



*Educational Series: provided as a service, exclusively for the friends of*

**Kirk M. West**  
Certified Mortgage Planner  
Licensed Tax Professional

## Real Estate 101: CA Tax Credit

Come and Get it....

**An exciting new tax credit was signed into law recently. Any buyer who on or after March 1, 2009, and before March 1, 2010, purchase a principal residence that has never been occupied may qualify for the credit. Here are some major facts about the credit:**

**The buyer must reside in the new home for a minimum of two years immediately following the purchase date.**

- California allows qualified new home buyers a total tax credit amount equal to either five percent of the purchase price or \$10,000, whichever is less.
- Taxpayers must apply the total tax credit in equal amounts over three successive taxable years (maximum of \$3,333 per year) beginning with the taxable year (2009 or 2010) in which the new home is purchased.
- The State of California has allocated \$100,000,000 for this tax credit.
- Credit allocations will be made on a first-come, first-served basis. Once \$100,000,000 has been allocated, the tax credit will no longer be available.
- Applications must be filed no later than 7 days after the close of escrow.
- If all guidelines are met, the credit does NOT have to be repaid.
- The CA credit can be combined with the Federal \$8,000 tax credit.
- Applications for the allocation of credit will be accepted by fax only (916.845.9754), starting March 1, 2009. I have attached a copy of that form here for convenience.

**You may contact the Franchise Tax Board by phone or email for more information:**

**Phone: 888.792.4900 (press 5)**

**916.845.4900 (not toll-free)**

**Email: [wscs.gen@ftb.ca.gov](mailto:wscs.gen@ftb.ca.gov) (Do not send confidential information via email)**

**If you would like more information about how this exciting tax credit can help you or your clients please give me a call.**

**Real Estate 101: CA Tax Credit  
Come and Get it....**

Phone: (916) 893-9666  
Fax: (866) 597-0140  
E-mail: [kirk@kirkmwest.com](mailto:kirk@kirkmwest.com)

Hotline: (916) 480-3363  
[www.KirkMWest.com](http://www.KirkMWest.com)

- Improve Cash Flow
- Create Wealth
- Become Debt Free
- Achieve Financial Goals



# 2009 Application for New Home Credit

# 3528-A

**Part I Seller's Certification (Important: Use this form only with the sale of a home that has never been occupied)**

Seller's Name		
FEIN or CA Corp no.	Secretary of State (SOS) file number	SSN or ITIN
Address (including suite, room, PO Box, or PMB no.)		
City	State	ZIP Code

Address of Property Sold	Parcel Number	County
City	State	ZIP Code

**Perjury Statement**

Under penalties of perjury, I hereby certify that the property is a single family residence that has **never been previously occupied**. I certify that the information provided above is, to the best of my knowledge, true and correct.

Seller's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Seller's Contact Name: \_\_\_\_\_ Seller's Contact Telephone Number (\_\_\_\_) \_\_\_\_ - \_\_\_\_\_

**Part II Escrow Information**

1 Escrow Number ..... ● 1 \_\_\_\_\_

2 Date Escrow Closed. .... ● 2 \_\_\_\_\_  
MM / DD / YYYY

Escrow Company Name \_\_\_\_\_

Contact Person \_\_\_\_\_

Contact Person Telephone Number (\_\_\_\_) \_\_\_\_ - \_\_\_\_\_

3 Total Purchase Price ..... ● 3 \_\_\_\_\_ | 00

4 Will all the buyers be living in the home as their principal residence? Check applicable box. If Yes, go to line 5.  
If No, see line 6 instructions .....  Yes  No

5. Enter 5% (.05) of the Total Purchase Price or \$10,000, whichever is less. This is the total credit amount. .... ● 5 \_\_\_\_\_ | 00

**Do not complete Line 6 or Line 7 if you checked Yes to Line 4.**

6 Enter the Qualified Purchase Price. See instructions. .... ● 6 \_\_\_\_\_ | 00

7 Enter 5% (.05) of the Qualified Purchase Price or \$10,000, whichever is less. This is the total credit amount ..... ● 7 \_\_\_\_\_ | 00

**FAX completed Form (Side 1 and Side 2) to: 916.845.9754**

**Part III Qualified Buyer's Information**

**Perjury Statement**

By completing and signing, the Buyer is acknowledging that he/she is purchasing a single family residence in which he/she intends to live for a minimum of two years as his/her principal residence and which is eligible for the homeowner's exemption under R&TC Section 218.

