

INSIDE THIS EDITION

- Should I rent my home or sell—tax consequences revealed
- Belmont Home Sales-September 2015
- Photo contest for a chance to win dinner at Vivace!

REVIEWS

I like to refer to Drew and Christine Morgan as the rock stars of Peninsula Real Estate. Truly a dream team. Their knowledge, expertise, system and process CANNOT be beat. You know immediately that they know their business inside and out and will help you every step of the way to make buying and/or selling as stress free as possible. They have helped us both buy and sell and each time we couldn't be more satisfied. They are good people and great at what they do. We've been blessed to work with them!
--Dave & Carolyn Helgoth

Johnathan and Angela-Marie,

If you would like your home professionally marketed and featured in our publications, which are mailed to over 500 potential buyers every month, call us at 650.508.1441.



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THE MORGAN REPORT

Belmont Heights Market Report | October 2015

PRESENTED BY



DREW & CHRISTINE MORGAN
REALTORS® / Notary

RE/MAX Star-Carlmont
CalBRE# 01124318 & 01174047

650.508.1441

Info@MorganHomes.com
www.MorganHomes.com

Attention Belmont Homeowners:

We are offering **FREE Notary Services** through the end of the year to our Belmont neighbors. For more information, call us today at 650.508.1441.



Presented by Drew & Christine Morgan

Your Belmont Heights Real Estate Specialists and Neighborhood REALTORS®

Prepared Especially for Johnathan and Angela-Marie Williams



BELMONT MARKET REPORT - SEPTEMBER 2015

Dear Johnathan and Angela-Marie,
If you want to know what your home would sell for in today's market,
contact us today at 650.508.1441 for your free report.

Address	Beds	Baths	Estimated Square Feet	Lot Size Square Feet	Days On Market	Price Per Square Foot	Original List Price	List Price	▲ From Original List Price	Sold Price	▲ From List Price	% Received
865 Alameda De Las Pulgas	3	1	1,260	9,660	11	\$1,079	\$1,089,000	\$1,089,000	\$0	\$1,360,000	\$271,000	124.9%
345 Middle Road	4	3	2,570	6,392	8	\$665	\$1,488,000	\$1,488,000	\$0	\$1,710,000	\$222,000	114.9%
2922 Belmont Woods Way ★	2	3	2,560	3,735	10	\$629	\$1,388,000	\$1,388,000	\$0	\$1,610,000	\$222,000	116.0%
1672 Sunnyslope Avenue	3	2	1,740	6,785	7	\$977	\$1,488,000	\$1,488,000	\$0	\$1,700,000	\$212,000	114.2%
1514 Pine Knoll Drive	2	1	1,280	6,720	11	\$1,172	\$1,299,000	\$1,299,000	\$0	\$1,500,000	\$201,000	115.5%
2609 Monte Cresta Drive	4	3	2,434	7,434	6	\$842	\$1,999,888	\$1,895,000	\$104,888	\$2,050,000	\$155,000	108.2%
3711 Naughton Avenue	3	2	1,360	5,500	0	\$956	\$1,148,000	\$1,148,000	\$0	\$1,300,000	\$152,000	113.2%
12 Haydon Court	4	2	2,210	6,976	5	\$860	\$1,785,000	\$1,785,000	\$0	\$1,901,651	\$116,651	106.5%
1783 Terrace Drive	4	2	2,564	7,800	24	\$511	\$1,359,000	\$1,200,000	\$159,000	\$1,310,000	\$110,000	109.2%
2732 Saint James Road ★	4	2	2,010	9,779	2	\$913	\$1,750,000	\$1,750,000	\$0	\$1,835,000	\$85,000	104.9%
3605 Reposo Way	3	2	1,130	5,500	12	\$1,115	\$1,195,000	\$1,195,000	\$0	\$1,260,000	\$65,000	105.4%
322 Chesterton Avenue	3	1	1,010	5,000	18	\$941	\$925,000	\$925,000	\$0	\$950,000	\$25,000	102.7%
950 Holly Road	3	3	1,690	17,900	38	\$769	\$1,399,000	\$1,288,000	\$111,000	\$1,300,000	\$12,000	100.9%
1708 Terrace Drive	2	2	1,540	12,400	12	\$812	\$1,238,000	\$1,238,000	\$0	\$1,250,000	\$12,000	101.0%
3105 Marburger Avenue	3	2	1,980	12,700	18	\$707	\$1,395,000	\$1,395,000	\$0	\$1,400,000	\$5,000	100.4%
2611 Monte Cresta Drive	4	3	2,398	7,467	27	\$834	\$1,999,888	\$1,999,888	\$0	\$1,999,888	\$0	100.0%
1823 Oak Knoll Drive	3	2	1,370	7,500	11	\$1,040	\$1,499,000	\$1,499,000	\$0	\$1,425,000	(\$74,000)	95.1%
MEDIAN	3	2	1,740	7,434	11	\$860	\$1,395,000	\$1,388,000	\$0	\$1,425,000	\$110,000	106.5%
AVERAGE	3	2	1,830	8,191	13	\$872	\$1,437,928	\$1,415,876	\$22,052	\$1,521,267	\$105,391	107.8%

