Instructions for Form 5405

Department of the Treasury
Internal Revenue Service

(Rev. March 2011)

First-Time Homebuyer Credit and Repayment of the Credit
For use with Form 5405 (Rev. December 2010)

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

What's New

Clarification of repayment rules. This revision clarifies the rules for repaying the credit when a home is destroyed or sold through condemnation or under threat of condemnation. The rules have been clarified as follows.

- A destroyed home is subject to the same repayment rules that apply to a sale through condemnation or under threat of condemnation.
- If you check the box on line 13f for a home purchased in 2008 and the event was not a sale to a related person, the annual repayment is 1/15 of the smaller of (i) the amount on line 14 or (ii) the amount on line 15. For details, see the instructions for line 16b, later.

Repayment of the credit. If you:

- Claimed the first-time homebuyer credit for a home you purchased in 2008, and
- Owned and used the home as your main home during all of 2010,

you must begin repaying the credit with your 2010 tax return. You repay the credit over a period of 15 years. Complete only Part IV. See the instructions for line 16b on page 6.

If you disposed of the home or the home ceased to be your main home in 2010, you generally must repay the entire credit with your 2010 tax return. Complete Part III and, if applicable, Part IV.

CAUTION: *You cannot file Form 1040 electronically if you claim the credit.*

Effect of credit on federal programs and federally assisted programs. Any refund you receive as a result of taking the first-time homebuyer credit will not be taken into account as income, and will not be taken into account as resources for 12 months from the date you receive it for purposes of determining if you (or anyone else) are eligible for benefits or assistance (or the amount or extent of benefits or assistance) under any federal program or federally assisted program. This rule applies to refunds received after 2009 and before 2013.

More information. For more information about the latest developments on Form 5405 and its instructions, go to www.irs.gov/form5405.

Purpose of Form

Use Form 5405 to claim the first-time homebuyer credit (including the reduced credit for a qualified long-time resident of the same main home). The credit may give you a refund even if you do not owe any tax. You generally must repay the credit if, during the 36-month period beginning on the purchase date, you dispose of the home or it ceases to be your main home. See *Repaying the Credit (for Purchases After 2008)* on page 3.

This revision of Form 5405 can be used to claim the credit only in the following situations.

- You are claiming the credit on your 2009 original or amended return for a home you purchased in 2010.
- You are claiming the credit on your 2010 original or amended return for a home you purchased in 2010 (or in 2011 if you or your spouse if married are, or were, a member of the uniformed services or Foreign Service or an employee of the intelligence community who meets the requirements explained under *Line D* on page 3).

Note. For purchases before January 1, 2010, you must use an earlier version of Form 5405.

Also use this revision of Form 5405 to do the following:

- Notify the IRS that the home for which you claimed the credit was disposed of or ceased to be your main home in 2010. Complete Part III and, if applicable, Part IV.
- Figure the amount of the credit you must repay with your 2010 tax return. Complete Part IV.

Who Can Claim the Credit

In general, you can claim the credit if you are a first-time homebuyer or a long-time resident of the same main home (defined next).

First-time homebuyer. You are considered a first-time homebuyer if you meet all of the following requirements.

1. You purchased your main home located in the United States:

   a. After December 31, 2009, and before May 1, 2010, or

   b. After April 30, 2010, and before October 1, 2010, **and** you entered into a binding contract before May 1, 2010, to purchase the home before July 1, 2010.

2. You (and your spouse if married) did not own any other main home during the 3-year period ending on the date of purchase.

3. You do not meet any of the conditions listed under *Who Cannot Claim the Credit* on page 2.

Long-time resident of the same main home. You are considered a long-time resident of the same main home if you meet all of the following requirements.

1. You (and your spouse if married) previously owned and used the same main home as your main home for any 5-consecutive-year period during the 8-year period ending on the date you purchased your new main home.

2. You purchased your new main home located in the United States:

   a. After December 31, 2009, and before May 1, 2010, or

   b. After April 30, 2010, and before October 1, 2010, **and** you entered into a binding contract before May 1, 2010, to purchase the home before July 1, 2010.

