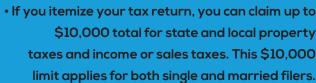
WHAT HOMEDWINERS SHOULD KNOW ABOUT TAX REFORM

Here's what homeowners need to know about the Tax Cuts and Jobs Act that was signed into law December 2017.

MORTGAGE INTEREST DEDUCTION

- The limit on deductible mortgage debt
 was reduced from \$1 million to \$750,000 for
 new loans taken out after 12/14/17. Current
 loans of up to \$1 million are grandfathered and
 are not subject to the new \$750,000 cap.
- Homeowners may refinance mortgage debts existing on 12/14/17 up to \$1 million and still deduct the interest, so long as the new loan does not exceed the amount of the mortgage being refinanced.
- Interest paid on home equity loans is only deductible if the proceeds are used to substantially improve the residence.
- Interest remains deductible on second homes, but subject to the \$1 million / \$750,000 limits.

DEDUCTION FOR STATE AND LOCAL TAXES (SALT)



 If you prepaid your 2018 state and local income taxes in 2017, you cannot deduct those taxes.

CAPITAL GRINS EXCLUSION

 Remains unchanged at \$250,000 for single filers and \$500,000 for joint returns if the house was lived in for two of the last five years.

HOUSING MARKET IMPACT

- California's median home price is projected to increase 3.2 percent in 2018. Overall, home sales in California are expected to grow in 2018.
 - The supply of available homes for sale will be slightly impacted, as homeowners may delay trading up/down to their next home.
 - Overall, the California housing market is expected to see a decline of 0.3 percent in active listings in 2018.

Disclaimen: This is not intended to provide
legal or tax advice. Application of
provisions to particular tax situations
need to be discussed with an
accountant, CPA, or tax attorney.

