



The California **Homestead Declaration**

*Exemption amounts increased as of
January 1, 2021 under AB 1885*

Homestead protection laws exist to protect your home against most creditors, up to the value of the homestead exemption. California homestead law is complex and technical in nature. We recommend that you seek legal advice as you consider how the homestead exemption rules apply to you.

The homestead exemption protects homeowners from losing a portion of their equity due to lawsuits that result in judgment liens being attached to their property.

This protection in California is automatic, so you don't necessarily have to record a homestead declaration with your county recorder. However, if you do record it, your homestead isn't lost after your home sells—whether involuntarily or voluntarily. But, if you do not record a homestead declaration, then your exempt equity is only protected from an involuntary sale.

Who is eligible for a Homestead Declaration? All homeowners who reside in their home, and use it as their principal place of residence.

What are the current amounts of protection? The amount of equity which is protected from lien attachment is at least \$300,000, and as much as \$600,000, depending on county home prices:

- (1) If the countywide median sale price for a single-family home in the calendar year prior to the calendar year in which the judgment debtor claims the exemption is greater than \$600,000, then the available exemption is **\$600,000**.
- (2) If your home is in a county where the prior year's median sale price for a single-family home was \$300,000 or less, then the available exemption is **\$300,000**.
- (3) If the county's prior year median sale price was between \$300,000 and \$600,000, then the exemption amount will be that county's prior year sale price amount.

Do these amounts ever change? Yes, the California State Legislature will annually adjust the exemption amounts for inflation beginning on January 1, 2022, based on the change in the annual California Consumer Price Index for All Urban Consumers for the prior fiscal year, published by the Department of Industrial Relations.

Can I remove the Homestead? Yes. There are three ways this can be accomplished:

1. You can record a document called "Abandonment of Homestead"
2. If you sell your home, the Homestead is automatically removed.
3. By operation of law, if you change your principal place of residence and you record a new homestead, the first homestead that you recorded will cease to exist.

What items are not covered by the Homestead?

To name a few:

- Judgment for spouse or child support.
- Tax Liens & Mechanic's Liens.
- Judgments recorded before your Homestead.
- Loans or debts secured by the property (Deed or Trust).



For further information on Homestead Protection, please consult an attorney.