3. You do not meet any of the conditions listed under *Who Cannot Claim the Credit* on page 2.

Additional time to purchase a home for members of the uniformed services or Foreign Service and employees of the intelligence community. Members of the uniformed services or Foreign Service and employees of the intelligence community who are on qualified official extended duty outside the United States may have additional time to purchase a home and qualify for the credit. See the instructions for Line D on page 3 to find out if you qualify.

Note. If you were unmarried when you purchased your home and qualified for the credit, then married someone who does not qualify for the credit, and are claiming the credit for the year in which you are married, you can do one of the following.

- You can claim up to an $8,000 credit ($6,500 credit if a long-time resident) on a joint return.
- You can claim up to a $4,000 credit ($3,250 credit if a long-time resident) on a married filing separate return and your spouse is not allowed to claim any part of the credit on his or her return.

Main home. Your main home is the one you live in most of the time. It can be a house, houseboat, mobile home, cooperative apartment, or condominium.

Who Cannot Claim the Credit

You cannot claim the credit if any of the following apply.

1. The purchase price of the home (defined in the instructions for line 1 on page 4) is more than $800,000.
2. Your modified adjusted gross income is $145,000 or more ($245,000 or more if married filing jointly).

   See the instructions for line 5 on page 4.
3. You cannot claim the credit for any year for which you can be claimed as a dependent on another person's tax return.
4. You (and your spouse if married) are under age 18 on the date of purchase.
5. You are a nonresident alien.
6. Your home is located outside the United States.
7. You sell the home, or it ceases to be your main home, before the end of the year in which you purchased it. This rule does not apply if you or your spouse are, or were, a member of the uniformed services or Foreign Service or an employee of the intelligence community on qualified official extended duty as defined in the instructions for line 12 on page 4 and you sell the home, or it ceases to be your main home, after 2008. You can claim the credit on the return for the year of purchase or choose to claim it on your return for the year before the year in which you purchased the home if you otherwise qualify for the credit.
8. You acquired the home by gift or inheritance.
9. You acquired your home from a related person. This includes:

   a. Your spouse, ancestors (parents, grandparents, etc.), or lineal descendants (children, grandchildren, etc.).

   b. A corporation in which you directly or indirectly own more than 50% in value of the outstanding stock of the corporation.

   c. A partnership in which you directly or indirectly own more than 50% of the capital interest or profits interest.

   For more information about related persons, see the discussion under *Nondeductible Loss* in Chapter 2 of Pub. 544, Sales and Other Dispositions of Assets. When determining whether you acquired your main home from a related person, family members in that discussion include only the people mentioned in 9a above.
10. You acquired your home from a person related to your spouse. This includes your spouse's ancestors or lineal descendants (for example your parents-in-law or your stepchildren), and any relationships described in 9b or 9c above that your spouse has.

Amount of the Credit

First-time homebuyer. Generally, the credit is the smaller of:

- $8,000 ($4,000 if married filing separately), or
- 10% of the purchase price of the home.

Long-time resident of the same main home. Generally, the credit is the smaller of:

- $6,500 ($3,250 if married filing separately), or
- 10% of the purchase price of the home.

Note. See the instructions for line 1 on page 4 for the definition of purchase price.

Phase-out of the credit. You are allowed the full amount of the credit if your modified adjusted gross income (MAGI) is $125,000 or less ($225,000 or less if married filing jointly). The phase-out of the credit begins when your MAGI exceeds $125,000 ($225,000 if married filing jointly). The credit is eliminated completely when your MAGI reaches $145,000 ($245,000 if married filing jointly).

For a definition of MAGI, see the instructions for line 5 on page 4.

What To Attach to Your Return

If you claim the credit on your 2009 (or later) original or amended tax return, you must attach the following documentation regarding your main home (as applicable). **If you do not attach the documentation, the credit may not be allowed.**

Attach a copy of your settlement statement showing all parties' names and signatures, the property address, the contract sales price, and the date of purchase. In most cases, your settlement statement is your properly executed Form HUD-1, Settlement Statement. In locations where the signatures of the buyer and seller are not required, the IRS encourages the buyer to sign the settlement statement before attaching it to the tax return—even if the settlement statement does not include a signature line.

