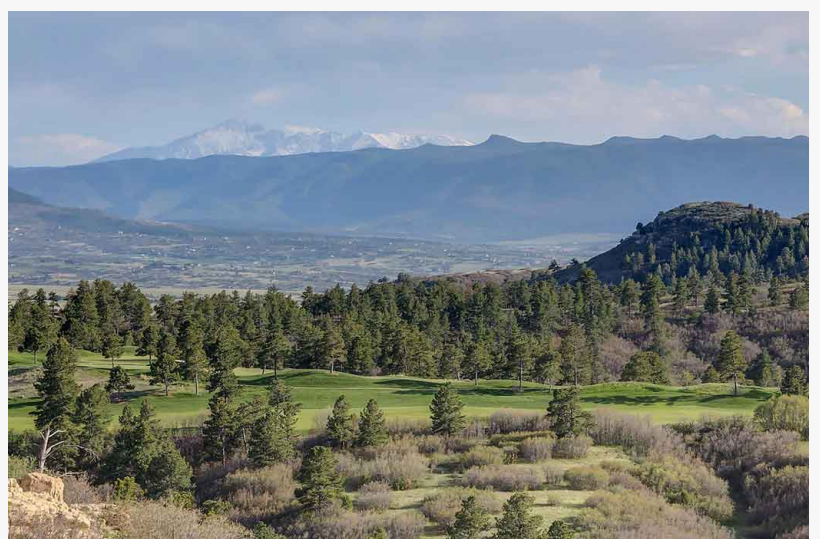


Colorado Real Estate Owners Hit With Tax Reform, The Good, The Bad and The Not So Ugly

In December, the Federal Government announced two major items, which will affect Colorado real estate owners.

CASTLE ROCK, CO, USA, December 26, 2017 /EINPresswire.com/ -- In December, the Federal Government announced two major items, which will affect Colorado real estate owners.

On 12/13/2017 the Federal Reserve announced that they would be raising interest rates for the third time this year, a ¼ point this time. They also indicated that they would be [raising rates](#) 3 more times next year. Home mortgage rates remain at all time lows, still hovering around 4%. But how long can low rates last with the feds raising interest rates 6 times between 2017 & 2018?



View of the Rocky Mountains from Daniels Park

Their second announcement came on 12/20/2017 with a major tax reform bill, which may affect certain Colorado property owners:

“

With mortgage interest rate increases on the way, it may be time to trade up/down to keep your new mortgage at a lower rate.”

Jim Garcia

- a) Allowable taxable write off for [real estate taxes](#) on tax returns is capped at \$10,000 per year, which should not affect many Colorado owners due to our low tax structure.
- b) Interest deduction on a second home is now disallowed, which could affect many local residents who have second homes in the mountains.

Under current statute a homeowner can live in their primary residence for 2 of the previous 5 years and capital gains from

the sale would be exempt from federal taxes. Congress had considered changing that to 5 of the previous 8 years, which could affect many Colorado homeowners who have seen remarkable equity increases in the past few years. In the final version, this item was pulled from the bill and not changed.

Great news is that the 2 year capital gains law was not changed to 5. So if you were planning to sell your home between 2-5 years, you will not be hit with a tax bill. With mortgage interest rate increases on the way, it may be time to trade up/down to keep your new mortgage at a lower rate.

About Douglas County Real Estate Agent Jim Garcia:

Jim Garcia, of castlepines-realestate.com, specializes in buying and selling homes in Douglas County, Colorado. By providing exceptional customer service and solid advice to clients so they can make well-informed buying and selling decisions, Jim's goal is to help clients achieve successful real estate transactions and to meet the unique needs of his clients. Jim has worked in the real estate industry for more than 20 years. He is a member of the Colorado Association of Realtors, the National Association of Realtors, and the Douglas Elbert Realtor Association.

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