



GREGG PERRAH
PROPERTIES

THE HOMEOWNER'S GUIDE TO YOUR P.E.A.R.

How Much Is Your Home Really Worth to You?

*Know Your Equity.
Know Your Options.*

*A plain English look at the wealth in your home,
and the smart ways to put it to work*

\$900,000 ESTIMATED EQUITY IN THE
SIMPLE EXAMPLE INSIDE

What a P.E.A.R. is • 6 ways to use your equity • Mistakes to avoid

Request Your Free, Private P.E.A.R.

Call or text Gregg at 949.836.0333 for a no pressure look at your home's value and equity

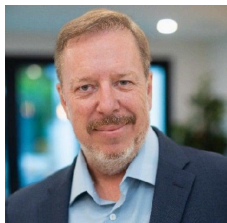


PREPARED BY

Gregg Perrah

Over 30 Years of Local Real Estate Knowledge and Expertise | www.GREGGPERRAH.COM

Why I Wrote This Guide



Gregg Perrah
Executive Real Estate Advisor

Most of the homeowners I meet are sitting on more wealth than they realize. They bought years ago, raised a family, paid down the mortgage, and the home quietly grew in value the whole time. Yet when I ask, "Do you know how much equity you have today?" the answer is almost always, "Not really."

That is exactly why I created the Professional Equity Assessment Report, or P.E.A.R. It is a simple, private review of what your home is worth today, what you still owe, and what that difference could mean for you.

Many of my long time clients ask me to sit down with them once a year to look at their P.E.A.R. together. We see how their value and equity have changed, talk about their goals, and look at their options. Some decide to sell and move. Some stay right where they are. Some put part of that equity to work. All of them make the decision with real numbers in front of them.

This guide walks you through the same conversation. It explains what equity is, how to estimate yours, and the most common ways homeowners use it, from moving with Prop 19 to a reverse mortgage to buying an investment property.

There is no right answer for everyone. My job is to help you see the whole picture so you can choose what is right for you and your family. No pressure, ever.

Gregg Perrah

Good decisions start with good numbers

Knowing your equity puts you in control, whether you plan to move next month, in five years, or never.

What You'll Find Here

Read it straight through, or jump to the section that fits where you are right now.

- 1 **What Is a P.E.A.R.?**
Your equity in one simple formula
 - 2 **Why Your Equity Has Grown**
And what moves your number up or down
 - 3 **Six Ways to Put Your Equity to Work**
Your options at a glance
 - 4 **Sell and Move, or Right Size**
Including Prop 19 and the capital gains exclusion
 - 5 **Stay Put with a Reverse Mortgage**
No required monthly mortgage payment
 - 6 **Borrow Against Your Equity**
A HELOC or a cash out refinance
 - 7 **Invest Your Equity**
Rentals, partnerships and the Deferred Sales Trust
 - 8 **Questions and Mistakes to Avoid**
What to think through before you decide
 - 9 **Your Next Step**
A free, private P.E.A.R. for your home
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Please note: This guide is general education, not financial, tax, legal or investment advice. Gregg Perrah is a real estate advisor, not a lender, tax advisor or investment advisor. Values, rates, tax rules and loan limits change and depend on your situation. Always review your options with your own CPA, attorney and licensed financial and lending professionals.

What Is a P.E.A.R.?

Your equity is the part of your home that is truly yours. Here is how to find your number.

A **Professional Equity Assessment Report (P.E.A.R.)** is a custom look at the cash value sitting in your home. It starts with one simple idea:

What your home is worth today **minus** what you still owe = your equity

A simple example

Item	Amount	Where it comes from
Estimated home value	\$1,250,000	Recent nearby sales and the condition of your home
Mortgage balance	\$350,000	Your latest mortgage statement
Estimated equity	\$900,000	The wealth you have built in your home

Illustration only. Your numbers will be different.

What your P.E.A.R. includes

- ✓ A realistic estimate of your home's value today, based on recent sales near you, not an automated online guess.
- ✓ Your estimated equity, using the loan balance you share with me.
- ✓ An estimate of what you might net if you sold, after typical selling costs.
- ✓ A side by side look at the options in this guide that fit your goals.
- ✓ A private, no pressure conversation. Your numbers stay between us.

Want a quick starting point? Get an instant online estimate at **OCHomeValuation.com**. Then call me for a more accurate, custom P.E.A.R. Online estimates can miss the upgrades, views and details that make your home worth more.

Why Your Equity Has Grown

Time, payments and a strong local market can add up to a lot more than you think.

Equity grows in two quiet ways. Every mortgage payment you make pays down what you owe, and over the years, homes in Orange County have generally risen in value. If you have owned your home for a long time, those two forces together may have built far more equity than you expect.