If you are unable to obtain a settlement statement because you purchased a mobile home, attach a copy of your executed retail sales contract showing all parties' names and signatures, the property address, the purchase price, and the date of purchase.

If you are claiming the credit for a newly constructed home and you do not have an executed settlement statement, attach a copy of your certificate of occupancy showing your name, the property address, and the date of the certificate.

Additional documentation. You should also attach the following documentation, if applicable, to avoid delays in the processing of your return and the issuance of any refund.

- If you checked the "Yes" box on line C (or the box on line D and you purchased your home after April 30, 2011), attach a copy of the pages from a signed contract to make a purchase showing all parties' names and signatures, the property address, the purchase price, and the date of the contract.
- If you are claiming the credit as a long-time resident of the same main home, attach copies of one of the following: Form 1098, Mortgage Interest Statement (or substitute statement), property tax records, or homeowner's insurance records. These records should be for 5 consecutive years of the 8-year period ending on the purchase date of the new main home.

Repaying the Credit (for Purchases After 2008)

If you purchase the home after 2008, and you own it and use it as your main home for at least 36 months beginning on the purchase date, you do not have to repay any of the credit or file Form 5405 again.

CAUTION *For 2008 purchases, see* Part IV, Repayment of Credit Claimed for 2008 or 2009*, on page 6.*

You generally must repay the credit if after the year for which you claim the credit, you dispose of the home or it ceases to be your main home during the 36-month period beginning on the purchase date. This includes situations where you sell the home (including through foreclosure), you convert the entire home to business or rental use, or the home is destroyed, condemned, or disposed of under threat of condemnation.

TIP *When you convert your entire home to business or rental use, you no longer use any part of it as your main home. The home is used for business if you use it for an activity that you carry on to make a profit. The facts and circumstances of each case determine whether or not an activity is a business.*

You repay the credit by including it as additional tax on the return for the year you dispose of the home or it ceases to be your main home. However, if the home is destroyed, condemned, or disposed of under threat of condemnation, and you do not acquire a new home within 2 years of the event, you must repay the entire repayment amount with the return for the year in which the 2-year period ends.

If you and your spouse claim the credit on a joint return, each spouse is treated as having been allowed half of the credit for purposes of repaying the credit.

Exceptions. The following are exceptions to the repayment rule.

- If you sell the home to someone who is **not** related to you, the repayment in the year of sale is limited to the amount of gain on the sale as determined on the Form 5405 Gain or (Loss) Worksheet on page 5. The amount of the credit in excess of the gain does not have to be repaid. (See item 9 under *Who Cannot Claim the Credit* on page 2 for the definition of a related person.)
- If the home is destroyed or you sell the home through condemnation or under threat of condemnation, you do not have to repay the credit if you purchase a new main home within 2 years of the event and you own and use it as your main home during the remainder of the 36-month period.
- If the home is destroyed or you sell the home through condemnation or under threat of condemnation to someone who is not related to you and you do not acquire a new home within the 2-year period, the repayment with your return for the year in which the 2-year period ends is limited to the gain on the disposition as determined on the Form 5405 Gain or (Loss) Worksheet on page 5. The amount of the credit in excess of the gain does not have to be repaid (See item 9 under *Who Cannot Claim the Credit* on page 2 for the definition of a related person.)
- If the home is transferred to a spouse (or ex-spouse as part of a divorce settlement), the spouse who receives the home is responsible for repaying the credit if, during the 36-month period beginning on the purchase date, he or she disposes of the home or it ceases to be his or her main home and none of the other exceptions apply.
- Members of the uniformed services or Foreign Service and employees of the intelligence community (defined on this page) do not have to repay the credit if, after 2008, they sell the home or the home ceases to be their main home because they received Government orders to serve on qualified official extended duty (see the instructions for line 12 on page 4).
- If you die, repayment of the credit is not required. If you claimed the credit on a joint return and then you die, your surviving spouse would be required to repay his or her half of the credit if, during the 36-month period beginning on the purchase date, he or she disposes of the home or it ceases to be his or her main home and none of the other exceptions apply.

