

Instructions for Form 5405

(Rev. December 2011)

First-Time Homebuyer Credit and Repayment of the Credit



Department of the Treasury
Internal Revenue Service

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

General Instructions

What's New

Credit for homes purchased in 2011. For most people, the first-time homebuyer credit is not available for homes purchased in 2011. However, certain members of the uniformed services and Foreign Service and certain employees of the intelligence community can claim the credit for homes purchased in 2011. See *Who Can Claim the Credit* beginning on this page and the instructions for line D on page 3.

Repayment of the credit. If you are repaying the credit with your 2011 tax return, you are required to file Form 5405 only if:

- You disposed of your home or you ceased using the home as your main home in 2011, or
- You purchased your home in 2009, it was destroyed or you sold it through condemnation or under threat of condemnation in 2009, and you did not purchase a new home within 2 years of the event.

In all other cases, you are not required to file Form 5405. Instead, enter the repayment on Form 1040, line 59b, or Form 1040NR, line 58b, whichever applies. For example, you are not required to file Form 5405 if you are making an installment payment of the credit you claimed for a home you purchased in 2008 and you owned it and used it as your main home during all of 2011.



You cannot file Form 1040 electronically if you claim the credit. You must file on paper and attach all required documentation.

Reminders

Effect of credit on federal programs and federally assisted programs. Any refund you receive as a result of taking the first-time homebuyer credit cannot be counted as income when determining if you or anyone else is eligible for benefits or assistance, or how much you or anyone else can receive, under any federal program or under any state or local program financed in whole or in part with federal funds. These programs include Temporary Assistance for Needy Families (TANF), Medicaid, Supplemental Security Income (SSI), and Supplemental Nutrition Assistance Program (food stamps). In addition, when determining eligibility, the refund cannot be counted as a resource for at least 12 months after you receive it. This rule applies to refunds received after 2009 and before 2013. Check with your local benefit coordinator to find out if your refund will affect your benefits.

Future developments. For the latest information about this form, including any developments after these instructions were released, 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)* later.

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

- You are claiming the credit on your 2010 original or amended return for a home you purchased in 2011.
- You are claiming the credit on your 2011 original or amended return for a home you purchased in 2011.



For purchases before January 1, 2011, 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 2011. Complete Part III and, if applicable, Parts IV and V.
- Figure the amount of the credit you must repay with your 2011 tax return. Complete Part IV and, if applicable, Part V.

Who Can Claim the Credit

In general, you can claim the credit for a home purchased in 2011 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 (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.
2. You purchased your main home located in the United States:
 - a. After December 31, 2010, and before May 1, 2011, or
 - b. After April 30, 2011, and before July 1, 2011, **and** you entered into a binding contract before May 1, 2011, to purchase the home before July 1, 2011.
3. You (and your spouse if married) did not own any other main home during the 3-year period ending on the date of purchase.
4. 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 four of the following requirements.

1. 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.
2. 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.
3. You purchased your new main home located in the United States:

a. After December 31, 2010, and before May 1, 2011, or

b. After April 30, 2011, and before July 1, 2011, and you entered into a binding contract before May 1, 2011, to purchase the home before July 1, 2011.

4. You do not meet any of the conditions listed under *Who Cannot Claim the Credit* below.

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. Neither you nor your spouse (if married) was on qualified official extended duty outside the United States as a member of the uniformed services or Foreign Service or an employee of the intelligence community. See the instructions for line D on page 3.

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

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, 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.



For 2008 purchases, see Part IV, Repayment of Credit Claimed for 2008, 2009, or 2010, later.

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, the home is destroyed or condemned, or you dispose of the home under threat of condemnation.



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 or condemned, or you dispose of the home 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 in Part V of Form 5405. 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 in Part V of Form 5405. 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), and spouses of such individuals 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. Check the “Yes” box if you (or your spouse if married):

1. Were on qualified official extended duty (defined below) 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 do not meet both (1) and (2) above, you cannot claim 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.

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.

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 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. Examples include:

- 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 later return

and you disposed of the home or it ceased to be your main home in 2011. 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 2011.

Also complete Part III if you are claiming the credit on your 2011 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 or condemned, or you disposed of the home 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 (and your spouse if married) 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, complete Part V 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. Do not file form 5405 for this conversion. If you purchased your home in 2008, enter your annual repayment on your 2011 Form 1040, line 59b, or Form 1040NR, line 58b, whichever applies.

Example 1. You claimed the credit for a home you purchased in 2009. In 2011, 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 2011. You do not have to repay any of the credit with your 2011 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 are required to repay at least 1/15 of the credit with your

2011 return. You do not have to file form 5405. Instead, enter the repayment on your 2011 Form 1040, line 59b, or Form 1040NR, line 58b, whichever applies.

Example 3. You claimed the credit for a home you purchased in 2009. In 2011, 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 2011 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 balance of the credit with your 2011 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. Complete Part V to determine whether you have a gain. Check the box on line 13f if you have a gain. **If you do not have a gain, you do not have to repay any of the credit.** Check the box on line 13g if you do not have a gain. Then read the instructions below for line 13f or line 13g, whichever applies.

