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# Tax credit sweetens the deal for first-time buyers

*SPECIAL TO REAL ESTATE WEEKLY*

The benefits of buying a home just got better, especially for first-time homebuyers. Why? Because Uncle Sam is going to give them more bang for their bucks, according to the Tallahassee Board of Realtors.

First-time buyers can take advantage of a federal tax credit of up to $8,000 when they purchase a home, as long as they close on the deal before Dec. 1. And, this tax credit doesn't have to be repaid, as long as the buyer stays in the home for at least three years. The extension of the $8,000 tax credit for the 2009 tax year is part of the American Recovery and Reinvestment Act of 2009 signed into law in February.

Plus, there's a new Federal Housing Administration program that allows qualified homebuyers to use the $8,000 tax credit when purchasing a home. FHA now permits its lenders to provide a short-term bridge loan to qualified homebuyers, which lets buyers use the federal tax credit upfront in one of three ways.

They can use it to make a larger downpayment above the FHA-required 3.5 percent; they can use it to pay closing costs; or they can use the tax credit to buy down their interest rate. Homebuyers then repay the amount borrowed when they receive their return.

"The $8,000 tax credit is a great incentive for first-time buyers to enter Florida's housing market and find the affordable home of their dreams," says Bert Bevis, president of the Tallahassee Board of Realtors. "Here in Tallahassee and the surrounding region, we have a variety of affordable housing options, competitive prices and favorable mortgage interest rates that remain near historic lows. Now is the time to buy your first Florida home, when you can benefit from the once-in-a-lifetime homeownership opportunity available through this tax credit."

And there's more good news: The state has approved $30.1 million for its new Florida Homebuyer Opportunity Program, which will provide first-time homebuyers with downpayment assistance and other costs before they close on a home. Then when the buyers get their tax refund, they'll repay the amount they borrowed through the program.

Details are still in the works, but county housing administrators will operate the program under the authority of the Florida Housing Finance Corp. The FHFC is the point of contact to help interested and eligible homebuyers apply for the Florida Homebuyer Opportunity Program, which is separate from the FHA program offered through the U.S. Department of Housing and Urban Development.

- For more information on the first-time homebuyer tax credit, visit www.floridarealtors.org.