Specific Instructions

Part I. General Information

Line B. Enter the date you purchased the home (or the date you first occupied it if you constructed your main home).

Line C. See *What To Attach to Your Return* on page 2.

Line D. You have additional time to purchase a home if you (or your spouse if married):

1. Were on qualified official extended duty (defined on page 4) outside the United States for at least 90 days during the period beginning after December 31, 2008, and ending before May 1, 2010, and
2. Were a member of the uniformed services or Foreign Service or an employee of the intelligence community (defined below) during the time period in (1) above.

If you meet both (1) and (2) above, you do not have to purchase your home during the time periods listed on page 1 in item 1, under *First-time homebuyer*, and in item 2, under *Long-time resident of the same main home*. Instead, you can qualify for this credit if you purchase your main home:

1. Before May 1, 2011, or
2. After April 30, 2011, and before July 1, 2011, and you enter into a binding contract before May 1, 2011, to purchase the property before July 1, 2011.

See *What To Attach to Your Return* on page 2.

Uniformed services. The uniformed services are:

- The Armed Forces (the Army, Navy, Air Force, Marine Corps, and Coast Guard),
- The commissioned corps of the National Oceanic and Atmospheric Administration, and
- The commissioned corps of the Public Health Service.

Foreign Service member. For purposes of the credit, you are a member of the Foreign Service if you are any of the following.

- A Chief of mission.
- An Ambassador at large.
- A member of the Senior Foreign Service.
- A Foreign Service officer.
- Part of the Foreign Service personnel.

Employee of the intelligence community. For purposes of the credit, you are an employee of the intelligence community if you are an employee of any of the following.

- The Office of the Director of National Intelligence.
- The Central Intelligence Agency.
- The National Security Agency.
- The Defense Intelligence Agency.
- The National Geospatial-Intelligence Agency.
- The National Reconnaissance Office and any other office within the Department of Defense for the collection

of specialized national intelligence through reconnaissance programs.
- Any of the intelligence elements of the Army, the Navy, the Air Force, the Marine Corps, the Federal Bureau of Investigation, the Department of the Treasury, the Department of Energy, and the Coast Guard.
- The Bureau of Intelligence and Research of the Department of State.
- Any of the elements of the Department of Homeland Security concerned with the analyses of foreign intelligence information.

Qualified official extended duty. You are on qualified official extended duty while:
- Serving at a duty station that is at least 50 miles from your main home, or
- Living in Government quarters under Government orders.

Line E. Check the "**Yes**" box if you purchased the home from a related person or a person related to your spouse.

Otherwise, check the "**No**" box.

For the definition of a related person or a person related to your spouse, see item 9 or 10 on page 2 under *Who Cannot Claim the Credit*.

Line F. Check the box if you are making one of the following choices.
- You are choosing to claim the credit on your 2009 original or amended return for a main home purchased in 2010.
- You checked the box on line D and are choosing to claim the credit on your 2010 original or amended return for a main home purchased in 2011.

Part II. Credit

Line 1. The purchase price is the adjusted basis of your home on the date you purchased it. This includes certain settlement or closing costs (such as legal fees and recording fees) and your down payment and debt to purchase the home (such as a first or second mortgage or notes you gave the seller in payment for the home). If you build, or contract to build, a new home, your purchase price includes costs of construction. For more information about adjusted basis, see Pub. 551, Basis of Assets.

If you purchase property with a house that you use as your personal residence and a separate structure or unit that you do not use as your residence, you must allocate the purchase price between the portion of the property that you use as your residence and the portion of the property with the separate structure or unit. This includes:
- A house that you lived in and a detached garage or outbuilding that you use solely for business purposes.
- A duplex with two separate dwelling units and you live in one unit and rent out the other unit.

Enter on line 1 the purchase price allocated to your residence.

Line 3. See *Who Can Claim the Credit* on page 1 to find out if you can claim the credit as a first-time homebuyer or a long-time resident.

Line 4. If two or more unmarried individuals buy a main home, they can allocate the credit among the individual owners using any reasonable method. If married individuals buy a main home and do not claim the credit on a joint return, they can also allocate the credit between them using any reasonable method. A reasonable method is any method that does not allocate any part of the credit to a co-owner not eligible to claim that part.

