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ORANGE COUNTY HOME IMPROVEMENT & CAPITAL GAINS TRACKER

A HOMEOWNER'S RECORD FOR ADJUSTED COST BASIS & SECTION 121 TAX EXCLUSION

PROPERTY & TAX OCCUPANCY RECORD

Property Address: .....
City / ZIP Code: .....
Purchase Price: .....
Occupancy Dates: .....
Assessor Parcel # (APN): .....
Date Purchased: .....
Primary Status (Sec 121): [ ] Yes [ ] No [ ] Rental
Filing Status: [ ] Single ($250k) [ ] Married ($500k)

SECTION 1: PURCHASE BASIS (CLOSING COSTS CAPITALIZED AT ACQUISITION)

IRS Pub 523 Rule: Include title insurance, escrow fees, transfer & legal fees. Do *not* include prorated taxes, mortgage interest, or loan insurance.

LINE	CLOSING COST ITEM	PAID TO / ESCROW COMPANY	AMOUNT ($)
1.01	Title Insurance (Owner's Policy)		$
1.02	Escrow Closing Fees (Buyer Side Allocation)		$
1.03	Legal, Attorney, & County Recording Fees		$
1.04	County Transfer & Survey Fees (if paid by buyer)		$
1.05	Other Allowable Settlement Adjustments		$
		SUBTOTAL — ORIGINAL ACQUISITION SETTLEMENT COSTS:	**$**

SECTION 2: QUALIFIED CAPITAL IMPROVEMENT LOG (PART 1)

IRS Criteria: Must add value, prolong useful life, or adapt space. Must be intact at sale. Routine repairs (e.g. repainting, patching) do not qualify.

[ADD] Addition / ADU
[KIT] Kitchen Remodel
[BTH] Bath Remodel
[EXT] Roof / Stucco / Siding
[SYS] HVAC / Electrical / Solar
[LND] Pool / Hardscape
[ENR] Windows / Insulation
[ACC] Smart Home / Access

DATE	CAT	PROJECT SCOPE & MATERIALS	CONTRACTOR / VENDOR	PERMIT #	TOTAL COST ($)
__/__/____	___				$
__/__/____	___				$
__/__/____	___				$
__/__/____	___				$
__/__/____	___				$
__/__/____	___				$
__/__/____	___				$
__/__/____	___				$

SECTION 2: QUALIFIED CAPITAL IMPROVEMENT LOG (PART 2 CONTINUED)

DATE	CAT	PROJECT SCOPE & MATERIALS	CONTRACTOR / VENDOR	PERMIT #	TOTAL COST ($)
__/__/____	___				$
__/__/____	___				$
__/__/____	___				$
__/__/____	___				$
__/__/____	___				$
__/__/____	___				$
__/__/____	___				$
				SUBTOTAL — CUMULATIVE QUALIFIED CAPITAL IMPROVEMENTS (PAGES 1 & 2):	**$**

SECTION 3: BASIS REDUCTIONS & ASSESSMENTS (MANDATORY DEDUCTIONS)

LINE	DESCRIPTION OF REDUCTION / CREDIT / PAYOUT	AMOUNT ($)
3.01	Depreciation Claimed (Home Office Deduction or Partial Rental Period)	$
3.02	Insurance Reimbursements & Casualty Loss Deductions Received	$
3.03	Federal / State Clean Energy Subsidies Claimed (Solar Tax Credit, Heat Pump)	$
3.04	Easements Granted, Conservation Severance, or Municipal Subsidies	$
	SUBTOTAL — TOTAL REDUCTIONS TO BASIS:	**$**

SECTION 4: CAPITAL GAINS & NET PROCEEDS CALCULATION WORKSHEET

STEP	ACCOUNTING LINE ITEM	AMOUNT ($)
1. ADJUSTED COST BASIS CALCULATION		
A	Original Contract Purchase Price	$
B	(+) Allowable Purchase Settlement Fees (Total from Section 1)	$
C	(+) Total Qualified Capital Improvements (Total from Section 2)	$
D	(-) Total Basis Reductions & Subsidies (Total from Section 3)	($)
E	**TOTAL ADJUSTED COST BASIS (A + B + C − D)**	**$**
2. NET REALIZED SALES PROCEEDS		
F	Gross Contract Sales Price	$
G	(-) Brokerage Commissions & Transaction Fees	($)
H	(-) Seller Closing Costs (Escrow, Title Owner's Policy, OC Documentary Transfer)	($)
I	(-) Legal, Professional Staging, & Pre-Listing Direct Prep Expenses	($)
J	**NET REALIZED SALES PROCEEDS (F − G − H − I)**	**$**
3. SECTION 121 TAX EXCLUSION & GAIN ASSESSMENT		
K	Total Net Profit / Gain Realized (Line J − Line E)	$
L	(-) IRS Section 121 Exclusion ($250,000 Single / $500,000 MFJ)	($)
M	**ESTIMATED TAXABLE NET CAPITAL GAIN (Line K − Line L, if > $0)**	**$**

ORANGE COUNTY HOMEOWNER AUDIT & DOCUMENTATION CHECKLIST

- ❑ **Original Settlement Statements:** Retain signed ALTA / HUD-1 forms for both initial acquisition and ultimate sale.
- ❑ **Substantiation Proof:** Keep signed contractor contracts, itemized material invoices, and cleared checks or bank statements (credit card line items alone are routinely challenged under audit).