



JANIE'S Real Estate News!

Volume 1, Issue 4



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COVER STORY:

Tax Breaks: Home Mortgage Interest

The deduction for home mortgage interest is one of the most potent tax breaks available to you today.

There is more involved than just a tax break that cuts the cost of home ownership. With careful planning, the home mortgage interest deduction can also turn some nondeductible expenses into legitimate deductions.

Because the potential for tax savings is so great, it's useful to review the rules. They are quite complex and full of pitfalls as well as opportunities. That's because they depend on your reason for getting a home mortgage or home equity loan.

For home buying. You usually can fully deduct the interest paid on a loan if the proceeds are used to buy or build a residence (a main home and one vacation home). This type of financing is

called acquisition debt; it can't exceed an aggregate of \$1.1 million for all interest to be deductible, and must be secured by your home. In most situations, you also will be able to fully deduct any points you pay to the lender in the year you get a mortgage loan to buy your main residence.

Refinancing for home remodeling. If you refinance your existing loan to pay for an expansion or remodeling of your home, all of the interest you pay on the new loan will usually be deductible as acquisition debt. Here, the decision-making process often involves financial as well as tax considerations. For instance, are you better off refinancing your existing loan or getting a second mortgage or a home equity loan?

If you remodel your main home, when you'll be able to deduct the points charged depends on the ratio of the remodeling cost to the total amount of the new mortgage, and on the method of payment for the points.

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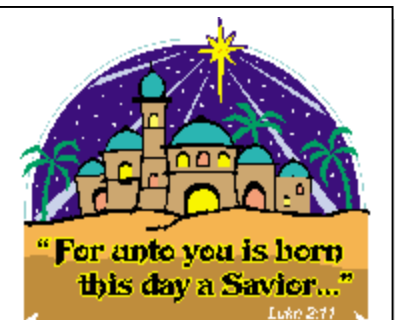
A NOTE FROM JANIE



Merry Christmas! Season's Greetings!

During this holiday season, I send my best wishes to all of you and hope you have a blessed holiday season and a happy New Year! The spirit of Christmas is a joyful time of giving and helps remind us to help those in need, to give hope to those in despair, and to each do our small part to help spread peace and understanding throughout

our own neighborhood, and to other parts of the country and the world that we each touch. May the spirit of the holidays renew our commitment to harmony and working together for a future of success. To you and yours, I say "Merry Christmas!" "Season's Greetings!" and "Happy New Year!" *Janie Merkle, Your Real Estate Consultant for Life*



Got the holiday blues? Try Exercise

Janie's Free Gifts!

Call Janie at (949) 559-1142 to request any of the items below.

- Computer Mouse Pads
- Want to know what your home is worth? Free Market Analysis.
- Children at Play safety street signs
- Home staging consultation before your home goes on the market.
- FSBO forms.
- First time home buyer information.

Exercise can help address, prevent or lessen the risk of a host of diseases and illnesses - including mild to moderate depression. Walking on a treadmill or riding a stationary bike for 30 minutes several times per week may be as effective as taking antidepressant medications or using cognitive-behavioral therapy. While moderately intense aerobic exercise had the best results, any exercise is beneficial. Even those performing low-intensity aerobic workouts and stretching can show improvement. I recommend walking, especially outdoors, for at least 30 minutes per day, five

days a week. Try it for a few weeks and see how it affects your mood.

Battling Seasonal Blues - Daily Tip from Dr. Andrew Weil



Christmas treats

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

Bourbon cake	Jule kage
Candy canes	Linzer torte
Cheesecake	Pecan pie
Chess pie	Pfeffernusse
Divinity	Pignolata
Eggnog	Plum pudding
Fruit cake	Rum balls
Gingerbread	Stollen
Honey Nut Cake	Sugar cookies
Horns	

See page 3 for puzzle solution

	National Averages	Today 12/09/05	One Month Ago	One Year Ago
Key Interest Rate Summary	30-yr fixed	5.78%	5.75%	
	15-yr fixed	5.38%	5.33%	
	5/1 ARM	5.26%	5.23%	
	Fed Funds Target	4.00%	3.75%	2.00%
	WSJ Prime Rate	7.00%	6.75%	5.00%
	1-Month LIBOR	4.36%	4.09%	2.39%
	3-Month LIBOR	4.48%	4.25%	2.39%
	2-Year Treasury Note	4.40%	4.38%	2.93%
	5-Year Treasury Note	4.43%	4.45%	3.55%
	10-Year Treasury Note	4.53%	4.57%	4.17%
30-Year Treasury Note	4.73%	4.77%	4.83%	

Tax Breaks (continued from page 1)

Refinancing or home equity loan to raise cash. You can't deduct the interest you pay on a consumer loan to pay for a personal asset or expense, such as buying a new car, or paying medical expenses.

However, you can transform that nondeductible expense into fully deductible interest if you use your home as collateral for the loan, and the total amount of such home-equity debt doesn't exceed \$100,000.

The loan can be a first mortgage, a second mortgage, or a home equity type loan. The type that is right for you will depend on factors such as how much you'll pay in closing charges (including points), how much interest you'll pay, and the size of your outstanding home loan amount.

