

title talk

We Know Title. We Know Real Estate. We Know California.

with **Dave Erb**,
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How Does a Homestead Declaration Impact The Issuance of a Title Policy?

March 2021 Edition

Let's begin by explaining what a homestead declaration is. A property recorded Homestead Declaration is an instrument that protects the homestead declarant from losing a portion of his/her equity due to lawsuits that result in an involuntary judgment lien(s) being attached to their primary residential home.

Prior to January 1, 2021 the maximum value of the homestead protection was \$175,000.00. However, the qualification for this maximum value would be a Husband and Wife (when both are 65 or disabled) or a single person (65 years and older or disabled).

As of January 1, 2021 the Homestead protection amounts changed, pursuant to California Code of Civil Procedure: 704.730 to be as follows:

(a) The amount of the homestead exemption is the greater of the following:

(1) The County wide 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, not to exceed six hundred thousand dollars (\$600,000.00).

(2) Three hundred thousand dollars (\$300,000.00).

How and when does the homestead go into effect?

The homestead goes into effect only when a creditor, who holds a judgment against you, attempts to sell your primary home to pay for the judgment. It only offers protection up to a certain dollar amount. However, if the exemption is greater than that of your home equity amount, your home is fully protected from the creditor.

How does this impact our ability to issue a title insurance policy for the sale of your home?

Homeowners selling their homes won't be protected from the judgment creditor unless a court order has been obtained to remove the lien. Therefore, without a court order, the lien would have to be paid through the sale of the home.

For more information, please contact your sales representative or your title officer.

