

IDEAL REALTY & MANAGEMENT

210 N Central Ave. Suite #100 Glendale, Ca 91203

Phone 818 247-7788 Fax 213 984-2653 Email nbsandco@aol.com Cell 818 645-1872

Your 1 Stop Real Estate Services To Buy, Sell, Manage and Lease your Real Estate

Dear Home Owner, Tax Client

In California, you can obtain protection for some of the equity you have in your home by declaring it a homestead. Your declaration must include certain statements, including one that says the home is the principal dwelling of the declared homeowner. You also must provide the address and the legal description of your property. You must file your homestead declaration with the appropriate county recorder's office. It must be signed and notarized, too.

Home equity is one of the primary ways that people develop wealth. In California, though, creditors are free to place a judgment lien against your home to claim some debts. The lien is paid when you sell your home. The creditor, though, is only entitled to the equity portion of the sale. To further limit the creditor's claim, you can place a homestead declaration on your property. This allows you to retain a portion of the equity in your home should you opt to sell it. Whether to claim a homestead declaration depends largely on your situation.

The Protection

Homestead declarations only provide protection against creditors who file a lien while you are living in the house. You cannot claim the protection if you were not living in the house when the judgment lien was filed. As well, you cannot move out of the house before the court declares it your homestead.

California Code of Civil Procedure spells out the amount of protection, in dollars, a homestead declaration provides. A single individual with no dependents can claim an exemption of \$50,000. If that individual is sued for \$250,000 by a debtor who receives a judgment lien against your home, the first \$50,000 in equity on the home is safe from collection by the debtor. If you have only \$50,000 in equity, the debtor claims nothing. The protection for a person who lives with at least one other family member who does not have any ownership interest in the house increases to \$75,000. Meanwhile, a person 65 or older or a person who is physically or mentally disabled can declare \$150,000. A person 55 or older with a gross annual income no greater than \$15,000 also can claim a \$150,000 exemption.

By Ron White

Column Contributor

******Our office can prepare & record this matter for only \$175 plus \$10 notary fee.
Please fax or email us your property tax letter and call us to make an appointment.**
