



# JANIE'S Real Estate News!



Volume 1, Issue 2

## COVER STORY:

### Taxation of Home Sale Gains

If you sell your main home, you may be able to exclude up to \$250,000 of gain (\$500,000 for married taxpayers filing jointly) from your federal tax return. This exclusion is allowed each time that you sell your main home, but generally no more frequently than once every two years.

To be eligible for this exclusion, your home must have been owned by you and used as your main home for a period of at least two out of the five years prior to its sale. You also must not have excluded gain on another home sold during the two years before the current sale.

If you and your spouse file a joint return for the year of the sale, you can exclude the gain if either of you qualify

for the exclusion. But both of you would have to meet the use test to claim the \$500,000 maximum amount.

To exclude gain, a taxpayer must both own and use the home as a principal residence for two of the five years before the sale. The two years may consist of 24 full months or 730 days. Short absences, such as for a summer vacation, count as periods of use. Longer breaks, such as a one-year sabbatical, do not.

If you do not meet the ownership and use tests, you may be allowed to exclude a reduced maximum amount of the gain realized on the sale of your home if you sell your home due to health, a change in place of employment, or certain unforeseen circumstances.

Unforeseen circumstances include, for example, divorce or legal separation, natural or man-made

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### A NOTE FROM JANIE

I just got back from a September visit to New York with my sister and nephew. We visited ground zero and were deeply touched by what we saw. What was amazing to me was that the St Paul's Chapel, the place where over 5,000 volunteers tirelessly labored to complete the recovery efforts, is located within a block of where the twin towers once stood – and was completely untouched. That is truly amazing!

If you would like to help the victims of the recent Hurricanes you can send a check to the Red Cross [www.redcross.org](http://www.redcross.org) or the Salvation Army [www.salvationarmyusa.org](http://www.salvationarmyusa.org). Make sure in the memo section you put Hurricanes Katrina and Rita.

Happy autumn! *Janie Merkle*

Don't forget to turn back your clock!



October 30, 2005

## WELCOME NEW CLIENTS

Here are some of the new clients who became members of our "Real Estate Family" this past month. Welcome! I wish you all the best!

**Dr. & Mrs. Mandana Mousavi, of Arizona,**  
**Mr. & Mrs. Luis Leon, of Irvine**

*We love giving recognition to our new friends and our wonderful existing clients who are kind enough to refer their friends and relatives to us.*

## Boost Your Home Value by Improving Curb Appeal

Want to get a big return on your home improvement investment? An article published in the OC Register on September 11, 2005, says to look on the outside your home, not just inside. Here's some highlights of what that article said.

Professional landscape designers estimate that improvements to your lawn and garden can boost your home's overall value by 7 percent to 15 percent. While studies show that kitchen or bath upgrades recoup only about 80 to 90% of what you spend.

Lawn and garden equity is all the rage these days as homeowners continue to invest heavily in their property values.

Your best landscape design is one that is (a) functional, (b) maintainable, and (c) in scale with your house.

If you are all thumbs when it comes to landscaping, you may want to consult a professional. You have two choices: a landscape designer or landscape architect.

From my own experience in listing homes and representing buyers, I can testify that curb appeal works! It helps homes sell faster and for more money.

## Beatles songs

T U O Y S E V O L E H S M  
 I U G I C H A I N S U W O  
 N E O I M X N I A R A D O  
 M L X H R A F M L I I O N  
 Y L L A S L L A T G N Q L  
 L E Q H E D W O I P B W I  
 I H N E E E N T S O N N G  
 F C F O H L G A Y E R A H  
 E I C T M P P S T A R I T  
 X M M Y H W E M K S A G B  
 R A C Y M E V I R D I E A  
 I R E P P I R T Y A D W Y  
 C O M E T O G E T H E R T  
 D L I H C E L T T I L Q J  
 R O C K Y R A C C O O N J  
 T I C K E T T O R I D E P

Ask Me Why	Little Child
Boys	Long Tall Sally
Chairs	Michelle
Come Together	Money
Day Tripper	Moonlight Bay
Dg It	Norwegian Wood
Drive My Car	Rain
Girl	Rocky Raccoon
Help	She Loves You
I Am The Walrus	Shout
I Feel Fine	Ticket To Ride
I'm A Loser	I Wist And Shout
In My Life	Wait

	National Averages	Today 9/30/05	One Month Ago	One Year Ago
Key Interest Rate Summary	30-yr fixed	5.39%	5.31%	
	15-yr fixed	4.96%	4.91%	
	5/1 ARM	4.96%	4.85%	
	Fed Funds Target	3.75%	3.50%	1.75%
	WSJ Prime Rate	6.75%	6.50%	4.50%
	1-Month LIBOR	3.86%	3.57%	1.84%
	3-Month LIBOR	4.07%	3.86%	2.02%
	2-Year Treasury Note	4.17%	4.06%	2.61%
	5-Year Treasury Note	4.19%	4.09%	3.37%
	10-Year Treasury Note	4.33%	4.18%	4.12%
	30-Year Treasury Note	4.58%	4.37%	4.89%

## Taxation of Home Sale Gains (continued...)

(continued from page 1) disaster resulting in a casualty to your home, or an involuntary conversion of your home.

If you can exclude all the gain from the sale of your home, you do not report any of that gain on your federal tax return. If you cannot exclude all the gain from the sale of your home, use Schedule D, Capital Gains or Losses, of the Form 1040 to report it.

