

State of the Market & Tax Strategy: Q1 2026

Actionable intelligence on the new Tax Law, Lending Solutions, and Operational Compliance.

Source Material: Executive Meeting Transcript featuring CPA Bill Harrison | January 13, 2026



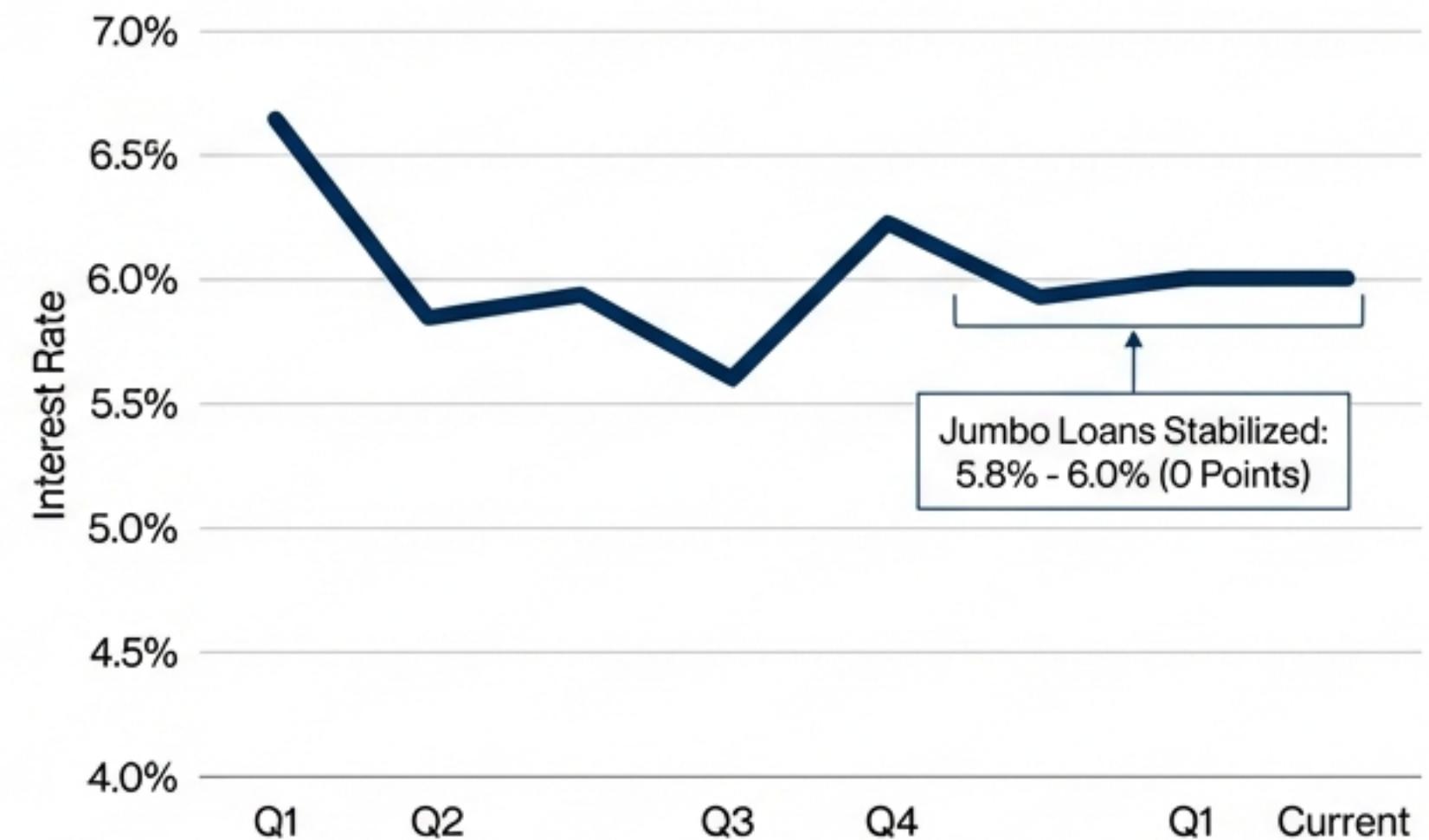
Primary Focus: Converting the 2025 'Big Beautiful Bill' into 2026 Sales Inventory.

The Market Has Woken Up



*“You are the canary in the coal mine...
and the person leading the charge.”*

Jumbo Loans Stabilized: 5.8% - 6.0% (0 Points)



- **Buyer Sentiment:** Demand is high; competition has returned.
- **Strategic Takeaway:** The bond market has priced in the future. Do not wait for Fed adjustments. The time to list is now.

