



DO NOT SEND

## Instructions for First-time Home Buyer Savings Account Interest Deduction

You must complete this form annually and file it with your income tax return if you open and designate an account as a first-time home buyer account. Please carefully read all of the instructions, fully fill out and sign the form, and submit it with your income tax return with all of the requested documentation for each first-time home buyer account you designate. Keep all of your account statements for the first-time home buyer account.

If you are claiming a first-time home buyer savings account interest deduction, check the applicable box at the top of form DR 0350. You must submit account statements and/or a 1099 showing the **only taxable interest and/or earnings** on the account in the tax year claimed. Upon withdrawal, you must also submit a real estate settlement statement that shows that the withdrawal was used for an eligible expense. Eligible expenses are down payments or closing costs that are included on the settlement statement (including, but not limited to, appraisal fees, mortgage origination fees, and inspection fees.)

If claiming a deduction for multiple accounts, this form must be completed for each account. The total amount of subtraction claimed from all first-time home buyer savings accounts for this tax year should be transferred to form DR 0104AD, line 18.

To support my claim for the first-time home buyer savings account interest deduction, I attest:

1. The money in my first-time home buyer savings account<sup>1</sup> will only be used for the following purposes, as provided by section 39-22-4705, C.R.S.:
  - a. Eligible expenses<sup>2</sup> related to a qualified beneficiary's<sup>3</sup> purchase of his or her primary residence in Colorado
  - b. Eligible expenses related to a qualified beneficiary's purchase of his or her primary residence in or outside the state, if the qualified beneficiary is active-duty military and was stationed in Colorado for any time after the creation of the account;

- c. Expenses that would have qualified under paragraphs 1 or 2 above, but the contract for purchase did not close;
  - d. As a transfer to another newly created first-time home buyer savings account; *or*
  - e. To pay a service fee that is deducted by the financial institution.
2. I have not and will not claim any deduction for interest or other income earned on contributions to my first-time home buyer savings account exceeding \$14,000 (\$28,000 for account holders who file a joint return) for a taxable year or \$50,000 for all taxable years.
  3. The amount in my first-time home buyer savings account will not exceed \$150,000.
  4. Money withdrawn from a first-time home buyer savings account is subject to recapture and/or penalty in the taxable year in which it is withdrawn as explained in section 39-22-4705(2), (3), and (4), C.R.S., *if*
    - a. At the time of the withdrawal, it has been less than a year since the first deposit in the first-time home buyer savings account;
    - b. The money is used for any purpose other than those listed above; *or*
    - c. The account holder(s) die.

<sup>1</sup> A "first-time home buyer savings account" is an account with a financial institution designated as such in accordance with section 39-22-4704(1) § 39-22-4703(6), C.R.S.

<sup>2</sup> "Eligible expenses" are a down payment and any closing costs included on a real estate settlement statement, including, but not limited to, appraisal fees, mortgage origination fees, and inspection fees. § 39-22-4703(3), C.R.S.

<sup>3</sup> A "qualified beneficiary" is a first-time home buyer designated by an account holder for whom the money in a first-time home buyer savings account is or will be used for eligible expenses for the purchase of his or her primary residence in the state. § 39-22-4703(7), C.R.S.