

Tax Reform Changes Incentives For Homeowners

By Laurel A. Caliendo

With the “Tax Cuts and Jobs Act” enacted, many tax incentives connected with homeownership have been repealed or altered. Here’s what to expect from the new regulations.

What Stays The Same

Taxpayers continue to avoid gain on the sale of their principal residence subject to a \$250,000 limit for single taxpayers and \$500,000 for those who are married and filing jointly. Consistent with the old law, this exclusion is available for taxpayers who have owned and lived in their house for a combined two years out of the five-year period ending on the date of sale.

What Changes

The cap on deductible mortgage debt was lowered from \$1,000,000 to \$750,000 for new mortgages taken out after Dec. 14, 2017. However, loans already in existence as of the December deadline are grandfathered. Borrowers can refinance any grandfathered mortgage and still deduct 100 percent of the interest paid up to \$1,000,000, so long as the new loan amount does not exceed the prior loan’s original amount. The majority of borrowers in Connecticut will not be affected by this change because the \$750,000 aggregate limit most likely exceeds the total amount of their mortgage debt.

Interest paid on mortgage debt for one additional home (second or vacation) will continue to be deductible subject to the \$750,000 limit. Taxpayers may continue to deduct the interest paid on home equity loans, lines of credit and second mortgages if the money is used to buy, build or substantially improve the home that secured the loan. The amount of this indebtedness cannot exceed the

difference between the fair market value of the property and any other mortgage indebtedness, and is subject to a \$100,000 cap (as well as the \$750,000 limit).

The itemized deduction for state and local property taxes and state income or sales tax is capped at \$10,000. This is not indexed for inflation and is applied on a per tax return basis (single and married filing jointly taxpayers are subject to the same \$10,000 cap). For example, a married couple filing jointly with annual property taxes of \$4,800 will be able to deduct an additional \$5,200 in state income and sales tax.

While the increase in the standard deduction mitigates the impact of some of these changes, personal exemptions are no longer available. This can diminish or entirely eliminate the benefit of the increased standard deduction for families with a higher number of dependents.

Other Changes To Note

Casualty loss deductions will be allowed only for losses attributed to a presidentially declared disaster. The 10-percent credit for rehabilitation of pre-1936 buildings has been eliminated and the 20-percent credit for improvements made to certified historic structures has been modified to be allowed ratably over a five-year period. The deduction for moving expenses has been eliminated except for members of the Armed Forces.

This article is not intended to constitute legal or accounting advice. Readers should consult with their professional advisors or consultants with regard to the implications of the new tax laws on their personal financial decisions.

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How To Stage Your House To Engage Buyers

By Patti Stern



Are you preparing the property you’ve lived in for years to sell this season? Even if your home was once professionally decorated, chances are your décor will need updating to stay current with the latest style trends.

According to the National Association of Realtors 2017 Home Buyer and Seller Generational Trends Report, online listings are the most popular information source for buyers. Staging rooms to show your house in its best light is more important than ever for a successful sale.

The good news is that staging doesn’t have to cost a fortune. In addition to renting furniture and accessories, buyers can use existing items in new ways that will make the décor look fresh.

Get Noticed with a Basic Facelift. Start with a clean slate by removing wallpaper and repainting with beiges or soft grays to create a neutral backdrop to brighten rooms and show off your decor. Remove or replace dated carpeting, refinish damaged or dull hardwood floors and make any other cosmetic fixes.

Enhance key features. Fireplaces, windows, molding, staircases and hardwood floors are features worth showcasing. Design elements such as window treatments, wall art, area rugs and lamps will add depth and enhance

these desirable features.

Help buyers visualize living in your home. They will be wondering how each room suits their lifestyle. Create vignettes from the front entry to the living areas. Adding a rug under a coffee table creates a gathering space and adds warmth. Flanking a couch with side tables invites people to sit with a cup of tea or a book. Decluttering built-in shelves leaves room for buyers to imagine their belongings on display.

Make rooms appear larger with the right furniture and placement. Having too much furniture makes rooms look smaller. Using fewer pieces with smaller dimensions will make rooms appear larger. Arrange furniture to improve the flow of a room. Leave open space.

Choose colorful accents. Introduce pops of on-trend colors with accent pillows and throws on sofas and chairs. Use silk potted flowers as part of a coffee table vignette and colorful placemats, napkins and plates on the dining room table.

Staging a home will engage today’s sophisticated buyers who know what they want – a home that feels fresh, modern and move-in ready.

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