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FREE GUIDE

CALIFORNIA HOMEOWNERS

Selling your California house when you have to move

Life changes. Plain English, every fact sourced and dated.

INSIDE

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Questions? Talk with Fadi.
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Selling your California house when you have to move

From Mr. Cash Offer, with Fadi Haweileh, CA DRE #02002344 · Facts checked November 24, 2026 · Online: mrcashoffers.com/guides/selling-a-house-when-you-move-california/

QUICK ANSWER

You can sell before you move, after, or from another state. Either way you still give the required disclosures, and escrow may hold back California tax unless an exemption applies. Your federal tax generally depends on whether you owned and lived in the home 2 of the last 5 years. If you fall short because of a qualifying job move, health reason or unforeseeable event, the IRS may allow a reduced exclusion.

At a glance

Question	What the official rule says
Federal exclusion	Up to $250,000 of gain ($500,000 married filing jointly, if each spouse qualifies), generally if you owned and lived there 2 of the last 5 years
Moved sooner?	A partial exclusion may apply if the main reason was a qualifying job move, health or an unforeseeable event, while you owned and lived there
California withholding	3 1/3% of the price unless an exemption applies, such as a qualifying main home
Moving out of state	California taxes nonresidents on income (gain) from selling California real property
Disclosures	Still required; moving away isn't on the law's list of exemptions
Signing	California notaries can't notarize over video yet; you can generally sign before a notary where you live

Should I sell before or after the move?

No official rule decides the timing, but these may help.

Moving soon: what changes with each path

General rules, not tax advice. Ask a tax professional and your escrow company about your sale.

Move first, sell later

- The home's last use matters for Form 593 withholding
- Tell the assessor when you no longer qualify for the homeowners' exemption (Dec. 10 is the last day to end it without penalty)
- Call your insurer before the house sits empty

Rent it, sell later

- You take on a landlord's duties
- No Form 593 Line 2 exemption if the last use was as a rental
- You can't exclude gain equal to depreciation

Either way

- Disclosures are still required
- The 2-of-5-year test decides the full exclusion
- A partial exclusion may apply for a qualifying job move, health reason or unforeseeable event

If you move first and sell later, the home's last use matters for California withholding (below). The homeowners' exemption (a $7,000 cut in taxable value) is for a home that was your main residence on January 1. You must tell the county assessor when you're no longer eligible; December 10 is the last day to end it without penalty.

An empty house raises insurance questions. California's standard fire policy form says the insurer isn't liable for a loss while the building "is vacant or unoccupied beyond a period of 60 consecutive days," unless the policy says otherwise in writing. Your policy may differ. Call your insurer before the house sits empty.

Keeping it as a rental? That brings a landlord's duties. Our guide to selling a rental with tenants covers selling later with a tenant there.

Do I pay tax if I sell before two years?

Maybe not all of it. Under IRS Publication 523, you may exclude up to $250,000 of gain ($500,000 for married couples filing jointly; each spouse must meet the living-there test for the full $500,000) if you owned and lived in the home at least 24 months in the 5 years before the sale. The 24 months "doesn't have to be a single block of time." You can use the exclusion only once in a 2-year period.

The federal home sale exclusion in three numbers

IRS Publication 523 (2025). Once per 2-year period. The job move, health reason or event must happen while you owned and lived in the home. Ask a tax professional.

$250,000
Gain you may exclude on a main home ($500,000 married filing jointly, if each spouse qualifies)

24 of 60 months
Owned and lived there in the 5 years before the sale; it doesn't have to be one block

50 miles farther
New job vs. old job, measured from the home: one way to qualify for a partial exclusion

If you fall short, the IRS says you "may still qualify for a partial exclusion" if the main reason for the sale was one of these, and it happened while you owned and lived in the home:

- **A job move.** You took or were transferred to a new job at least 50 miles farther from the home than your old work location. (Example: old job 15 miles away, new one 65.)
- **Health.** You moved to get or give care for an illness or injury, for yourself or a family member (the IRS list includes parents, children, siblings and in-laws), or a doctor recommended a move for your health.
- **An unforeseeable event.** The IRS list includes a death, a divorce or legal separation, and becoming eligible for unemployment.

These also count when they happen to your spouse, a co-owner or anyone else who lived in the home. Outside these lists, the IRS may still look at your facts.

Example (made-up numbers). You file single. You owned and lived in the home 12 months, then a qualifying job transfer moved you. You'd never used the exclusion before. The IRS worksheet uses the shortest of your time living there, owning it, and since your last exclusion: 12 months. 12 ÷ 24 × $250,000 = a $125,000 limit.

California has no lower capital gains rate: "All capital gains are taxed as ordinary income," says the FTB. Ask a tax professional what applies to you.

What if a parent is moving into care?

If the owner became physically or mentally unable to care for themselves and lived in the home as their main home for at least 12 months of the 5 years before the sale, time spent in a licensed care facility (such as a nursing home) counts toward the 2-year residence test.

If the home is in a living trust, the trustee exemption from the Transfer Disclosure Statement doesn't apply when the trustee is a person serving as trustee of a revocable trust who is a former owner or lived there within the past year. If that describes your parent, plan on disclosures.

