

Moving Tips for Sellers

1. Give your forwarding address to the post office, usually two to four weeks ahead of the move.
2. Notify your credit card companies, magazine subscriptions, and bank of the change of address.
3. Develop a list of friends, relatives, and business colleagues who need to be notified of the move.
4. Arrange to have utilities disconnected at your old home and connected at your new one.
5. Cancel the newspaper.
6. Check insurance coverage for moved items. Usually movers only cover what they pack.
7. Clean out appliances and prepare them for moving, if applicable.
8. Note the weight of the goods you'll have moved, since long-distance moves are usually billed according to weight. Watch for movers that use excessive padding to add weight.
9. Check with your condo or co-op about restrictions on using the elevator or particular exits.
10. Have a "first open" box with the things you'll need most—toilet paper, soap, trash bags, scissors, hammer, screwdriver, pencils and paper, cups and plates, water, snacks, and toothpaste.

Plus, if you're moving out of town:

1. Get copies of medical and dental records and prescriptions for your family and your pets.
2. Get copies of children's school records for transfer.
3. Ask friends for introductions to anyone they know in your new neighborhood.
4. Consider special car needs for pets when traveling.
5. Let a friend or relative know your route.
6. Carry traveler's checks or an ATM card for ready cash until you can open a bank account.
7. Empty your safety deposit box.
8. Put plants in boxes with holes for air circulation if you're moving in cold weather.

6 Items to Have on Hand for the New Owners

1. Owner's manuals for items left in the house.
2. Warranties for any items left in the house.
3. A list of local service providers—the best dry cleaner, yard service, etc.
4. Garage door opener.
5. Extra sets of house keys.
6. Code to burglar alarm and phone number of monitoring service if not discontinued.

Understanding Capital Gains in Real Estate

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.

Also note that as of 2003, you also may qualify for this exemption if you meet what the IRS calls “unforeseen circumstances,” such as job loss, divorce, or family medical emergency.