Every time a home sells in your neighborhood at a strong price, it helps support the value of yours. That added value shows up as equity that is just sitting there, often unused.

What moves your number up or down

Recent sales near you

The prices of similar homes that sold nearby in the last few months matter most.

Condition and updates

Kitchens, baths, roofs and systems can add real value, or cost you if they need work.

Location and lot

Views, quiet streets, lot size and schools all play a part.

Buyer demand

How many buyers are shopping and how few homes are for sale.

Interest rates

Rates affect what buyers can afford, which affects prices.

What you still owe

Every payment you make adds to your equity.

Why check every year?

Values change. A yearly P.E.A.R. shows how your equity has grown and keeps your plans current, so you are ready when life changes.

Good to know: Equity is not cash in the bank. You only turn it into money by selling, borrowing against it or using a reverse mortgage. Each option has its own costs and tradeoffs, which the next sections explain.

Six Ways to Put Your Equity to Work

Here are the most common choices homeowners make. We will look at each one more closely.

1. Sell and move

Turn your equity into cash and move closer to family, into a single story home, or to a new area. Prop 19 may let you keep your low property tax.

2. Right size and buy with cash

Sell your larger home and buy a smaller one outright, with no mortgage payment, and keep the difference.

3. Stay put with a reverse mortgage

Homeowners 62 and older can turn part of their equity into cash with no required monthly mortgage payment.

4. Buy your next home with a HECM

A HECM for Purchase lets you buy a home that fits your next chapter with a smaller down payment and no monthly mortgage payment.

5. Borrow against your equity

A home equity line of credit (HELOC) or a cash out refinance gives you cash while you keep your home, with a monthly payment.

6. Invest your equity

Buy a rental home or a duplex, partner on larger properties, or explore a Deferred Sales Trust to spread out capital gains taxes.

How to choose

- ✓ **Your timeline.** Are you planning to move soon, someday, or never?
- ✓ **Your monthly budget.** Do you want to lower your monthly costs, or can you take on a payment?
- ✓ **Your goals.** More income, less upkeep, being near family, or leaving more to your heirs?
- ✓ **Your comfort with risk.** Some options are simple and steady. Others carry more risk and more work.

There is no one size fits all answer

The best choice depends on your goals, your health, your family and your numbers. Your P.E.A.R. puts them all on one page.

Sell and Move, or Right Size

Two of the most popular ways to turn equity into a fresh start.

Option 1: Sell and move

Selling turns your equity into cash you can use for your next home, for income, or to help family. For many long time owners, it is also a chance to move closer to grandchildren, into a single story home, or into a lower maintenance lifestyle.

Keep your low property tax with Prop 19

If you are 55 or older, Prop 19 may let you move your low tax base to a new primary home anywhere in California, within two years of the sale, up to three times.

The capital gains exclusion

When you sell your primary home, up to \$250,000 of profit (\$500,000 for a married couple) is generally not taxed, if you meet the ownership and use rules.

Option 2: Right size and buy with cash

Many homeowners sell a larger home and buy a smaller one outright. With no mortgage, monthly costs drop to taxes, insurance and upkeep, and the difference between the two prices stays in your pocket.

A simple illustration	Amount
Sale of current home	\$1,250,000
Pay off mortgage and estimated selling costs	About \$425,000
Buy your next home with cash	\$700,000
Left over for savings, income or family	About \$125,000

Illustration only. Selling costs, taxes and prices vary.

Want the details? My free **Prop 19 guide** explains who qualifies, the real numbers and the mistakes to avoid. Find it at guides.greggperrah.com.

Stay Put with a Reverse Mortgage

For homeowners 62 and older who want to stay in the home they love.

A **reverse mortgage**, most often an FHA insured Home Equity Conversion Mortgage (HECM), lets homeowners 62 and older turn part of their equity into cash **without selling and without a required monthly mortgage payment**. You keep the title to your home. The loan is usually repaid when the last borrower sells, moves out for good, or passes away.

No required monthly mortgage payment

Paying off an existing mortgage can free up hundreds or thousands of dollars a month.

Flexible ways to get the money

A lump sum, monthly payments, a line of credit, or a combination.

You keep ownership

Any equity left when the home is sold belongs to you or your heirs.

Built in protection

A HECM is a nonrecourse loan. You or your heirs never owe more than the home is worth when it is sold.

Buying your next home with a HECM for Purchase

Instead of paying all cash, you combine a down payment, often from the sale of your current home, with a reverse mortgage to buy your next home. You make **no monthly mortgage payment**, and you may keep a large part of your sale proceeds in the bank.