The Landscape Shift: The Tax Law of July 2025

The most significant overhaul since the 2017 Tax Cuts and Jobs Act

The Standard Deduction Era (2017 - 2024)

The Itemized Era (2025 Onwards)

\$10,000 SALT Cap (Flat Limit)

| \$40,000 SALT Cap

The Game Changer

The SALT (State and Local Tax) Cap has quadrupled. This specifically enrav's benefits high-cost states like California, shifting homeowners from the Standard Deduction back to Itemized Deductions.

Legislation passed July 4, 2025.

Selling the SALT Cap Increase (\$10k → \$40k)

The Math for a \$1.7M Buyer

Problem/Solution

Property Tax Liability: ~\$17,000 / year

Visual Comparison:



The Effective Cost Calculation

Result

Gross Mortgage Payment: \$4,500 / month



**Effective ‘Real’ Cost:
\$3,800 / month**

*After accounting for Itemized Tax Benefits
(Interest + Property Tax).*



Insight: *Unlocking the SALT deduction allows Mortgage Interest to become fully stackable.*



Strategy: Run this “effective rent” calculation for every fence-sitting buyer.

The New ‘Lifestyle’ Deduction: Auto Interest

A conversational closing tool for the 2026 buyer.



Deduct up to **\$10,000** of Auto Loan Interest.

The “Carve-Out” Eligibility (Must Meet All):

- New Car (Not used)
- Personal Use (Distinct from business vehicle deductions)
- Domestic Assembly (Final assembly must be in the US) 
- Income Phase-outs Apply

Verification Method: IRS tracks this via VIN number on tax returns.

Overcoming the Down Payment Hurdle

Option A: The “Zero Down” (2nd Mortgage)



97% LTV (1st) + 3% LTV (2nd)



1st Mortgage ~**6.75%** /
2nd Mortgage higher



Minimum **600 FICO**



2nd lien **forgiven** (\$350/mo
payment) OR paid back after **5
years**.

Option B: “Dream for All” (Equity Share)



CalHFA provides **20% down
payment assistance**.



Exchange for **equity share**
(appreciation split).

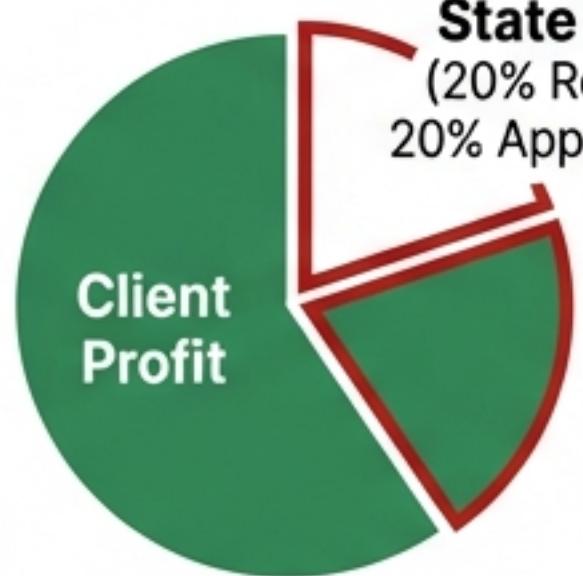


Lottery system opens **April
2026**.

Deep Dive: CalHFA ‘Dream for All’ Equity Share

High assistance comes with high eligibility barriers and future costs.

The Equity Catch



State provides 20% down.
Upon sale or refinance, State
recoups **original 20% PLUS
20% of the Appreciation.**

Strict Eligibility



Income Limit:
~\$160k - \$300k
(County Dependent).



Generational Rule:
Must be First-Time
Buyer AND parents
must not have
owned a home.



*Married Exception: Only
one spouse needs to meet
the 'parents' requirement.

