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Van Zandt PROPERTIES

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A Note from Ann:

Spring is right around the corner – finally! I'd like to discuss Closing Costs a bit with you. I often hear statements like "shouldn't the sellers pay the closing costs?". Confusion abounds, so in this short space I'll try and give you a snippet. You can check out more in the upcoming video covering this topic.

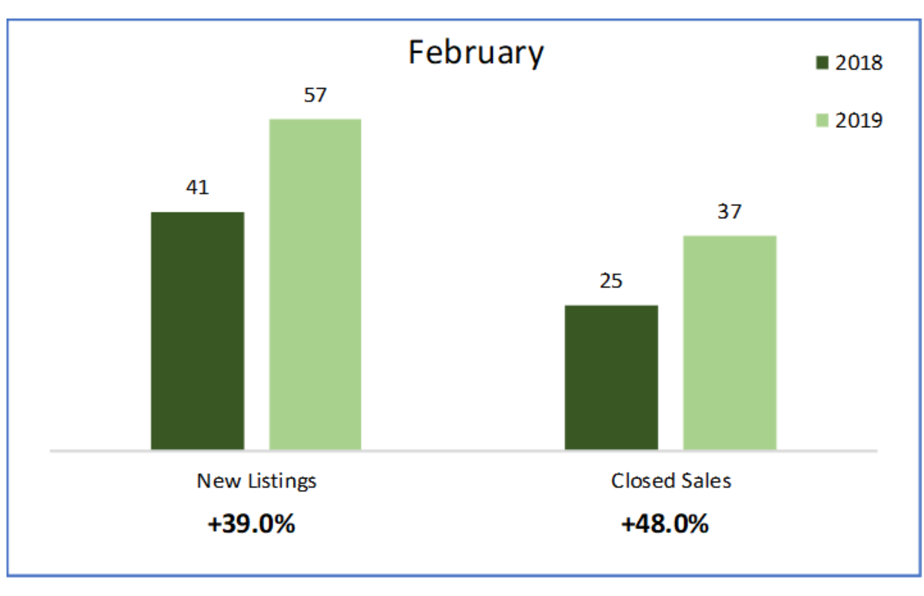
Closing costs are the costs charged by the title company, the cost of the title policy, the lender fees, the escrow impounds, agent fees, taxes, etc. It's everything rolled into one document. There are "Seller side closing costs" and "Buyer side closing costs". Customarily, the seller pays the agents fees, the title policy for the buyer (varies on the sale price of the home, but starts around the $1,000 range), they pay their portion of that year's taxes, home warranty for the buyer, and they split most of the title company fees with the buyer. A ballpark average for sellers fees is 9% of the sale price.

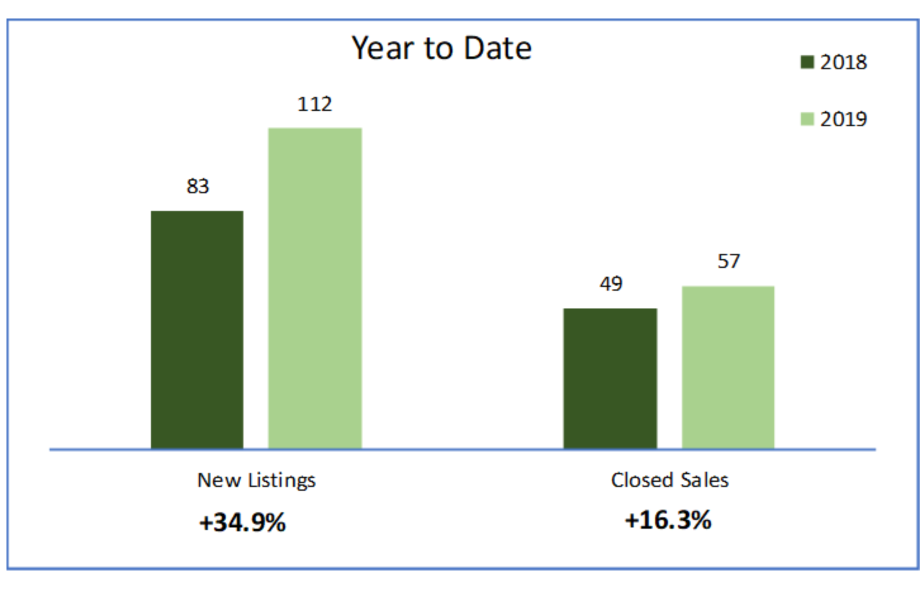
On the other hand, Buyers closing costs are mainly the fees for their loan. The costs of getting the loan done including any down payment, setting up of the escrow account with several months' worth of taxes and insurance (normally a full years of insurance is paid up front), and the of splitting of the title fees with the seller. The buyers side closing costs normally consist of approximately 3% of the sale price but can vary greatly due to impounds, interest rate buy down, and lender fees.

This is a general idea of how the closing costs are normally split. There are many factors that affect these figures and some of them are negotiated between the buyer and the seller. There is a possibility the seller can help the buyer with their closing costs, but that is a negotiation point in the contract and should be discussed with your agent. Hope this cleared up some of the confusion.

Bastrop Area Monthly Statistics

Below are the current statistics for the Bastrop Area. The average home sale price for February was $217,549, which is down 4.1% from the previous year. The average home sale price for 2019, so far, is $224,589 which is down –7.8% from 2018.





Around Town

Upcoming Events

March 2nd-April 21st - Sherwood Forest Faire

Sherwood Forest Faire is a locally owned medieval -style village nestled in the Lost Pines section of Central Texas. We have over 100 permanent buildings on 25 acres, including stages, pubs, merchant shoppes, wedding venues, a complete castle, and more. To purchase tickets and for more information, click here.