What to keep in mind

- ✓ You still pay property taxes, homeowners insurance, HOA dues and upkeep.
- ✓ The loan balance grows over time, so there is less equity left later.
- ✓ There are upfront costs, including FHA mortgage insurance.
- ✓ You must meet with a HUD approved counselor first. It is required, and it protects you.

Want the details? My free **Reverse Mortgage guide** covers how it works, the real costs and seven costly mistakes to avoid. Find it at guides.greggperrah.com.

Borrow Against Your Equity

Get cash and keep your home, with a monthly payment.

If you want cash but plan to keep your home, you can borrow against your equity. The two most common ways:

Home equity line of credit (HELOC)

The bank gives you a line of credit secured by your home. You draw what you need, when you need it, and make monthly payments on what you use. Your current mortgage stays in place.

Cash out refinance

You replace your current mortgage with a new, larger one and take the difference in cash. For example, if your home is worth \$1,250,000 and you owe \$350,000, a new \$550,000 loan could put about \$200,000 in your hands, less costs.

How these compare with a reverse mortgage

	HELOC	Cash out refinance	Reverse mortgage (HECM)
Monthly payment	Yes, on what you use	Yes, on the new loan	None required
Age requirement	None	None	62 or older
Interest rate	Usually adjustable	Fixed or adjustable	Fixed or adjustable
Qualifying	Income and credit	Income and credit	Financial assessment
Often a fit for	Short term needs or projects	A large one time need	Lowering monthly costs while staying put

Common uses

- ✓ Paying off higher interest debt.
- ✓ Major updates, safety improvements or repairs.
- ✓ A down payment on a second home or an investment property.
- ✓ Helping family, or a cushion for the unexpected.

Important: These loans add a monthly payment, and your home secures them. If the payment becomes hard to make, your home could be at risk. Make sure the payment fits your budget for the long run, not just today.

Invest Your Equity

For homeowners who want their equity to produce income or growth.

Some homeowners put their equity to work in real estate that can produce income. Here are the options my clients most often explore:

A rental home

Buy another single family home and rent it out for monthly income and long term growth.

A duplex or small apartment building

More units under one roof can mean more monthly cash flow.

Partnering on larger properties

Invest alongside partners in bigger apartment buildings to share the work and the returns.

A 1031 exchange

If you already own investment property, a 1031 exchange can let you sell and buy another investment property while putting off the capital gains tax.

The Deferred Sales Trust

A Deferred Sales Trust is mainly a **tax strategy** for owners facing a large capital gain. Here is how it works, in plain English:

- 1 You sell your property to a trust**
The trust gives you a promissory note in return.
- 2 The trust sells the property to the actual buyer**
The trust holds the cash from the sale.
- 3 The trust invests that money**
For example in stocks, bonds or real estate, and pays you installments over time.
- 4 You pay capital gains tax gradually**
As you receive payments, instead of all at once in the year you sell.

Before you consider one: The trust's money is invested, so returns are not guaranteed and can go down as well as up. The IRS has not formally approved this structure, so it should be set up by an experienced specialist and reviewed by your own CPA and attorney. It is different from a *Delaware Statutory Trust*, an investment property often used in 1031 exchanges. I can explain the options and connect you with qualified specialists.

Questions and Mistakes to Avoid

A little planning now can save a great deal later.

Questions to ask yourself

Where do I want to live in five years?

Near family, in a single story home, or right where you are?

What do I want my monthly costs to be?

Some options lower them. Others add a payment.

How much do I need to keep in reserve?

Health, care and surprises all cost money.

What do I want to leave to my family?

Each option affects what your heirs receive.

How much risk am I comfortable with?

Real estate investing can pay off, but it is not guaranteed.

Who else should be part of this?

Your spouse, your children, your CPA or your attorney.

Mistakes to avoid

1

Guessing at your value

Online estimates can be off by a lot. Start with real numbers.

2

Waiting for a crisis

Decisions made in a hurry, after a fall or a health scare, cost more.

3

Looking at only one option

Compare selling, staying and borrowing side by side.

4

Forgetting taxes and costs

Selling costs, loan fees and taxes change what you really keep.

5

Missing the Prop 19 deadline

You generally have two years to buy, and a claim to file.

6

Chasing promised returns

Be wary of anyone promising high returns with no risk.

7

Leaving family in the dark

Talk early, so everyone understands the plan.



SECTION 9 | YOUR NEXT STEP

Let's Look at Your Numbers Together

I will prepare your free, private P.E.A.R. In one short, friendly conversation, we will look at what your home is worth today, how much equity you have, and which options fit your goals.

There is no cost and no obligation. Just clear answers so you can decide what is right for you.



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