



**North Dakota**  
**Housing Finance Agency**

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**The FirstHome Program vs. the First-time Buyer Tax Credit**

The Housing and Economic Recovery Act of 2008 provides for a first-time buyer tax credit of up to \$7,500 on a home purchased on or after April 9, 2008, and before July 1, 2009. The credit reduces a buyer's income tax liability for the purchase year; however, the credit received is refundable. The homebuyer actually repays the credit over the next 15 years to the Internal Revenue Service (IRS) making the tax credit, in reality, a zero-interest loan.

The tax credit authorized by the Act cannot be used in conjunction with programs funded by Mortgage Revenue Bonds (MRB) including the North Dakota Housing Finance Agency's (NDHFA) FirstHome™ program. Due to this disqualification, first-time homebuyers who are eligible for FirstHome financing must make a choice.

	<b>FirstHome Program</b>	<b>First-time Buyer Tax Credit</b>
Pros	<ul style="list-style-type: none"> <li>• Lower monthly mortgage payments (typical buyer saves \$50 per month, due to the program's below-market interest rates)</li> <li>• Access to NDHFA's down payment and closing cost assistance programs</li> <li>• Loans are serviced in-state</li> <li>• Borrowers are eligible for recapture tax reimbursement*</li> </ul>	<ul style="list-style-type: none"> <li>• Significant income tax relief for a one-year period (10 percent of the purchase price, max \$7,500)</li> <li>• Borrowers with income levels exceeding NDHFA program limits may still be eligible to claim credit**</li> </ul>
Cons	<ul style="list-style-type: none"> <li>• Interest/cost savings is spread out over the life of the loan</li> </ul>	<ul style="list-style-type: none"> <li>• Tax savings is recaptured by IRS over 15 year period (6.67% of the credit taken is paid each year, approximately \$500)</li> <li>• Only available to buyers that purchase homes before 7/01/09</li> </ul>

A NDHFA participating lender or FirstHome certified real estate agent can provide more information on the purchase assistance available from the Agency. For more information on the First-time Buyer Tax Credit, we recommend that you contact the IRS or a tax preparer.

\* A federal recapture tax applies to households that purchase a home using MRB-financed programs like FirstHome. NDHFA borrowers with loans closed on or after October 1, 2006, are eligible for the Agency's Recapture Tax Reimbursement program.

\*\* The First-time Buyer Tax Credit can be claimed by joint income tax filers with incomes of up to \$150,000, and up to \$75,000 for single filers. A partial credit may be claimed by borrowers at a higher income level.

