



HOMESTEAD DECLARATION

New Homestead Protection Amounts

On January 1, 2021 the amount of equity a Homestead Declaration protects will increase. The new homestead exemption will be the greater of \$300,000 or the county wide median sale price of a single family home in the calendar year prior to the calendar year in which the judgment debtor claims the exemption, not to exceed \$600,000. These amounts will adjust annually for inflation.

What does county wide median sale price mean?

Here are a few examples of what the current median sale prices are and how much equity would be protected in major metros in California.

Los Angeles County: Approximately \$600,000 (\$664,500 estimated median)

Riverside County: Approximately \$400,500

San Bernardino County: Approximately \$370,215

Orange County: Approximately \$600,000 (\$765,497 estimated median)

San Diego County: Approximately \$600,000 (\$628,500 estimated median)

San Francisco County: Approximately \$600,000 (\$1,444,000 estimated median)

For example, a homeowner owns a home in Los Angeles County, is sued after January 1, 2021 and is required to pay a money judgment. If the estimated median sale price was \$650,000 in 2020, up to \$600,000 of the equity in the home can be protected by the Homestead Declaration.

What is a Homestead Declaration?

A homestead declaration can protect some of a home's equity if a court renders a money judgment against the homeowner. The creditor awarded the judgment may try to force the sale of the home to collect the money awarded in the judgment. A homestead declaration protects a specified amount of equity in the home and the creditor cannot collect that protected amount.

Types of Homestead Declarations

Automatic Homestead

A home has an automatic homestead when the homeowner lives in the home. The automatic homestead protects some of the home's equity until the home is sold. The homeowner does not have to sign or file anything to have an automatic homestead.

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Declared Homestead

A declared homestead is a legal form the homeowner records with the County Registrar-Recorder's office. Only the home the homeowner lives in qualifies for a homestead. A declared homestead protects some of the home's equity for six months after the home is sold if the following three conditions are met:

1. The home is sold and another home is purchased within six months; **AND**
2. The protected amount was used to buy the home; **AND**
3. You record a homestead on the new home.

Who Needs A Declared Homestead?

If a homeowner has been sued in court and has a large money judgment against them, a declared homestead can help. If the home is sold, it protects some of the proceeds for six months after the sale. This gives the homeowner time to buy another home and record another declared homestead.

How much does a homestead protect?

The new homestead exemption will protect the greater of \$300,000 or the county wide median sale price of a single family home in the calendar year prior to the calendar year in which the judgment debtor claims the exemption, not to exceed \$600,000. These amounts will adjust annually for inflation.

A Homestead Does Not Protect Against:

- Foreclosure by the mortgage lender if the homeowner is behind on payments;
- Enforcement of a mechanic's lien;
- A judgment for child or spousal support.

A declared homestead can be filed by taking these steps:

1. Download the homestead declaration from the Lawyers Title website; or download the form from the Registrar-Recorder's website for the county the property is located in;
2. Fill out the form.
3. Sign the form and have it notarized.

Beware of Homestead Declaration Service Scams

California law prohibits homestead filing agencies from making false or misleading statements. The law also prohibits these companies from charging more than \$25 and they cannot charge the fee until after the homestead declaration is recorded with your permission.

*Source: Assembly Bill 1885 at https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1885.
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