

# First-Time Home Buyer Tax Credit

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## The Law's Other Provisions

In addition to the tax credit, the American Recovery and Reinvestment Act of 2009 has several other provisions that will benefit home buyers and the housing market. The legislation:

- Will help home buyers in high-cost markets by extending the FHA, Fannie Mae and Freddie Mac loan limit of \$729,750 through the end of 2009.
- Allows state housing finance agencies to help buyers at closing by advancing the credit as a loan using proceeds from tax-exempt bonds.
- Extends the tax code section 25C credit for energy-efficient home improvements through the end of 2010; increases the credit rate from 10 percent to 30 percent; raises the lifetime cap from \$500 to \$1,500; expands the list of eligible improvements.
- For 2008 operations, expands the net operating loss carryback period from two years to five years for small businesses (businesses with average gross receipts of no more than \$15 million over the previous three years).
- Temporarily allows exchange of Low-Income Housing Tax Credit allocating authority for tax-exempt grants and appropriates \$2 billion in HOME funding for affordable housing projects.
- Provides a "patch" for the Alternative Minimum Tax for tax year 2009.
- Increases bonus depreciation and section 179 small business expensing for business investment in 2009.
- Increases New Markets Tax Credit allocating authority for 2008 and 2009.
- Delays for one year—from 2011 to 2012—the start of the three percent government contractor withholding requirement.

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