For first-time homebuyers, the total amount allocated cannot exceed the smaller of $8,000 or 10% of the purchase price. For long-time residents, the total amount allocated cannot exceed the smaller of $6,500 or 10% of the purchase price. For married taxpayers filing separate returns, the amount of the credit allocated to each spouse cannot exceed the smaller of **(a)** the amount on line 3 or **(b)** the excess of line 2 over the amount allocated to the other spouse on the other spouse's Form 5405, line 4.

Line 5. Your modified adjusted gross income is the amount from Form 1040, line 38, increased by the total of any:
- Exclusion of income from Puerto Rico, and
- Amount from Form 2555, lines 45 and 50; Form 2555-EZ, line 18; and Form 4563, line 15.

Part III. Disposition or Change in Use of Main Home for Which the Credit Was Claimed

Complete Part III if you claimed the first-time homebuyer credit on your original or amended 2008 or 2009 return and you disposed of the home or it ceased to be your main home in 2010. This includes situations where:
- You sold the home (including through foreclosure),
- You converted the entire home to business or rental property,
- You abandoned the home (except in connection with a sale or foreclosure),
- The home was destroyed, condemned, or disposed of under threat of condemnation, or
- The taxpayer who claimed the credit died in 2010.

Also complete Part III if you are claiming the credit on your 2010 return and line 12, 13f, 13g, or 13h applies.

Sales (including through foreclosure). In the case of a sale (including through foreclosure) of your main home, you must repay the credit with the tax return for the tax year in which the sale is completed. In general, this will occur when the purchaser (or lender) obtains title to your home.

Line 11. If your home was destroyed, condemned, or disposed of under threat of condemnation, enter the date it was destroyed, condemned, or disposed of under threat of condemnation (or the date it ceased to be your main home, whichever is earlier).

Line 12. Check the box if you (or your spouse if married):
- Are, or were, a member of the uniformed services or Foreign Service or an employee of the intelligence community (defined earlier), and
- Sold the home or the home ceased to be your main home after 2008 because you (or your spouse if married) received Government orders to serve on qualified official extended duty (defined below).

If you (or your spouse if married) meet both of these conditions, you do not have to repay the credit.

Qualified official extended duty. You are on qualified official extended duty while:
- Serving at a duty station that is at least 50 miles from your main home, or
- Living in Government quarters under Government orders.

You are on extended duty when you are called or ordered to active duty for a period of more than 90 days or for an indefinite period.

Lines 13a, 13b, and 13c. See item 9 under *Who Cannot Claim the Credit* on page 2 for the definition of a related person. If the person does not meet the definition of a related person, that person is not related to you.

If you sold your home to someone who is **not** related to you, use the worksheet below to figure the gain or (loss) on the sale.

Line 13d. See the *Tip* on page 3 for information about converting your entire home to business or rental use.

Do not check this box if you converted only a part of the home to rental or business use and you continue to use the other part as your main home. If you purchased your home in 2008, complete Part IV. If you purchased your home in 2009 or a later year, this conversion does not require you to file this form.

Example 1. You claimed the credit for a home you purchased in 2009. In 2010, you converted the basement of your home for use as a child care business. You continued to use the rest of your home as your main home in 2010. You do not have to repay any of the credit with your 2010 return or file Form 5405.

Example 2. The facts are the same as in *Example 1*, except that you purchased the home in 2008. You must complete Part IV of Form 5405 because for homes purchased in 2008, you are required to repay at least 1/15 of the credit with your 2010 return.

Example 3. You claimed the credit for a home you purchased in 2009. In 2010, you moved out of the home and converted it to rental property. You must check the box on line 13d and complete Part IV to figure the amount of credit you have to repay with your 2010 return.

Example 4. The facts are the same as in *Example 3* except that you purchased the home in 2008. You must check the box on line 13d and complete Part IV. In this case, you must repay the entire credit with your 2010 tax return.

Lines 13f and 13g—Home destroyed or sold through condemnation or under threat of condemnation.