March 9th & March 16 - Sounds of Smithville 2019

Head out to great local venues during Sounds of Smithville, shop a little, enjoy food and drink and support your local shops while enjoying some great music! On March 9th & 16th they'll be featuring FREE live music at four participating venues. For more information, click here.

March 29th-31st - Bastrop County Bridal Extravaganza

Join in for the three-day 2019 Bridal Extravaganza hosted by Bastrop Photography & Hampton Inn & Suites, Bastrop, Texas. Thousands of dollars in prizes for brides and free admission. Special rates available for overnight guests at Hampton Inn. For more information, click here.

Tax Deductions for Homeowners: How the New Tax Law Affects Mortgage Interest

By: Leanne Potts

Tax changes for 2019 change the landscape for homeowners. Tax season is upon us once again, and to make it even more interesting this year, the tax code has changed — along with the rules about tax deductions for homeowners. The biggest change? Many homeowners who used to write off their property taxes and the interest they pay their mortgage will no longer be able to.

Stay calm. This doesn't automatically mean your taxes are going up. Here's a roundup of the rules that will affect homeowners — and how big of a change to expect.

Standard Deduction: Big Change

The standard deduction, that amount everyone gets, whether they have actual deductions or not, nearly doubled under the new law. It's now $24,000 for married, joint-filing couples (up from $13,000). It's $18,000 for heads of household (up from $9,550). And $12,000 for singles (up from $6,500).

Many more people will now get a better deal taking the standard than they would with their itemizable write-offs.

For perspective, the number of homeowners who will be able to deduct their mortgage interest under the new rules will fall from around 32 million to about 14 million, the federal government says. That's about a 56% drop.

"This doesn't necessarily mean they'll pay more taxes," says Evan Liddiard, a CPA and director of federal tax policy for the National Association of REALTORS® in Washington, D.C. "It just means that they'll no longer get a tax incentive for buying or owning a home."

So will you be able to itemize, or will you be in standard deduction land? If the answer is standard deduction, you'll be pleased to know that tax forms are easier when you don't itemize, says Liddiard.

Personal Exemption Repealed

One caveat to the increase in the standard deduction for homeowners and non-homeowners is that the personal exemption was repealed. No longer can you exempt from your income $4,150 for each member of your household. And that might temper the benefit of a higher standard deduction, depending on your particular situation.

For example, a single person might still come out ahead. Her $5,500 increase in the standard deduction is more than the $4,150 lost by the personal exemption repeal.

But consider a family of four with two kids over 16 in the 22% tax bracket. They no longer have personal exemptions totaling $16,600. Although the increase in the standard deduction is worth $2,420 (11,000 x 22%), the loss of the exemptions would cost them an extra $3,652 (16,600 x 22%). So they lose $1,232 (3,652 – 2,420).

But say their two kids are under 16, giving them a child credit worth $2,000. That offsets the loss resulting in a $758 tax cut.

The takeaway: Your household composition will probably affect your tax status.

Mortgage Interest Deduction: Incremental Change

The new law caps the mortgage interest you can write off at loan amounts of no more than $750,000. However, if your loan was in place by Dec. 14, 2017, the loan is grandfathered, and the old $1 million maximum amount still applies. Since most people don't have a mortgage larger than $750,000, they won't be affected by the cap.

But if you live in a pricey place (like San Francisco, where the median housing price is well over a million bucks), or you just have a seriously expensive house, the new federal tax laws mean you're not going to be able to write off interest paid on debt over the $750,000 cap.

State and Local Tax Deduction: Degree of Change Varies by Location

The state and local taxes you pay — like income, sales, and property taxes — are still itemizable write-offs. That's called the SALT deduction in CPA lingo. But. The tax changes for 2019 (that's tax year 2018) mean you can't deduct more than $10,000 for all your state and local taxes combined, whether you're single or married. (It's $5,000 per person if you're married but filing separately.)

The SALT cap is bad news for people in areas with high taxes. The majority of homeowners in around 20 states have been writing off more than $10,000 in SALT each year, so they'll lose some of this deduction. "This is going to hurt people in high-tax areas like New York and California," says Lisa Greene-Lewis, CPA and expert for TurboTax in California. New Yorkers, for example, were taking SALT deductions around $22,000 a household.

Rental Property Deduction: No Change

The news is happier if you're a landlord. There continue to be no limits on the amount of mortgage debt interest or state and local taxes you can write off on rental property. And you can keep writing off operating expenses like depreciation, insurance, lawn care, and utilities on Schedule E.

Home Equity Loans: Big Change

You can continue to write off the interest on a home equity or second mortgage loan (if you itemize), but only if you used the proceeds to substantially better your home and only if the total, combined with your first mortgage, doesn't go over the $750,000 cap ($1 million for loans in existence on Dec. 15, 2017). If you used the equity loan to pay medical expenses, take a cruise, or anything other than home improvements, that interest is no longer tax deductible.

Here's a big FYI: The new rules don't grandfather in old home equity loans if the proceeds were used for something other than substantial home improvement. If you took one out five years ago to, say, pay your child's college tuition, you have to stop writing off that interest.

4 Tips for Navigating the New Tax Law

1. Single people may get more tax benefits from buying a house, Liddiard says. "They can often reach [and potentially exceed] the standard deduction more quickly." You can check how much you're likely to owe or get back under the new law on this tax calculator.
2. Student loan debt is deductible, up to $2,500 if you're repaying, whether you itemize or not.
3. Charitable deductions and some medical expenses remain itemizable. If you're generous or have had a big year for medical bills, these, added to your mortgage interest, may be enough to bump you over the standard deduction hump and into the write-off zone.
4. If your mortgage is over the $750,000 cap, pay it down faster so you don't eat the interest. You can add a little to the principal each month, or make a 13th payment each year.