



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

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The Honorable Charles E. Grassley
United States Senator
150 First Avenue NE, Suite 325
Cedar Rapids, IA 52401

Dear Senator Grassley:

This letter responds to your enquiry dated February 22, 2010, on behalf of your constituent, . She asked whether her home purchase qualifies for the long-time resident homebuyer credit.

stated that she and her husband owned and used a home for 15 years before a flood destroyed the home in 2008. also stated that after living in temporary shelter provided by FEMA, she and her husband purchased a replacement residence. Because does not indicate when she and her husband bought their new home, we cannot determine whether the purchase qualifies for the homebuyer credit. However, we can provide general information about the homebuyer credit.

Generally, section 36 of the Internal Revenue Code provides a refundable tax credit to certain first-time homebuyers and long-time residents for the purchase of a principal residence. The amount of the credit is 10 percent of the purchase price of the residence, up to a maximum credit of \$8,000 for first-time homebuyers, or up to a maximum credit of \$6,500 for long-time residents.

For purchases after November 6, 2009, section 36(c)(6) provides that married taxpayers can take a \$6,500 long-time resident homebuyer credit if they owned and used the same home as their principal residence for any five-consecutive-year period during the eight-year period ending on the date of the purchase of the new home. To qualify to take the \$6,500 credit, taxpayers must complete the purchase of a home either: (1) before May 1, 2010, or (2) before July 1, 2010, if the taxpayers enter into a binding

contract before May 1, 2010, to purchase the home before July 1, 2010. If purchased their new home within these timeframes, they might qualify to take the \$6,500 long-time resident homebuyer credit.

I hope this information is helpful. If you have any questions, please contact
at .

Sincerely,

George J. Blaine
Associate Chief Counsel
(Income Tax & Accounting)