Lottery Logistics

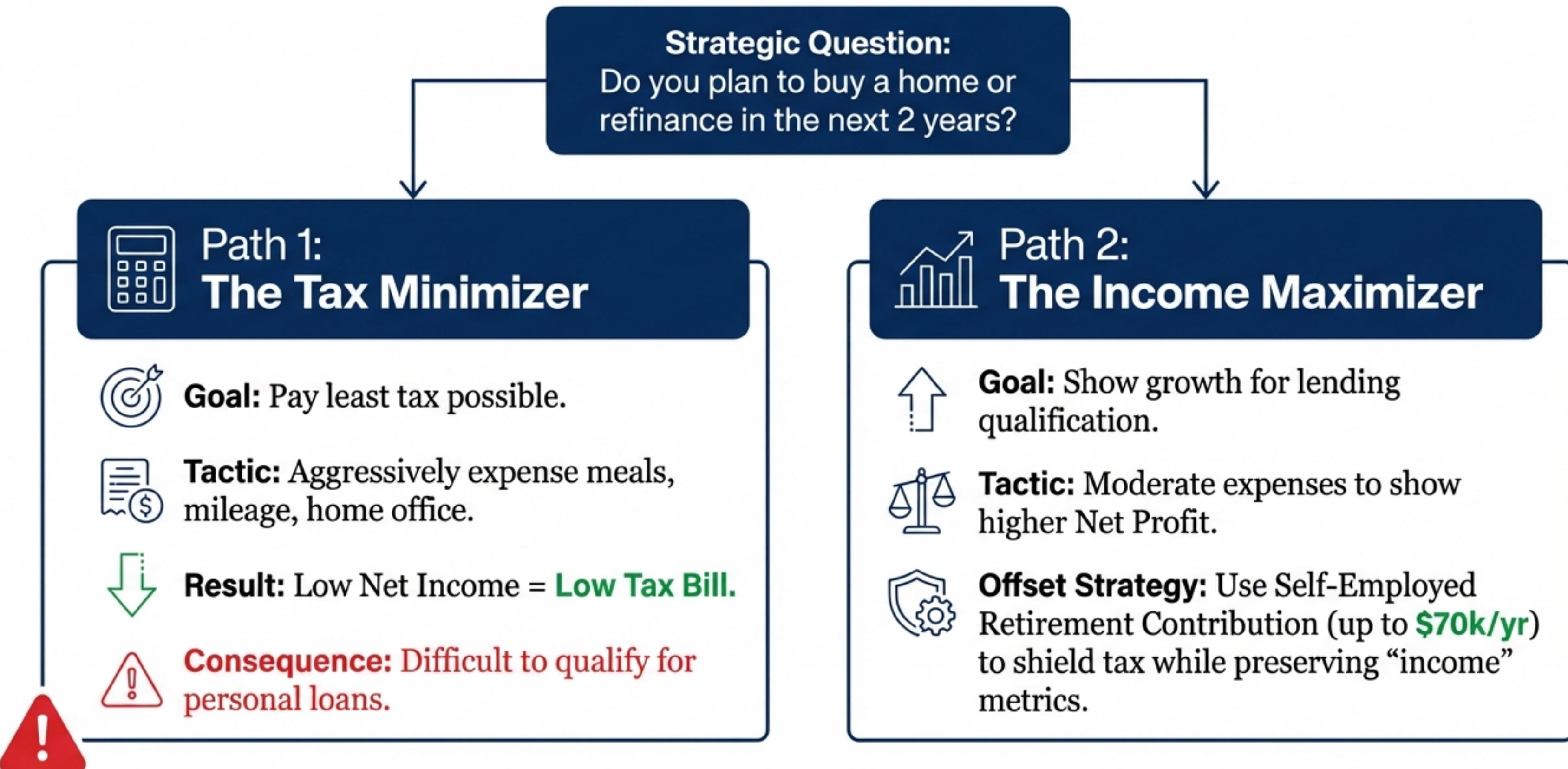


Lottery opens **April 2026**. Selected
clients have ~3 months to close.



Pipeline
preparation must
start now.

The Agent's Dilemma: The Two Paths of Schedule C



Maximizing Business Deductions in 2026



Bonus Depreciation **(100%)**

Reinstated for purchases after Jan 1, 2025.

Immediate write-off for vehicles over 6,000 lbs.
No 5-year spread required.



Section 179

Expense purchases **immediately** (computers, furniture, equipment).



Standard Mileage Rate

70 cents per mile.

