

My Home Records Filing System

You may have a great home filing system - you may not have one at all. Either way, look this over and modify your existing one as necessary or grab some file folders and get started.

Enclosed is a file folder label template that you can take to Kinko's or Office Depot/Max to have copied on peel and stick labels, if you don't have any. If you want to group things together in fewer files, that's up to you. Just make sure to keep the following things.



House Basis Receipts

There is another sheet included that goes into Home Basis is detail. Keep that in the folder.

Receipts - Non Basis

This is in case you have to return something, but it's not part of your home basis.

Separate out your purchase documents into several folders to make it quick to find when you need it.

Purchase and Sales Agreement

If you are my client and need a copy, let me know.

Title Report

You received this in the mail and it shows what runs with your property.

Closing Documents

This is the HUD-1 Statement, showing the dollar amounts. Your accountant will need this when you file taxes the first year.

Mortgage

You hardly ever need to see this but you won't have trouble finding it if you do.

Lender Correspondence

Put the stuff from your bank here if it doesn't fit somewhere else.



A Good
Idea!

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Escrow Account

If you pay taxes and insurance as part of your monthly house payment, the bank will audit your escrow account annually and send you a check or a bill. Keep correspondence on that here.

Insurance Policy

They send you a new one every year.

Homeowner Association

Newsletters, meeting minutes, contact information for officers, etc.

CC&Rs

Covenants, Conditions & Restrictions. This will deal with fences, animals, exterior colors and any other rules or restrictions.

Well/Water Association

Well log, tests, association correspondence and contact info.

Septic System

Keep installation information, pumping and inspections info.

Survey

Put a copy of your survey here with contact info for the surveyor.

Property Tax Info

You'll get re-assessed annually.

Line-of-Credit

Keep it separate from your regular mortgage to keep confusion at a minimum.

House Appraisal

If you haven't actually seen the appraisal, call your lender and ask to have one sent to you.

Ideas - House and Landscape.

When you see a great idea you like in a publication, file it away for a future idea bank. Take a pictures, print it and throw it in.

Paint colors

You'll be happy at touch-up time.

Manuals

Break this down as much as needed, usually these 3 categories will work and make it easy to find when something needs a part, or stops doing what it's supposed to.

One last word...

If doesn't take very long to set this up. If you do it right after you purchase your home it's all the more simple. If your closing documents are on a disk or thumb drive, keep it here, but back it up somewhere first, just in case. I like paperless as much as anyone but having a hard copy in a regular file can many times be the fastest and easiest to find.

Staple or tape to the inside of the Home Basis file folder for future reference.

Why does Home Basis matter?

When you sell you can deduct \$250,000 gain or \$500,000 for a married couple. Your gain is your net sales price minus your basis or what you paid plus improvements.

What counts toward your Home Basis?

This is directly from the IRS website:

Increases to Basis

These include the following:

- Additions and other improvements that have a useful life of more than 1 year.
- Special assessments for local improvements.
- Amounts you spent after a casualty to restore damaged property.

Improvements. These add to the value of your home, prolong its useful life, or adapt it to new uses. You add the cost of additions and other improvements to the basis of your property.

The following chart lists some other examples of improvements.

Examples of Improvements That Increase Basis.

Additions

Bedroom
Bathroom
Deck
Garage
Porch
Patio

Lawn & Grounds

Landscaping
Driveway
Walkway
Fence
Retaining wall
Sprinkler system
Swimming Pool

Heating system

Central air conditioning
Furnace
Duct work
Central humidifier
Filtration system

Plumbing

Septic system
Water heater
Soft water system
Filtration system

Insulation

Attic
Walls
Floors
Pipes and duct work

Interior Improvements

Built-in appliances
Kitchen modernization
Flooring
Wall-to-wall carpeting

Miscellaneous

Storm windows, doors
New roof
Central vacuum
Wiring upgrades
Satellite dish
Security system



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Improvements no longer part of home. Your home's adjusted basis does not include the cost of any improvements that are replaced and are no longer part of the home.

Example.

You put wall-to-wall carpeting in your home 15 years ago. Later, you replaced that carpeting with new wall-to-wall carpeting. The cost of the old carpeting you replaced is no longer part of your home's adjusted basis.

Repairs. These maintain your home in good condition but do not add to its value or prolong its life. You do not add their cost to the basis of your property.

Examples.

Repainting your house inside or outside, fixing your gutters or floors, repairing leaks or plastering, and replacing broken window panes are examples of repairs.

Exception. The entire job is considered an improvement if items that would otherwise be considered repairs are done as part of an extensive remodeling or restoration of your home. For example, if you have a casualty and your home is damaged, increase your basis by the amount you spend on repairs that restore the property to its pre-casualty condition.

House Basis Receipts

Receipts - Non-Basis

Purchase & Sale Agreement

Title Report

Closing Documents

Mortgage

Lender Correspondence

Escrow Account

Line of Credit

Insurance

Homeowner Association

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Well/Water Association

Septic System

Survey

Property Tax Info

House Appraisal

Ideas - House

Ideas - Landscape

Paint Colors

Manuals - Appliances

Manuals - Electronics

Manuals - Misc.