Will escrow hold back money for California taxes?

At closing, escrow generally holds back 3 1/3% of the price for California income tax (or an amount based on your gain, if you choose), unless the price is $100,000 or less, the home is in foreclosure, or you certify an exemption on Form 593.

Two Form 593 lines matter when you move:

- **Line 1, principal residence:** generally 2 of the last 5 years, with "exceptions to the two-year rule" for a change in the place of employment, health, or unforeseen circumstances, per Pub 523.
- **Line 2, last used as your main home:** the FTB says if the property was last used as your principal residence "without regard to the two-year time period, no withholding is required." But "If the last use of the property was as a vacation home, second home, or rental, you do not qualify for the exemption."

Money held back is claimed as a credit; you must file a California tax return to get it.

Moving out of state? The FTB says nonresidents pay tax on California-source income, including "The sale or transfer of real California property." Whether you owe anything depends on your gain. Ask a tax professional, especially if you move partway through the year.

Do I still have to give disclosures if I don't live there?

Yes. The Transfer Disclosure Statement (TDS) rules cover sales of single-family residential property, unless the sale is on the law's exemption list. Moving away isn't on it. The TDS goes to the buyer "as soon as practicable before transfer of title," it can't be waived in an as-is sale, and any waiver is void. Our as-is guide has the details.

Can I sign the papers from another state?

Generally, yes. California notaries can't notarize over video yet; the Secretary of State says "California law requires a person to physically appear before the notary public," and the state's online notarization law isn't in effect.

But California accepts an acknowledgment "taken in another place" if it follows that place's laws, so you can generally sign before a notary where you now live. The notary will check your ID under their state's rules. (For a deed, a California notary also takes your thumbprint in the journal.) Ask your escrow company early how they handle out-of-area signings and what they'll accept.

What to do this week

1. **Write down your dates:** when you bought, moved in, and moved (or will move) out.
2. **Ask a tax professional** about the exclusion, any partial exclusion, Form 593 and, if you're leaving California, your filing.
3. **Call your insurer** about vacancy before the house sits empty.
4. **Tell the assessor** if you no longer qualify for the homeowners' exemption.
5. **Compare two numbers:** what listing would likely net and a cash offer. See our cash or list guide and cost to sell guide.

Watch out for

- **Wire fraud from far away.** The FBI warns that email scams target "all participants in real estate transactions, including buyers, sellers, agents, and lawyers" (2017 alert). Confirm any wiring instructions with "previously known numbers, not the numbers provided in the e-mail request."
- **Promises that sound easy.** In unsolicited offers, the DRE's red flags include "all cash, a quick closing, a hassle-free transaction." Get a professional valuation, and check any license on the DRE's Public License Lookup.
- **Assuming no withholding.** Escrow needs your signed Form 593 exemption, and you can't claim zero gain just because you get no cash from the sale.
- **Behind on payments, too?** Read our notice of default guide first. Different rules and protections apply.

Questions people ask

Do I pay capital gains if I sell before 2 years?

Maybe not on all of it. A partial exclusion may apply if the main reason was a qualifying job move, health or an unforeseeable event that happened while you owned and lived there. Ask a tax professional.

Can I sell my California house from another state?

Yes. You can generally sign before a notary where you live. Ask escrow what they accept.

Can I rent it out and sell later?

You can. If you still meet the 2-of-5-year test when you sell, Pub 523 says the rental time after you moved out isn't "nonqualified use," but you can't exclude gain equal to depreciation. The Form 593 Line 2 exemption isn't available if the last use was as a rental.

Will escrow hold back tax if I've moved out of state?

It may: 3 1/3% of the price unless an exemption applies. It's claimed as a credit on a California tax return.

Where Mr. Cash Offer fits

Fadi Haweileh is a California real estate salesperson (DRE #02002344) with eXp Realty of Greater Los Angeles, Inc. (DRE #02188471). If you sell to Mr. Cash Offer, the buyer is not your agent and can profit if the house is later resold. If you list with Fadi's team instead, he earns a commission. Either way he's paid. If selling turns out to be the right path, he'll show you a cash offer and what listing would likely net, side by side, and you decide. If it isn't, the steps above still apply. A cash offer is usually below full market value. Before you decide, get a second estimate from an agent who isn't buying.

Call Fadi, no pressure: **(909) 731-6884**



Questions about your situation?

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Sources

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- Insurance Code 2071 (standard fire policy form) (https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=INS&sectionNum=2071)
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- Civil Code 1102.1 (no waiver in an as-is sale) (https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV&sectionNum=1102.1)
- Civil Code 1102.2 (exemptions) (https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV&sectionNum=1102.2)
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- DRE, Protect Your Property (Feb. 11, 2025) (https://dre.ca.gov/newsroom/DRE_Updates/2025_02_11_ProtectYourProperty.html)
- DRE, Public License Lookup (https://www2.dre.ca.gov/PublicASP/pplinfo.asp)

This guide explains general California rules. It isn't legal or tax advice. Talk with a tax professional or an attorney about your situation.