**1.**

Buyer's First Name	Initial	Buyer's Last Name	
Buyer's SSN or ITIN	* Buyer's Ownership Percent	Buyer's Individual Credit	
	_____ . _____ %	\$ _____	.00
Spouse's/RDP's First Name (if applicable)	Initial	Spouse's/RDP's Last Name	
Spouse's/RDP's SSN or ITIN	Buyer's Telephone Number ( _____ ) _____ - _____		
Mailing Address			
City		State	Zip Code
Buyer's Signature		Date	
Spouse/s/RDP's Signature (if applicable)		Date	

**2.**

Buyer's First Name	Initial	Buyer's Last Name	
Buyer's SSN or ITIN	* Buyer's Ownership Percent	Buyer's Individual Credit	
	_____ . _____ %	\$ _____	.00
Spouse's/RDP's First Name (if applicable)	Initial	Spouse's/RDP's Last Name	
Spouse's/RDP's SSN or ITIN	Buyer's Telephone Number ( _____ ) _____ - _____		
Mailing Address			
City		State	Zip Code
Buyer's Signature		Date	
Spouse/s/RDP's Signature (if applicable)		Date	

**3.**

Buyer's First Name	Initial	Buyer's Last Name	
Buyer's SSN or ITIN	* Buyer's Ownership Percent	Buyer's Individual Credit	
	_____ . _____ %	\$ _____	.00
Spouse's/RDP's First Name (if applicable)	Initial	Spouse's/RDP's Last Name	
Spouse's/RDP's SSN or ITIN	Buyer's Telephone Number ( _____ ) _____ - _____		
Mailing Address			
City		State	Zip Code
Buyer's Signature		Date	
Spouse/s/RDP's Signature (if applicable)		Date	

\* Married couples are considered to be **one** buyer. If married, enter the combined percentage in the Buyer's Ownership Percent field.

# Instructions for 3528-A

## Application for New Home Credit

### General Information

#### A Purpose

Use form FTB 3528-A, Application for New Home Credit, if you are a **seller** of a new home which has **never been occupied** and are selling to any individual who purchases the residence on or after March 1, 2009, and before March 1, 2010. The seller must first complete Part I of form FTB 3528-A, certifying that the home has never been occupied, and provide a copy to the buyer or escrow person. The buyer will complete the rest of form FTB 3528-A. The escrow person will **FAX** the completed form FTB 3528-A to the Franchise Tax Board (FTB) within **one week** of the close of escrow, at 916.845.9754, and provide a copy to the buyer.

The copy received from the seller or escrow person does not constitute an allocation of the credit to the Buyer; instead the Buyer will receive confirmation from the FTB certifying the allocation of tax credit. The Buyer cannot claim this credit unless they receive an allocation of the credit from the FTB.

Upon receipt of form FTB 3528-A, the FTB will allocate the credit on a first-come first-served basis. The total amount of credit that may be allocated by the FTB must not exceed one hundred million dollars (\$100,000,000).

**Registered Domestic Partner** – For purposes of California income tax, references to a spouse, a husband, or a wife also refer to a California Registered Domestic Partner (RDP), unless otherwise specified.

**Round Cents to Dollars** – Round cents to the nearest whole dollar. For example, round \$50.50 up to \$51 or round \$25.49 down to \$25

#### B Qualifications

California allows a credit against net tax equal to the **lesser** of 5% (.05) of the purchase price of the qualified principal residence or ten thousand dollars (\$10,000).

The credit shall be:

- Allocated for the purchase of only one qualified principal residence with respect to any taxpayer.
- Claimed only on a timely filed return, including returns filed on extension.
- Applied in equal amounts over the three successive taxable years beginning with the taxable year in which the purchase of the qualified principal residence is made (maximum of \$3,333 per year.)

