



HOMESTEAD EXEMPTION IN TEXAS

The Homestead is a place where a family or single adult makes their home, including the land and all its improvements, and occupies it as their primary residence. The residential homestead can be either urban or rural.

The homestead provision set out in the Texas Constitution is designed to protect the homestead property from property taxes, creditors, and circumstances arising from the death of a homeowner's spouse.

TEXAS HOMESTEAD LAWS:

- ▶ Prevent the forced sale of a home to meet the demands of creditors
- ▶ Provide a surviving spouse with shelter
- ▶ Reduce a home's taxable value and thus its assessed property taxes

As defined in these provisions and statutes, a homestead is the primary residence of a person. No other property anywhere can be claimed as a homestead, even outside the boundaries of the jurisdiction where the homestead is claimed, for example in another county or state.

PROTECTION PROVIDED

Under Texas homestead laws, the residence is protected from forced sale by all creditors of the Homeowner, except for the following:

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- ▶ The lender who loans funds for the purchase or refinancing of the homestead
- ▶ Taxing authorities who assess county, city and school ad valorem taxes against the property each year (Also, the federal government can force the sale of the homestead to satisfy federal liens, such as non-payment of federal income taxes.)
- ▶ Any contractor who provides material and/or labor in erecting or improving the homestead
- ▶ The lender who loans funds for a constitutionally permitted home equity loan
- ▶ Owey liens used in divorce and heirship situations

The positive effect of this protection means that in most cases, if someone sues you and recovers a judgment against you, he cannot force you to sell your homestead to satisfy the judgment.

ESTABLISHING A HOMESTEAD

As defined in the statutes, a homestead is established when the homeowner is an individual and he or she uses the home as the principal residence on January 1 of the tax year. Because a Texas homestead is created by a state constitutional provision, it cannot be waived.