from a close relative. This includes your spouse, parent, grandparent, child or grandchild
- You do not use the home as your principal residence
- You sell your home before the end of the year
- You are a nonresident alien
- You are, or were, eligible to claim the District of Columbia first-time homebuyer credit for any taxable year. (This does not apply for a home purchased in 2009.)
- Your home financing comes from tax-exempt mortgage revenue bonds. (This does not apply for a home purchased in 2009.)
- You owned a principal residence at any time during the three years prior to the date of purchase of your new home. For example, if you bought a home on July 1, 2009, you cannot take the credit for that home if you owned, or had an ownership interest in, another principal residence at any time from July 2, 2006 through July 1, 2009.

There are additional situations where the tax credit will or will not be applicable. If you have any questions that fall outside the situations here, please give me a call. If you do not have an accountant to speak with, I would be happy to refer you to one.

# The Tail Stopped Wagging

"It's done" sobbed Eloise as she reluctantly reported that our first family pet had been put down.

It was one of the most difficult and painful decisions we had ever made. Buster, our black lab, had been part of our family ever since we moved to our home 10 years ago. Our neighbor recently stated, "You get a dog, you buy a heartbreak."

I never owned a dog as a child because I was allergic to their fur. My wife, who grew up with a family dog or two, equated dog ownership with good parenting. She pushed hard for years. When we moved to a larger home with more room for a dog, I grudgingly relented.

We picked Buster up as a puppy from a family in Wisconsin. He was the runt of the litter, but he had giant paws. He ended up being a giant dog, weighing over 100 pounds as an adult.

I remember the day we brought him home. He was so cute and chubby. The kids were so excited that they had a new puppy. Everyone loved him. It didn't take long for Buster to begin to love us.

The honeymoon ended quickly. One morning when we came home from church, I was greeted with my favorite hat torn to shreds by Buster. The sermon about self-control and patience was immediately forgotten. He made messes on the carpet and burned spots on my lawn. I didn't sign up for this. There was no disclosure about the damage a dog would do. Grrrrrr!

But Buster prevailed. I quickly learned that Buster won all the battles for my family's loyalty. His innocent puppy deeds were a life lesson to me that I don't have control over events, but I can choose how I respond to them.

Our children learned that responsibility is not convenient. Poop, barf and pee happen. And when it happens in the home it doesn't necessarily happen at a convenient time. They learned that dogs also need exercise - even in the middle of winter.

Buster had his quirks. He never liked to be washed, yet he would jump into any body of water. He used to

run away daily when our neighbor would coax him to come over for a cheddar cheese snack late in the afternoon. He was afraid of stairs! He never ventured upstairs or went down to the basement. We never figured that one out.

In spite of Buster's shortfalls he was always happy, always loving, and always gentle. He provided our family with a sense of security and familiarity. Every morning when I got up he would greet me with an enthusiastic wagging tail. Whenever anyone came to the house he would greet them with a scowl as if to say, "don't mess with my family", but, when he saw that the "intruder" was friendly, he treated them just like family.



The mail carrier would cheerfully give him a treat and Buster would cheerfully take it. When we went for walks in the woods near our home he always would jump into the Rum River, swim a few laps, get out, shake himself off and then trot along with us. Whenever anyone was giving affection, Buster would always worm his way under a hug or pat to get his.

He was amazingly gentle with our children and when we brought another puppy into the family, a miniature dachshund (appropriately named Minnie), Buster would literally engulf her head ever so carefully and play with her more gently than the kids would.

Then Buster's body began to give out on him. We noticed a tumor and had it removed. Then a few months later more appeared in his mouth. We noticed he couldn't keep his balance and was falling over several times a day. His hind legs gave out on him. He stopped eating and drinking. He wouldn't get up any more. When Eloise took him to the vet, the vet told her it was just a matter of time. Buster didn't come home. The decision was gut wrenching.

So, my neighbor was right. But, if we had to do it over again, we would still choose Buster - he was OUR heartbreak and we loved him. Buster gave us wonderful memories and taught us many lessons in life.