The credit will not be allocated:

- If the residence has been previously occupied.
- If the taxpayer does not intend to take occupancy of the principal residence for at least two years immediately following the purchase.
- If the application is not received within one week after the close of escrow.

The FTB may request documentation to ensure the parties have complied with the requirements of the credit under Revenue and Taxation Code (R&TC) Section 17059.

The credit must be apportioned equally for two married taxpayers filing separate tax returns, even if their ownership percentage is not equal. For two or more taxpayers who are not married, the credit shall be allocated among the taxpayers who will occupy the home as their principal residence using their percentage of ownership in the property. (See specific instruction and worksheet for Line 6 for how to make this allocation). The total amount of the credits allocated to all of these taxpayers shall not exceed ten thousand dollars (\$10,000).

#### C Definitions

A *“qualified principal residence”* is a single-family residence, whether detached or attached, that has **never been occupied**, and that is purchased to be the principal residence of the taxpayer for a minimum of two years and is eligible for the homeowner’s exemption.

*“One week”* means a 7 calendar day period.

**Example:** March 1, 2009, through March 7, 2009, is one week.

A *“qualified buyer”* is an individual who purchases a single-family residence, whether detached or attached, and intends to live in the qualified principal residence for a minimum of two years.

*“Total purchase price”* is the price before reduction of ownership percentage.

*“Qualified purchase price”* is the price after reduction of the non-qualified buyers ownership percentage.

*“Purchase date”* is the date escrow closes.

#### D Limitations

The credit cannot reduce regular tax below the tentative minimum tax (TMT). This credit cannot be carried over.

**This credit is nonrefundable.**

#### E Claiming the Credit

The credit is applied against the net tax in equal amounts (1/3 each year) over three successive taxable years, beginning with the taxable year in which the purchase of the qualified principal residence is made, on a timely filed original return. If the available credit exceeds the current year net tax, the unused credit may not be carried over to the following year.

#### F Filing Form FTB 3528-A

The escrow person will **FAX** a copy of the form FTB 3528-A to the FTB and send one copy to the buyer within **one week after** the close of escrow. If a seller has several buyers send only **one** application per FAX.

**Do not mail the form.**

**FTB’s FAX Number** is 916.845.9754

The FAX number will be disconnected once the \$100,000,000 total allocation amount has been reached. **Do not use any other FAX number.** Applications sent to any other FTB FAX number will not be processed.

We will post a notice on our website at **ftb.ca.gov** when the credit has been fully allocated.

For more information, contact Withholding Services and Compliance at:

**888.792.4900**

916.845.4900 (not toll-free)

### Specific Instructions

#### Part I – Seller’s Certification

Enter the name, address, and identification number of the seller. If the seller is an individual, enter the SSN or ITIN. If the seller is a corporation or partnership, enter the FEIN or CA Corporation number. If the seller is a Limited Liability Company (LLC), enter the Secretary of State (SOS) file number. Include the Private Mail Box (PMB) in the address field. Write “PMB” first, then the box number.

**Example:** 111 Main Street PMB 123.

Enter the address of the property sold, including parcel number and county.

Complete the Seller’s Certification, sign and date.

#### Part II – Escrow Information

##### Line 1 – Escrow Number

Enter the escrow number for the property purchased, if any.

##### Line 2 – Date Escrow Closed

Enter the date escrow closed. Complete the escrow information including the escrow company name, contact person, and telephone number.

##### Line 3 – Total Purchase Price

Enter the total purchase price of the property. If there is more than one buyer, this amount is the total paid by all buyers.

##### Line 4

Check whether all of the buyers will be living in the home as their principal residence. Disregard any buyers on title for incidental purposes who do not have an ownership interest. Check the applicable box. If Yes, go to line 5. If No, go to line 6 of the instructions.

##### Line 5

Do not complete line 5 if you checked No on line 4.

Enter 5% (.05) of the Total Purchase Price, from line 3, or \$10,000, whichever is less. This is the total credit amount. Do not complete line 6 or line 7.

**Example:**

Total Purchase Price . . . . .	\$250,000
	X 5%
	\$12,500

