Over the past fifteen years, the value of homes in Santa Clara County has more than doubled.

In January 2000, the median price for single-family, resale homes was $433,500. In September 2015, the median price was $960,000.

Many homeowners will find they may owe capital gains tax on the sale of their property.

Most homeowners know they can exclude $250,000 of their capital gains. For married couples filing jointly, the exclusion goes up to $500,000.

The exclusion is only for your principal residence. You must have lived in the home for an aggregate of at least two of the five years before the sale.

One nice thing about calculating your gain is it is based on your home’s selling price minus deductible closing costs, selling costs and your tax basis in the property.

Your basis is the original purchase price, plus purchase costs, selling costs and your tax basis in the property.

Deductible closing costs include points or prepaid interest on your mortgage and your share of the prorated property taxes.

Of course, like any law, there is a lot of fine print. If you are planning on selling your home, we highly recommend consulting with an accountant or real estate attorney.

If your capital gains exceeds the exclusionary amount, then things can get very interesting.

We are now in the land of trusts.

There are three basic trusts: revocable, irrevocable and the charitable remainder trust.

A revocable trust does not provide the ability to shelter capital gains above the exclusionary amount from taxes.

A revocable trust does not provide the ability to shelter capital gains above the exclusionary amount from taxes.

Irrevocable trusts come in two flavors: simple and complex. In both types, the trust would have to pay taxes on the capital gains from the sale of a home. That doesn't sound good.

The last time, the charitable remainder trust, will exempt gains from all taxes. Of course, there is a catch: you do not get to use all the proceeds from the sale of the home at once.

There are other financial tools to legally shelter capital gains, these tools are complicated and beyond the scope of this article. Please contact me if you want to further explore this option.

Needless to say, please consult an accountant or attorney for a detailed explanation.
The chart above shows the National monthly average for 30-year fixed rate mortgages as compiled by HSH.com. The average includes mortgages of all sizes, including conforming, “expanded conforming,” and jumbo.
Local Market Trends | Santa Clara County | October/November 2015

Santa Clara County Homes: Year-Over-Year Median Price Change

TILA-RESPA Integrated Disclosure Rule

Starting October 3rd, the Consumer Financial Protection Bureau has introduced a new rule for loan estimates and closing disclosure.

The rule includes two new “Know Before You Owe” forms, which will replace four current forms. By introducing forms that are expected to be less confusing, the goal is to make sure consumers understand at every step along the way the terms of their loans and the fees they are paying. The new forms will be used in every mortgage transaction.

The Loan Estimate and the Closing Disclosure replace four existing forms: the Good Faith Estimate and the initial Truth-in-Lending disclosure provided when you apply for a loan, and the HUD-1 Settlement Statement and the final Truth-in-Lending form issued just before closing.

The Loan Estimate form includes the interest rate, the fees for both lender and third-party services such as appraisals and title insurance, estimated closing costs and whether the borrower has the right to shop for services like title insurance. It also lists any prepayment penalties or future expected changes in interest rates. Lenders will be required to provide this form within three days of a loan application.

(Continued on page 4)

Santa Clara County Condos: Median & Average Prices and Sales

(3-month moving average — price in 000’s)

Table Definitions

Median Price
The price at which 50% of prices were higher and 50% were lower.

Average Price
Add all prices and divide by the number of sales.

SP/LP
Sales price to list price ratio or the price paid for the property divided by the asking price.

DOI
Days of Inventory, or how many days it would take to sell all the properties actively for sale at the current rate of sales.

Pend
Property under contract to sell that hasn’t closed escrow.

Inven
Number of properties actively for sale as of the last day of the month.

