

ASK THE PROFESSIONAL



Sue Jones on Real Estate

Sue Jones is a REALTOR as well as Owner/Partner of Keller Williams Real Estate, Doylestown Office.

Experience: Sue's experience spans over 30 years, providing professional help to both buyers and sellers in our local market.

Designations/Memberships: Holding the coveted GRI designation - Graduate of the Realtor Institute; Memberships in the National, Pennsylvania and Bucks County Association of Realtors.

Education: Sue feels that ongoing "fine tuning" of the ever-changing regulations, laws and procedures that guide the professional REALTOR to properly represent the public and which shape the Real Estate Industry are of the utmost importance, and this is her pledge and commitment.

Why Real Estate as a Career? When asked "What made you choose Real Estate as a career?" Sue answered "I wanted to be in a helping field and decided that Real Estate offered that, helping people with their most important investment."

By: Sue Jones
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Understanding Capital Gains in Real Estate

Q. Sue, We are confused about the Capital Gains Rules. Please clarify if you can.

A. When you sell a stock, you owe taxes on your gain—the difference between what you paid for the stock and what you sold it for. The same is true with selling a home (or a second home), but there are some special considerations.

How to Calculate Gain

In real estate, capital gains are based not on what you paid for the home, but on its adjusted cost basis. To calculate this:

1. Take the purchase price of the home: This is the sale price, not the amount of money you actually contributed at closing.

2. Add adjustments:

- Cost of the purchase—including transfer fees, attorney fees, inspections, but not points you paid on your mortgage.
- Cost of sale—including inspections, attorney's fee, real estate commission, and money you spent to fix up your home just prior to sale.
- Cost of improvements—including room additions, deck, etc. Note here that improvements do not include repairing or replacing something

already there, such as putting on a new roof or buying a new furnace.

3. The total of this is the adjusted cost basis of your home.

4. Subtract this adjusted cost basis from the amount you sell your home for. This is your capital gain.

A Special Real Estate Exemption for Capital Gains

Since 1997, up to \$250,000 in capital gains (\$500,000 for a married couple) on the sale of a home is exempt from taxation if you meet the following criteria:

- You have lived in the home as your principal residence for two out of the last five years.
- You have not sold or exchanged another home during the two years preceding the sale.

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"There are exceptions to these rules and you should consult your own tax or legal advisor regarding your circumstances. Sue Jones and Keller Williams Real Estate do not provide tax or legal advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for tax or legal advice."

Testimonial

Dear Sue, You were amazing in your help, focus and guidance in our purchase of our wonderful home in the Borough. No detail escaped your gaze.
- Fondly, Marc and Irene

SUE JONES REALTOR, GRI, CRS
Owner/Partner

'I have 30+ years experience bringing Buyers and Sellers together'



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