For more details and information, you can download a copy of Publication 523, Selling Your Home, from the IRS.gov website or order it by calling toll free 1-800-TAX-FORM (1-800-829-3676).

How do your home sale, use of equity and financing alternatives relate to your long-range financial goals such as lifestyle needs, financial independence and retirement objectives? Contact a qualified tax and financial advisor to discuss the circumstances of the sale of your residence and how the regulations affect your tax and financial situation.

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See page 3 for puzzle solution

# Be a "longer liver" - October is National Liver Awareness Month

Though they don't get a lot of attention in the press, liver diseases are the fourth leading cause of death in Americans between the ages of 15 and 65. The diseases can strike anyone regardless of age, sex, race, or economic status.

The liver is the largest organ in the body, weighing 3 to 4 pounds. It takes blood from the stomach and intestines and cleanses it by freeing the blood of waste matter and poisons. Its work is basic to health and longevity.

The American Liver foundation says these are some things you can do to protect your liver.

\* Avoid taking too many medications or mixing medicines without the advice of a doctor. Street drugs can scar the liver permanently.

\* Don't have more than a couple of alcoholic beverages per day.

\* Be careful what you breathe. Bug sprays and other chemical sprays can harm the liver.

\* Watch what you get on your skin. Many sprays and chemicals can be absorbed through the skin.

## Solution to Beatles Search

~~T U O Y S E V O L E H S M~~  
~~I N G I C H A I N S U W O~~  
~~N E O I M X N I A R A D O~~  
~~M L X H R A F M L I I O N~~  
~~Y L L A S L L A T G N O L~~  
~~L E Q K E D W O I P B W I~~  
~~I H N E E E N T S O N N G~~  
~~F C F O H L G A Y E R A H~~  
~~E I C T M P P S T A R T~~  
~~X M M Y H W E M K S A G B~~  
~~R A C Y M E V I R D I E A~~  
~~I R E P P I R T Y A D W Y~~  
~~C O M E T O G E T H E R T~~  
~~D L I H C E L T T I L O J~~  
~~R O C K Y R A C C O O M J~~  
~~T I C K E T T O R I D E P~~

\* Take precautions against hepatitis C. Use protection with intimate contact. Hepatitis C can be spread through blood and body fluids, tattoos, body piercing, or drug injection.

\* The hepatitis B virus also lives in saliva and can be transmitted easily. Untreated hepatitis B and C viruses are the most common reason for liver transplants.

\* Since everything you eat must be processed by the liver, eat a well-balanced diet. Increase your consumption of fruits, vegetables, and whole-grains and other high-fiber foods.

## Inspiring Quotes

"You miss 100 percent of the shots you never take."

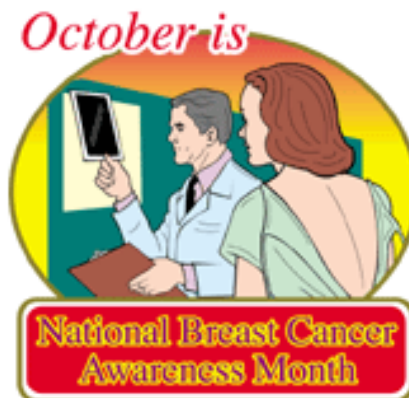
*Wayne Gretzky*

"Joy increases as you give it and diminishes as you try to keep it for yourself. In giving it, you will accumulate a deposit of joy greater than you ever believed possible."

*Norman Vincent Peale*

"Doing your best is more important than being the best."

*John Wooden*



## October Birthdays

Jack Millis, 10/ 5  
 Cynthia Wolchuk, 10/11  
 Vijay Anand 10/25  
 Brenda Bergan, 10/31

**Happy Birthday  
 To You!**

## OCTOBER CALENDAR

**1-31**, National Breast Cancer Awareness Month.

**1-31**, National Liver Awareness Month.

**2-8**, Last week to register to vote on November 7.

**3**, Rosh Hashana Begins at Sundown. Jewish New Year. Begins 10 days of prayer, repentance until Yom Kipur on Oct 12.

**4-Nov 2**, Ramadan, the Islamic Month of Fasting. Time of spiritual purification.

**6**, Physician Assistants Day.

**7-8**, Oktoberfest. German music, dancers and food.

**10**, Columbus Day.

**12**, Emergency Nurses Day.

**17**, National Boss Day.

**17-21**, National Business Women's Week.

**28**, St. Jude's Day. Patron saint of lost causes.

**30**, Daylight-saving time ends at 2 a.m.

**31**, Halloween

## Seeking Area Events

If you have an event of interest to residents in the 92620 area code, contact me 949.559.1142.

# Janie's Real Estate News

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## ***Another Satisfied Client for Life!***

Dear Janie:

We want to thank you for helping us make our relocation from Minnesota to Dana Point so easy! After encountering difficulties with another Realtor, we were referred to you by a business acquaintance and appreciated your quick and responsive service! We only had a few days to find a home and you showed us over 30 homes in just 2 days. Wow! You did your homework and did not waste our valuable time.

We found a home that is just perfect for our family. We know that we could not have accomplished what we did in such a short time frame, if it weren't for your assistance. We have settled into our home and the boys are getting acclimated to their new schools.

Any transition from a deeply rooted home, such as we had in Minnesota is tough, but your capable assistance helped tremendously. We would refer your services to our family and friends!

Kevin and Barbara Sweeney

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