★ = Sold in Belmont Heights

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CHANGES TO THE TAX CODE THAT EFFECT CAPITAL GAINS

If you're considering a move and have yet to decide if you should sell your home or become a landlord, there are important tax consequences which were implemented in 2009 that change the way your capital gain on rental property is calculated.

Prior to the Housing Reform bill of 2009, an owner of two homes could live in one and rent the other out and in order to maximize the profits from the sale of the two properties, the owner could sell their principle residence and receive a tax free gain of up to \$250,000 - \$500,000 for married couples. They could then occupy the second home for two years, sell it, and enjoy the same tax free advantage. However, the new formula is not so kind to investors—or second home owners. Here's how it now works: If you purchased a second home after December 31st, 2008, there will be "qualified" and "unqualified" usage. Any rental period of a second home prior to January 1st, 2009 will be grandfathered in as qualified occupancy, but from January 1st on, it's a new ball game. Essentially the amount of tax free gain will be calculated as a percentage of the time your second home was a rental. If you owned said home for four years, and rented it out for two, then moved in, made it your principle residence and sold it, you'd be able to apply the \$250,000/\$500,000 tax free exclusion to the percentage of time you lived in the property—in this case 50%.

FOR EXAMPLE—Let's say you bought the home for \$500,000 and sold it four years later

for \$800,000. Prior to this new rule if you lived in the home two of the last five years you could claim it as your principle residence and enjoy a \$250,000/\$500,000 relief on the gain, so you'd pay no gain on the \$300,000 profit. Under the new rules, you're only be able to offset 50% of the \$300,000 or \$150,000 and the remaining \$150,000 you'll be taxed on at the prevailing capital gains rate.

Many people used this loophole to their advantage when cashing out of multiple properties. They'd move into each home—reside there for two years then sell and move into the next. It was a great way to liquidate investments or rental property from one's portfolio while enjoying huge tax benefits. Doing away with this practice began in 2009 and this lonely bit of tax code finally managed to find a home.

HOW DOES THIS EFFECT YOU?

It means that if you are considering selling your home vs renting it to a third party, this important piece of tax code alters the benefits of renting and needs to be included in your assessment of the options. If you need help understanding how this could impact you, we have tax professionals who can help with your particular situation and we'd be glad to help you analyze your options.

Read our Blog at www.MorganHomes.com to find more articles on how to avoid paying capital gains and transferring your property tax base to a new home.



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Photo Contest!

Submit photos from around Belmont for our next issue's cover to info@MorganHomes.com. The chosen picture will receive:



\$50.00 Vivace
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courtesy of Drew & Christine.

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