Santa Clara County - September 2015

<table>
<thead>
<tr>
<th>Cities</th>
<th>Median</th>
<th>Average</th>
<th>Sales</th>
<th>Pend</th>
<th>Inven</th>
<th>DOI</th>
<th>SP/LP</th>
<th>Med</th>
<th>Ave</th>
<th>Sales</th>
<th>Pend’</th>
<th>Inven’</th>
<th>Peak</th>
<th>Trough</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCC</td>
<td>$610,000</td>
<td>$651,16</td>
<td>352</td>
<td>276</td>
<td>345</td>
<td>28</td>
<td>104.6%</td>
<td>14.0%</td>
<td>9.1%</td>
<td>-12.7%</td>
<td>-21.6%</td>
<td>-20.3%</td>
<td>11.1%</td>
<td>189.8%</td>
</tr>
<tr>
<td>Campbell</td>
<td>$750,000</td>
<td>$782,604</td>
<td>17</td>
<td>13</td>
<td>6</td>
<td>10</td>
<td>102.8%</td>
<td>25.0%</td>
<td>32.6%</td>
<td>6.3%</td>
<td>-7.1%</td>
<td>-33.3%</td>
<td>-6.3%</td>
<td>158.6%</td>
</tr>
<tr>
<td>Cupertino</td>
<td>$952,500</td>
<td>$950,000</td>
<td>6</td>
<td>10</td>
<td>8</td>
<td>39</td>
<td>102.0%</td>
<td>13.4%</td>
<td>8.5%</td>
<td>-25.0%</td>
<td>100.0%</td>
<td>60.0%</td>
<td>-0.8%</td>
<td>75.5%</td>
</tr>
<tr>
<td>Gilroy</td>
<td>$450,000</td>
<td>$450,000</td>
<td>1</td>
<td>6</td>
<td>1</td>
<td>29</td>
<td>98.0%</td>
<td>9.6%</td>
<td>8.8%</td>
<td>0.0%</td>
<td>100.0%</td>
<td>-75.0%</td>
<td>-11.8%</td>
<td>-DWM0</td>
</tr>
<tr>
<td>Los Altos</td>
<td>$1,788,000</td>
<td>$1,604,330</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>10</td>
<td>96.7%</td>
<td>48.4%</td>
<td>25.3%</td>
<td>-57.1%</td>
<td>n/a</td>
<td>0.0%</td>
<td>-23.1%</td>
<td>253.9%</td>
</tr>
<tr>
<td>Los Gatos</td>
<td>$598,000</td>
<td>$724,556</td>
<td>9</td>
<td>5</td>
<td>9</td>
<td>29</td>
<td>103.4%</td>
<td>-29.8%</td>
<td>-16.5%</td>
<td>-18.2%</td>
<td>-44.4%</td>
<td>12.5%</td>
<td>-40.2%</td>
<td>76.9%</td>
</tr>
<tr>
<td>Milpitas</td>
<td>$582,000</td>
<td>$586,191</td>
<td>16</td>
<td>19</td>
<td>15</td>
<td>27</td>
<td>103.2%</td>
<td>-2.7%</td>
<td>0.7%</td>
<td>-11.1%</td>
<td>-9.5%</td>
<td>-51.6%</td>
<td>-9.9%</td>
<td>169.6%</td>
</tr>
<tr>
<td>Morgan Hill</td>
<td>$490,000</td>
<td>$512,494</td>
<td>8</td>
<td>6</td>
<td>4</td>
<td>15</td>
<td>104.1%</td>
<td>3.2%</td>
<td>11.4%</td>
<td>-33.3%</td>
<td>-40.0%</td>
<td>-86.7%</td>
<td>-16.8%</td>
<td>155.2%</td>
</tr>
<tr>
<td>Mountain View</td>
<td>$845,000</td>
<td>$832,750</td>
<td>16</td>
<td>20</td>
<td>19</td>
<td>34</td>
<td>107.2%</td>
<td>1.8%</td>
<td>3.3%</td>
<td>-38.5%</td>
<td>25.0%</td>
<td>26.7%</td>
<td>-2.9%</td>
<td>115.3%</td>
</tr>
<tr>
<td>Palo Alto</td>
<td>$1,350,000</td>
<td>$1,350,000</td>
<td>1</td>
<td>8</td>
<td>13</td>
<td>377</td>
<td>97.3%</td>
<td>35.2%</td>
<td>28.7%</td>
<td>-90.0%</td>
<td>60.0%</td>
<td>85.7%</td>
<td>-11.3%</td>
<td>164.7%</td>
</tr>
<tr>
<td>San Jose</td>
<td>$554,888</td>
<td>$569,472</td>
<td>213</td>
<td>143</td>
<td>204</td>
<td>28</td>
<td>103.9%</td>
<td>20.9%</td>
<td>14.7%</td>
<td>-10.9%</td>
<td>-35.6%</td>
<td>-30.6%</td>
<td>9.7%</td>
<td>169.9%</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>$850,000</td>
<td>$690,076</td>
<td>36</td>
<td>15</td>
<td>22</td>
<td>18</td>
<td>108.3%</td>
<td>15.0%</td>
<td>18.9%</td>
<td>56.5%</td>
<td>-25.0%</td>
<td>-4.3%</td>
<td>11.5%</td>
<td>143.9%</td>
</tr>
<tr>
<td>Saratoga</td>
<td>$858,000</td>
<td>$858,000</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>87</td>
<td>102.5%</td>
<td>28.3%</td>
<td>13.9%</td>
<td>-80.0%</td>
<td>n/a</td>
<td>-57.1%</td>
<td>11.5%</td>
<td>143.9%</td>
</tr>
<tr>
<td>Sunnyvale</td>
<td>$860,000</td>
<td>$871,771</td>
<td>25</td>
<td>24</td>
<td>40</td>
<td>46</td>
<td>103.8%</td>
<td>9.0%</td>
<td>19.5%</td>
<td>-7.4%</td>
<td>-11.1%</td>
<td>135.3%</td>
<td>8.4%</td>
<td>149.3%</td>
</tr>
</tbody>
</table>
The Closing Disclosure includes the final figures for closing costs, prepaid taxes and insurance, payments, fees and mortgage terms, plus what costs are being paid by buyer and seller and, for the first time, how much is paid to each real estate company involved in the transaction.

Borrowers will receive the Closing Disclosure three days in advance, rather than waiting until the day of the closing to see the final figures.

Another big change is that the closing documents now will be drawn up by lenders, rather than by closing agents. While the law doesn’t require the lender to draw up the documents, the law holds the lender accountable for errors.

---

Santa Clara County Homes: Pending & Existing Home Sales
(3-month moving average)

---

Santa Clara County Homes: Sales Price/Listing Price Ratio

---

**Investors Corner**

**July Home Price Gains Concentrated in the West According to the S&P/Case-Shiller Home Price Indices**

New York, September 29, 2015 – S&P Dow Jones Indices today released the latest results for the S&P/Case-Shiller Home Price Indices, the leading measure of U.S. home prices. Data released today for July 2015 show that home prices continued their rise across the country over the last 12 months. More than 27 years of history for these data series is available, and can be accessed in full by going to www.homeprice.spdji.com. Additional content on the housing market can also be found on S&P Dow Jones Indices’ housing blog: www.housingviews.com. Read more at [https://goo.gl/sg8KMZ](https://goo.gl/sg8KMZ)

**Is it time to seriously consider investing in real estate?**

Signup for my **Real Estate Investment Alerts** and you’ll receive my real estate investment opportunities

---

For City by City Trend Report go to the **Market Trends Report tab on my web site at**

[www.650and408homes.com](http://www.650and408homes.com)