

# DO I NEED TO HOMESTEAD MY PROPERTY?



*If you are sued in court and lose, the person who sued you may try to force the sale of your home to collect their money. A homestead makes it harder for them to do this. A homestead protects some of the equity in your home. If your home is worth more money than you owe on it, you have equity. For example, if your home is worth \$350,000 and you owe \$300,000, you have \$50,000 in equity. A homestead can protect the \$50,000. There are two types of homesteads, automatic and declared.*

## What is an automatic homestead?

If you live in the home you own, you already have one. It protects some of your home equity until you sell your home. You do not have to sign or file anything to have an automatic homestead.

## What is a declared homestead?

A declared homestead is a legal form that you record with the Registrar-Recorder's office. A declared homestead protects some of your equity for six months after you sell your home if the following three conditions are all true:

- You sell your home and buy another home within six months;
- The protected amount is used to buy another home;
- You record a homestead on the new home.

Only the home you live in qualifies for a homestead.

## Who needs a declared homestead?

If you've been sued in court, lost, and have a large money judgment against you, a declared homestead can help. If you sell your home, it protects some of the proceeds for six months. This gives you time to buy another home and record another declared homestead.

## How much does a homestead protect?

Both automatic and declared homesteads protect the same amounts:

- \$75,000 for an individual;
- \$100,000 if the homeowner lives with at least one family member who has no interest in the house;

- \$175,000 if the homeowner is 65 years of age or older, or is physically or mentally disabled;
- \$175,000 if the homeowner is 55 years of age or older and single with an annual income of \$15,000 or less;
- \$175,000 for a married couple with a combined annual income of \$20,000 or less.

#### **A homestead does not protect you against:**

- Foreclosure of your home by mortgage lender if you are behind on payments.
- The enforcement of a mechanic's lien;
- A judgment for child or spousal support.

#### **How do I file a declared homestead?**

You can file a declared homestead by taking these steps:

- Buy a declared homestead form from an office supply store, or download one online from the Registrar-Recorder's website.
- Fill out the form.
- Sign the form and have it notarized.
- Contact the Registrar-Recorder's office where the property is located for fees and filing addresses.