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, you continue to repay the credit over a 15-year period that began with your 2010 tax return. Complete Part IV to figure your installment payment for 2011 if the event was not a sale to a related person.
- 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.

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 2009, you generally must repay the balance of the credit in full with your 2011 return. You do not have to file Form 5405. Instead, enter the repayment on your 2011 Form 1040, line 59b, or Form 1040NR, line 58b, whichever applies.
- If you purchased the home in 2008 and the event occurred after 2009, your annual repayment requirement 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. For example, if the 2-year period ended in 2011, complete Part IV to figure the amount you have to repay with your 2011 return.

Line 13g. If you do not have a gain, you do not have to repay any of the credit, unless you sold your home under threat of condemnation to someone who is related to you. If the buyer is related to you, the rules explained above for line 13f apply, except that you must repay the entire amount of the credit you claimed if you did not acquire a new home within the 2-year period. This is true even if you had a loss on the sale or you had a gain that is less than the credit.

Line 13h. Do not check this box if you are filing a joint return for 2011 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 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 2011.)

Part IV. Repayment of Credit Claimed for 2008, 2009, or 2010

If you purchased the home in 2008 and you owned it and used it as your main home during all of 2011, you must continue repaying the credit with your 2011 tax return. You do not have to file Form 5405. Instead, enter the repayment on your 2011 Form 1040, line 59b, or Form 1040NR, line 58b, whichever applies.

If you are required to repay the credit because you disposed of a home you purchased in 2008, 2009, or 2010, or that home ceased to be your main home, you generally must repay the entire credit (or the balance of the unpaid credit in the case of a 2008 purchase) with your 2011 tax return. An exception applies if your home was destroyed or condemned, or you disposed of the home under threat of condemnation, and you did not acquire a new main home within 2 years of the event. (See the instructions for lines 13f and 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).



If you and your spouse claimed the credit on a joint return, each of you must file a separate Form 5405 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, 2009, or 2010 but your spouse died, enter one-half of the credit you claimed. The remaining half (that is, your spouse's half) does not have to be repaid. If you and your spouse claimed the credit 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 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. Also enter the credit you claimed for a home purchased in 2009 that was destroyed or that you sold through condemnation or under threat of condemnation in 2009 if you did not acquire a new home within 2 years of the event.

Line 16. If you checked the box on line 13f and the event was not a sale to a related person, go to line 17.

If you checked the box on line 13f or 13g and the event was a sale to a related person, skip line 17 and go to line 18.

Item 9 under *Who Cannot Claim the Credit* on page 2 explains whether the buyer is related to you.

Line 17. If any of the following conditions apply, enter on line 17 the gain from line 25.

- You checked the box on line 13a.
- You checked the box on line 13f, you purchased your home in 2008, and the event was not a sale to a related person. Item 9 under *Who Cannot Claim the Credit* on page 2 explains whether the buyer is related to you.
- You checked the box on line 13f, you purchased your home in 2009, the event occurred in 2009, and the event was not a sale to a related person. Item 9 under *Who*

Cannot Claim the Credit on page 2 explains whether the buyer is related to you.

If none of the above conditions apply, leave line 17 blank.

Line 18. The amount you enter on line 18 depends on when you purchased your home.

Homes purchased in 2009 or a later year. Enter the smaller of line 16 or line 17 on line 18 if you meet either of the following conditions.

- You checked the box on line 13a.
- You checked the box on line 13f for an event that occurred in 2009, you did not acquire a new home within 2 years of the event, and the disposition was not a sale to a related person.

Enter the amount from line 16 on line 18 if you meet either of the following conditions.

- You checked the box on line 13c or 13d.
- You checked the box on line 13f or 13g for an event that occurred in 2009, you did not acquire a new home within 2 years of the event, and the disposition was a sale to a related person.

Homes purchased in 2008.

1. If you checked the box on line 13a, enter the smaller of line 16 or line 17 on line 18.

2. If you checked the box on line 13c or line 13d, enter the amount from line 16 on line 18.

3. If you checked the box on line 13f or 13g, the following rules apply.

a. If you checked the box on line 13f for an event that occurred in 2011 and you did not sell the home to a related person, your repayment is limited to the gain. If line 17 is less than line 16, divide line 17 by 14.0. Otherwise, divide line 14 by 15.0. This is the minimum amount you must pay with your 2011 return. Enter this amount (or a larger amount if you choose) on line 18. But see *Repaying more than the minimum amount* below.

b. If you checked the box on line 13f or 13g for an event that occurred in 2011 and you sold the home to a related person, divide line 14 by 15.0. This is the minimum amount you must pay with your 2011 return. Enter this amount (or a larger amount if you choose) on line 18. But see *Repaying more than the minimum amount* below.

c. If you do not repay your credit earlier, you continue to repay the amount described above with every tax return for the next 13 years (2012 through 2024). But see (d) next for an exception.

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

Repaying more than the minimum amount. If you purchased your home in 2008, 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 \div 15 \text{ years} = \500) each year for 15 years starting with your 2010 tax return. However, you chose 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.