If your home was destroyed or you sold your home through condemnation or under threat of condemnation to a person who is not related to you, the amount of the credit you have to repay (if any) is limited to the gain on the disposition. Check the box on line 13a if you have a gain, in addition to the box you check on line 13f or line 13g. **If you do not have a gain, you do not have to repay any of the credit.** Check the box on line 13b if you do not have a gain, in addition to the box you check on line 13f or 13g. Use the worksheet below to determine whether you have a gain.

Line 13f. If you acquired or plan to acquire a new home within 2 years of the event, the following rules generally apply.

- For homes purchased in 2008, repayment of the credit over a 15-year period begins with your 2010 tax return. Check the box on line 16b.
- For homes purchased in 2009 or a later year, you do not have to repay the credit if you acquire a new main home within 2 years of the event and you own and use it as your main home during the remainder of the 36-month period. You may have to repay the credit if you do not acquire a new main home within 2 years of the event.

Line 13g. If you do not acquire a new home within the 2-year period, the following rules generally apply.

- If you purchased the home in 2008 and the event occurred in 2008, you generally must repay the credit in full with your 2010 return. Complete Part IV and check the box on line 16a.
- If you purchased the home in 2008 and the event occurred after 2008, your annual payment requirement begins starting with your 2010 return and continues until the year in which the 2-year period ends. On the tax return for the year in which the 2-year period ends, you must include all remaining installments as additional tax.
- If you purchased the home in 2009 (or a later year) you must generally include the credit as additional tax on the tax return for the year in which the 2-year period ends.

Line 13h. Do not check this box if you are filing a joint return for 2010 with the deceased taxpayer and you claimed the credit on a joint return. If you did not dispose of the home and the home did not cease to be your main home, do not check any box on line 13. If you did dispose of the home or it ceased to be your main home, check

Form 5405 Gain or (Loss) Worksheet

Keep for Your Records

Note: Use only if your home was destroyed or you sold your home to someone who is **not** related to you (including a sale through condemnation or under threat of condemnation). See Pub. 523, Selling Your Home, for information on what to enter on lines 1, 2, and 4. But if you sold your home through condemnation, see chapter 1 in Pub. 544, Sales and Other Dispositions of Assets, for information on what to enter on lines 1 and 2.

1.	Selling price of home, insurance proceeds, or gross condemnation award			**1.**	
2.	Selling expenses (including commissions, advertising, and legal fees, and seller-paid loan charges) or expenses in getting the condemnation award			**2.**	
3.	Subtract line 2 from line 1. This is the amount realized on the sale of the home			**3.**	
4.	Adjusted basis of home sold (from line 13 of Worksheet 1 in Pub. 523)	**4.**			
5.	Enter the first-time homebuyer credit claimed on Form 5405	**5.**			
6.	Subtract line 5 from line 4. This is the adjusted basis for purposes of repaying the credit			**6.**	
7.	Subtract line 6 from line 3			**7.**	

- If line 7 is more than -0-, you have a gain. Check the box on line 13a of Form 5405. Also check the box on line 13f or 13g, whichever applies, if the home was destroyed or you sold the home through condemnation or under threat of condemnation. Enter the result on line 15 and complete the rest of Part IV. **However**, if you purchased the home in 2009 and it was destroyed or you sold it through condemnation or under threat of condemnation to an unrelated person, check only the box on line 13f or 13g; do not check the box on line 13a or complete Part IV.
- If line 7 is -0- or less, check the box on line 13b of Form 5405. Also check the box on line 13f or 13g, whichever applies, if the home was destroyed or you sold the home through condemnation or under threat of condemnation.

the appropriate box on lines 13a through 13g. (These instructions also apply if you are not filing a joint return with the deceased taxpayer for 2010.)

Part IV. Repayment of Credit Claimed for 2008 or 2009

If you purchased the home in 2008 and you owned it and used it as your main home during all of 2010, you must begin repaying the credit with your 2010 tax return. See the instructions for line 16b.