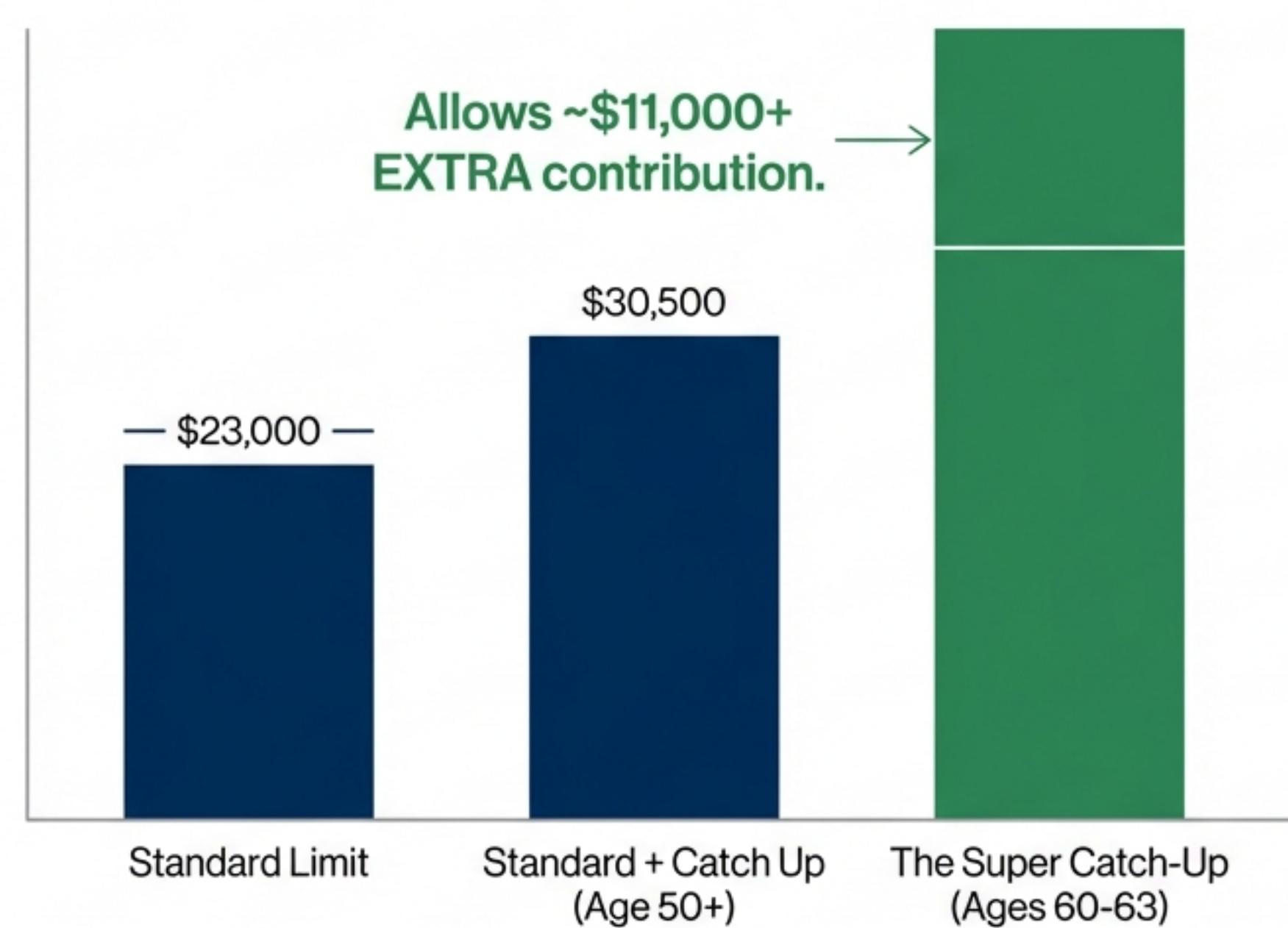


QBI Deduction

20% deduction on pass-through income (LLC, Sole Prop) remains active.

Wealth Preservation & Retirement Updates

Accelerating savings during high-income years.



Target Demographic:
Agents aged 60 to 63.



The Mechanism: A massive tool to lower current taxable income while accelerating retirement savings.



Strategy: “Bite the bullet” on current taxes to max out tax-deferred accounts.

The IRS 'Red Flag' Radar

Audit triggers to avoid in the 2026 filing year.



1099-K Threshold Drop

Transactions over **\$600** on apps like Venmo/PayPal are now reported (Down from \$20k). **DO NOT** co-mingle personal and business funds.



Crypto Scrutiny

Enhanced tracking on digital asset reporting and trading.



Inconsistency Checks

IRS algorithms flag year-over-year variances. Example: Jumping from \$2k to **\$10k** in charity without income change.



Mileage Log Gaps

"Commuting" (Home to Office) is not deductible. "Business Travel" (Office to Client) is. Logs must be precise.

