

5 STEPS TO A FIRST-TIME HOMEBUYERS SAVINGS ACCOUNT

Want to save for your Maryland home purchase while receiving a state tax break on the contributions and account earnings? A First-Time Homebuyer Savings Account can help you achieve your homeownership goals!

1. Check your eligibility.

If you are a Maryland resident who has not owned a home in the state for the past 7 years, you are eligible to establish an account in your name. If you jointly file your taxes with another first-time buyer, you and that individual can establish a joint account together.

2. Open an account.

Some banks may offer specific accounts for first-time homebuyers. However, you are not limited to only those accounts or those institutions. An account from any financial institution can qualify as a First-Time Homebuyer Savings Account if it is used for the sole purpose of purchasing a home in Maryland by the account holder.

3. Contribute to the account.

Once your account is open, now it is time to save! Even small contributions can add up over time. Consider making weekly or monthly deposits into your account or directing future bonuses and tax refunds for a bigger boost. While family members cannot open these accounts or receive the tax benefits, you can add their financial gifts to your account to help you reach your savings goals even faster.

4. Claim your deduction.

You can claim a state tax subtraction for your contributions to and earnings from your First-Time Homebuyer Savings Account. You can claim up to \$5,000 per year and a total of \$50,000 over 10 years. This benefit may be claimed on your Maryland state tax return, Form 502SU, line "ww."

5. Purchase your home.

Within 15 years of opening your First-Time Homebuyer Savings Account, you can use the money within the account for your home purchase. You can use these funds to cover your down payment or any expenses and closing costs paid at settlement. Let your mortgage lender and settlement provider know that you have a First-Time Homebuyer Savings Account that you will be using for your home purchase.

Have Additional Questions about First-Time Homebuyer Savings Accounts?

The Office of the Comptroller has added additional guidance on these accounts on its website: Tax Credits, Deductions and Subtractions (marylandtaxes.gov)

For More Information, Visit:
MARYLANDHOMEOWNERSHIP.COM

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