Beware that tax laws could change. The Advisory Panel on Federal Tax Reform has indicated

that it favors lowering the cap (no figure has been given) on the home mortgage interest deduction. Future tax law could limit tax deductions to mortgages well below \$1 million. It is important to remain aware of tax law changes.

Get good advice. How do your use of home 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 how the regulations affect your tax and financial situation.

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The Christmas Story

At that time the Roman emperor, Augustus, decreed that a census should be taken throughout the Roman Empire. All returned to their own towns to register for this census. And because Joseph was a descendant of King David, he had to go to Bethlehem in Judea, David's ancient home. He traveled there from the village of Nazareth in Galilee. He took with him Mary, his fiancé, who was obviously pregnant by this time.

And while they were there, the time came for her baby to be born. She gave birth to her first child, a son. She wrapped him snugly in strips of cloth and laid him in a manger, because there was no room for them in the village inn.

That night some shepherds were in the fields outside the village, guarding their flocks of sheep. Suddenly, an angel of the Lord appeared among them, and the radiance of the Lord's glory surrounded them. They were terribly frightened, but the angel reassured them. "Don't be afraid!" he said. "I bring you good news of great joy for everyone! The Savior – yes, the Messiah, the Lord – has been born tonight in Bethlehem, the city of David! This is how you will recognize him: You will find a baby lying in a manger, wrapped

snugly in strips of cloth!"

Suddenly, the angel was joined by a vast host of others – the armies of heaven – praising God, saying:

"Glory to God in the highest heaven, and peace on earth to all whom God favors."

When the angels had returned to heaven, the shepherds said to each other, "Come on, let's go to Bethlehem! Let's see this wonderful thing that has happened, which the Lord has told us about."

They ran to the village and found Mary and Joseph. And there was the baby, lying in the manger. Then the shepherds told everyone what had happened and what the angel had said to them about this child. All who heard the shepherds' story were astonished, but Mary quietly treasured these things in her heart and thought about them often. The shepherds went back to their fields and flocks, glorifying and praising God for what the angels had told them, and because they had seen the child, just as the angel had said.

Eight days later, when the baby was circumcised, he was named Jesus, the name given him by the angel even before he was conceived.

Luke 2:1-21 NLT

Inspiring Quotes

"It is Christmas in the heart that puts Christmas in the air."

W. T. Ellis

"Christmas is the season for kindling the fire of hospitality in the hall, the genial flame of charity in the heart."

Washington Irving

"There has been only one Christmas. The rest are anniversaries."

W.J. Cameron

"Remember the Reason for the Season."

Anonymous



DECEMBER CALENDAR

1-30, National Drunk and Drugged Driving Prevention Month.

16, Boston Tea Party Anniversary.

17, Wright Brothers Day.

21-Mar. 20, 2006, Winter in the Northern Hemisphere.

Dec. 21 winter solstice, the shortest day of the year.

24, Christmas Eve.

25, Christmas.

26-Jan. 2, 2006, Hanukkah, Jewish Feast of Lights or Feast of Dedication.

31, New Year's Eve.

Janie's Irresistible Bars

Ingredients

2 1/3 cups all purpose flour
 2/3 cup firmly packed light brown sugar
 3/4 cup of butter
 1 egg slightly beaten
 1 cup coarsely chopped nuts
 1 (12 ounce package) semi-sweet chocolate chips
 1 (12 ounce package) butter scotch chips
 1 (12 ounce package) white chocolate chips
 1 (14 ounce) can Eagle Brand Sweetened Condensed Milk
 1 (10 ounce package) toffee bits
 Sprinkle with coconut flakes, to add flavor (optional)

Directions

Preheat oven to 350. In large bowl, stir together flour and sugar. Cut in butter until mixture resembles coarse crumbs. Add egg; mix well. Stir in 1 1/2 cup of chocolate chips, 1 1/2 cup of butter scotch and white chocolate chips, and nuts. Reserve 1 3/4 cups mixture (for topping later) Press remaining crumb mixture onto bottom of 13x9 inch greased baking pan. Bake 10 minutes. Pour Condensed milk evenly over crust; top with 1 1/2 cups toffee bits. Sprinkle reserved crumb mixture and remaining chips over top. Bake 25 to 30 minutes or until golden brown. Sprinkle with remaining 1/4 cup toffee bits. Cool completely. Cut into bars. Enjoy!

Janie's Real Estate News

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Another Satisfied Client for Life!

Dear Janie:

I am writing this letter to say thank you for making our dream a reality by helping us research, select and purchase the perfect home for our needs. My wife and I were most impressed by your pleasant attitude in the face of some not so pleasant circumstances with the seller. You helped us to remain calm and positive, which made the entire shopping/buying experience a joy.

We also appreciate your tenacity in seeking out qualified properties for our needs. For instance when we had approached a point of giving up on ever finding the right house you hand delivered fliers to the doorsteps of homeowners in the area we desired. Seeing you do that gave us a belief that we could make this happen.

Whether someone is selling or buying a home I wholeheartedly recommend you as an honest and creative agent that will work hard for them.

Sincerely,

David & Gina Abravanel

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