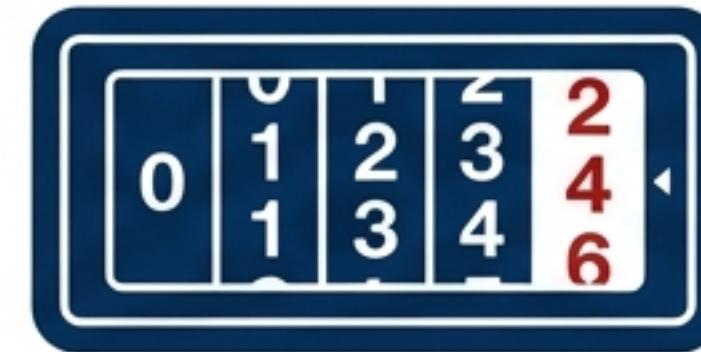
Audit-Proofing Your Business

The Receipt Rule



Ordinary and Necessary

The Odometer Hack



Get your oil changed every December or January.

- The Checklist: Every expense must document:
 - WHO (was with you?)
 - WHERE (did you go? e.g., El Patio)
 - WHY (business purpose?)

Creates a third-party certified record of total annual mileage, anchoring your personal tax log to reality.

Note: “Home Office must be ‘exclusive use.’ Dining tables do not count.”

Regulatory Alert: The RAD Form

Referral Addendum Compliance



The New Rule: Disclose, Disclose, Disclose.

- Clients must sign the RAD form for ANY referral involving compensation.
- You cannot simply “connect” a client to an agent in another state and collect a fee secretly.
- The client must explicitly know you are receiving compensation.

Risk Mitigation: Undisclosed fees are a primary target for recent lawsuits.
Use the C.A.R. form for all outbound referrals.

The Competitive Advantage of Presence

The WFH Trap

- Isolation leads to slower problem solving.



“*My dog won’t let me off the sofa.*”



The Office Reality

- Instant answers from peers.



“*You don’t know what you don’t know... until you’re together.*”



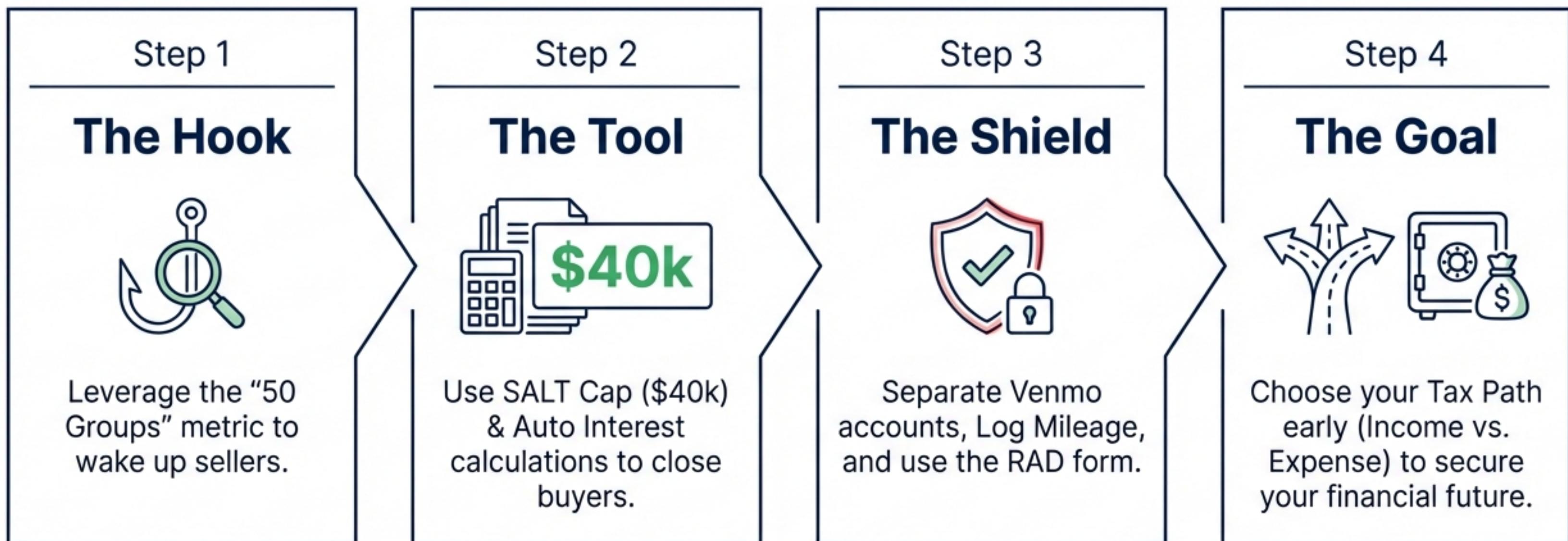
- **Osmosis Learning:** Hearing how top producers handle live calls.



- **Marketing Meetings:** The value of networking, pitching listings, and finding off-market matches.



Your 2026 Execution Plan



Be the expert. The market is waiting.