If you are required to repay the credit because you disposed of a home you purchased in 2008 or 2009 or that home ceased to be your main home, you generally must repay the entire credit with your 2010 tax return. An exception applies if your home was destroyed, condemned, or disposed of under threat of condemnation, and you did not acquire a new main home within 2 years of the event. (See the instructions for line 13g earlier.) Another exception applies for certain members of the uniformed services or Foreign Service or employees of the intelligence community (see the instructions for line 12 on page 4).

TIP *If you and your spouse claimed the credit on a joint return, each of you must file a separate Form 5405 (1) to repay the credit, which must be divided equally between both of you, or (2) to notify the IRS that you disposed of the home or ceased to use it as your main home.*

Line 14. If you claimed the credit on a joint return for 2008 or 2009 but your spouse died, enter one-half of the credit you claimed on Form 5405 for 2008 or 2009. The remaining half (that is, your spouse's half) does not have to be repaid. If you and your spouse claimed the credit for 2008 or 2009 and the home was later transferred to you by your spouse or ex-spouse as part of a divorce settlement, enter the total credit claimed for 2008 or 2009 by both you and your spouse (or ex-spouse).

Enter the credit you claimed for a home purchased in 2008 that was destroyed or that you sold through condemnation or under threat of condemnation. If the buyer is related to you, skip line 15 and go to line 16. If the buyer is not related to you, go to line 15. Item (9) under *Who Cannot Claim the Credit* on page 2 explains whether the buyer is related to you.

Line 15. If either of the following conditions applies, enter on line 15 the gain from line 7 of the worksheet on page 5.

- You checked the box on line 13a.
- You checked the box on line 13f or 13g, you purchased your home in 2008, and the event was not a sale to a related person.

If neither of the above conditions applies, leave line 15 blank.

Line 16a. Check the box on line 16a if either of the following conditions applies. But do not check this box if you checked the box on line 13b.

- You checked the box on line 13a, 13c, or 13d.
- You checked the box on line 13g and the event occurred before 2009. (If you meet this condition and you had a gain on the disposition and the disposition was not a sale to a related person, enter the smaller of line 14 or line 15. Otherwise, enter the amount from line 14.)

Line 16b. Check this box if you purchased the home in 2008 and any of the following conditions apply. But do not check this box if you checked the box on line 13b.

1. You owned your home and used it as your main home during all of 2010. You must repay at least 1/15 of the credit you claimed for that home with your 2010 return. You continue to repay 1/15 of the credit with every tax return for the next 14 years (2011 through 2024). But see *Repaying more than the minimum amount* below.
2. Your home was destroyed or sold through condemnation or under threat of condemnation in 2008 (and you checked the box on line 13f) or in 2009 or 2010 (and you checked the box on line 13f or 13g). If you meet either of these conditions, the following rules apply.

   a. If you did not have a gain on the disposition and the disposition was not a sale to the related person, you do not have to repay the credit. (You should leave line 16b blank and check the box on line 13b instead.)

   b. If you had a gain on the disposition and the disposition was not a sale to a related person, you must repay at least 1/15 of the smaller of (i) the amount on line 14 or (ii) the amount on line 15 with your 2010 return.

   c. If the disposition was a sale to a related person, you must repay at least 1/15 of the credit you claimed for that home with your 2010 return.

   d. If you do not acquire a new main home within 2 years of the event, you must include any remaining installments as additional tax on the tax return for the year in which the 2-year period ends.

   e. You can choose to repay more than the minimum amount as explained next.

   f. If you do not repay your credit earlier, you continue to repay the amount described in (b) or (c) above with every tax return for the next 14 years (2011 through 2024).

Repaying more than the minimum amount. You must repay at least 1/15 of the credit with every tax return during the repayment period until the year the credit is paid in full. You can choose to repay more than the minimum amount with any tax return. Your final payment may be less than the required minimum amount.

Example. You claimed a $7,500 credit for a home purchased in 2008. You are required to repay at least $500 of the credit ($7,500 ÷ 15 years = $500) each year for 15 years starting with your 2010 tax return. However, you choose to repay $3,200 with your 2010 tax return, you make the required minimum payment of $500 with your 2011 tax return, and you choose to repay $3,500 with your 2012 tax return. The minimum repayment with your 2013 tax return is $300 (the balance of unpaid installments)—not $500.