



JANIE'S Real Estate News!

Volume 1, Issue 5

COVER STORY:

Want to Invest in Real Estate?

Investing in real estate is a popular way for people to build a portfolio of passive income. Investors don't have to be rich to get started. But before investing, realtors often say people should be aware of these important considerations.

Loans for property bought as an investment may have a higher interest rate than a home you will live in. The down payment required by financial institutions is usually higher for an income property than a home you live in.

Finding the right property is key, say realtors and successful investors. Homes can be found everywhere and in all price ranges, but the adage of "location, location, location" holds true for investment properties as well as for homes. Many highly successful investors focus on cash flow and building equity through debt amortization.

If you are capable of making repairs, and can make time to do them, buying a distressed property can be profitable. It should be surrounded by well-maintained homes of higher value.

Choosing a property that will be easy for you to monitor and maintain is an important factor. If you are going to manage it yourself, the best choices are often properties near your home.

Management can be time-consuming so the successful investor has time and skills for hands-on involvement with the property including management, maintenance, and renovation. Or, they have trustworthy property managers.

Investors must make themselves knowledgeable about legal issues of being a landlord and know how to pick a tenant.

In the long run, real estate can be a secure alternative to traditional stock and mutual fund investments. William Nickerson, whose approach was described in his classic 1959 book

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A NOTE FROM JANIE



Happy New Year and a Prosperous 2006!

If you've made New Year's resolutions, chances are that difficult-to-keep resolutions like losing weight, or exercising are on your list. Many people making resolutions have made the same ones before, only to abandon them shortly thereafter. Here's some tips to keep them: 1) Set a clear goal, in writing, like losing 10 pounds by March. 2) Focus on one resolution at a time,

and break it down into increments of time, like 3.5 pounds for each of 3 months. 3) Be committed. 4) Include others, like a friend who will support your effort and give you access to experience and knowledge. 5) Stay accountable by telling others about your plan. 6) Don't give up because of temporary failure. Persist until you reach your goal. Happy New Year. *Janie Merkle, Your Real Estate Professional for Life!*

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Janie's Free Gifts!

Call Janie at (949) 559-1142 or (800) 886-0336 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.

Very Easy Sudoku

Sudoku is becoming a popular puzzle. Only logic and patience are required. No math is involved. Simply make sure that each 3x3 square region has a number 1 through 9 and that the number only occurs once. Each column and row of the large grid must have only one instance of the numbers 1 through 9. We'll call the 3x3 squares "regions."

Here are tips for solving this puzzle: You can easily find the position for the 3 in the upper left hand region by scanning the columns and rows to see where the 3 CAN'T go. Now look at the upper right hand region. Find where the 9 has to go by scanning across rows.

				5		6	2
		9		8			3
		7	3	9		1	
	3						1
8			7		9		6
2							5
		3		8	1	4	
9			5			3	
4	1		9				

See page 3 for puzzle solution

Why You Should Pay Off Your Mortgage Before You Retire

More Americans are quitting the workforce without retiring their mortgages. The most recent Federal Reserve survey shows that 32 percent of households headed by someone age 65 to 74 were carrying home-mortgage debt. That could be a mistake.

Consider this scenario. Two retired couples have income of \$16,000 from Social Security and \$24,000 from retirement accounts.

The couple without a mortgage would be taxed on their IRA withdrawals, but with the standard deductions, they would owe only about \$600 a year in taxes, leaving them with \$39,400 in after-tax income.

The second couple took out a \$200,000 30-year mortgage at age.

50 that costs \$1,200 per month until age 80. The interest deduction doesn't help because by the 16th year of their mortgage, just \$8,400 goes to interest. Added to other deductions, they will have little more than the \$11,600 standard deduction taken by the first couple.

To match the first couple's standard of living, they have to make large taxable withdrawals from their IRA. The withdrawals would drive up their total income, triggering taxes on Social Security. They would need total pretax income of more than \$58,000 to have the same standard of living as the first couple, and they would pay more than \$4,300 in federal taxes.

For the new year, calculate what your situation will be at retirement and consider alternatives.

Key Interest Rate Summary	National Averages	Today 1/06/06	One Month Ago	One Year Ago
	30-yr fixed		5.67%	5.78%
15-yr fixed		5.25%	5.38%	
5/1 ARM		5.22%	5.26%	
Fed Funds Target		4.25%	4.00%	2.25%
WSJ Prime Rate		7.25%	7.00%	5.25%
1-Month LIBOR		4.42%	4.36%	2.40%
3-Month LIBOR		4.55%	4.48%	2.61%
2-Year Treasury Note		4.35%	4.40%	3.16%
5-Year Treasury Note		4.31%	4.43%	3.68%
10-Year Treasury Note		4.37%	4.53%	4.26%
30-Year Treasury Note		4.56%	4.73%	4.83%

Want to Invest in Real Estate? (continued from page 1)

"How I Turned \$1,000 into \$5 Million in Real Estate in My Spare Time" (now out of print) describes this successful technique:

- Work hard to save up a down payment on a first home.
- Purchase a nice affordable home, townhome or condo.
- Improve it.
- Let enough time pass, (old rule was 7 years) to build up equity from loan amortization and appreciation.
- Refinance it, taking money out to buy another property. Now you have two properties.
- Wait until both properties have appreciated and built more equity, then do a cash out refinance on both. Use the money to buy two more properties, now you have four properties.
- Keep doing this.

With this kind of high leverage approach to investing, the most successful investors are cautious and don't invest unless they'll have a positive after-tax cash flow and adequate cash reserves to handle vacancies, repairs, and other surprises.

Ask Lots of Questions and Get good advice. Seek knowledge and build a team of trusted advisors. For instance there are some important legitimate income tax benefits to income property investing, do you know them? Can you use your home equity and financing alternatives to meet your long-range financial goals?

If this is an area that interests you, contact me to discuss your goals and objectives of income property investment opportunities.

Start The New Year With A Survey Of Your Fitness Level

- Four numbers give you a snapshot of your health

With so much health advice in the news today, just thinking about what you should or should not be doing can be a dizzying prospect. Harvard doctors agree that health can be an overwhelming topic. But they say that if you have a handle on these four numbers, you can have a pretty good idea of where you stand and what to do about it.

1. Your body mass index (BMI). Many people are overweight and don't think they are. Health risks climb when you are overweight. Here's what the numbers mean:

Underweight is a BMI of less than 18.5. Normal weight is a BMI of 18.5 to 24.9. Overweight is a BMI of 25 to 29.9, and obesity is a BMI of 30 or over. If your calculation shows more than 24.9, it's time to lose weight.

To get a fast BMI rating, see nhlbisupport.com/bmi/bmicalc.htm. Just enter your height and weight.

2. Your blood pressure. Ideally, it should be 120/80 or below. Starting at 115/75, the risk for heart attack, stroke, and other cardiovascular disease doubles with each increment of 20/10. People with systolic blood pressure (the first number) of 120 to 139 or a diastolic of 80 to 90 are "prehypertensive." Changes in diet and activity can help prevent cardiovascular disease at this level.

3. Your fasting glucose. If you have two fasting plasma glucose measurements of 126 mg/dL or greater, you have diabetes.

4. Your LDL cholesterol level. Your bad cholesterol reading should be below 100, but 70 is better. Diet, exercise, and medications like statins, or all three, can lower your LDL, reducing your heart disease risk by about a third.

Popular New Year's Resolutions

- Lose Weight
- Pay Off Debt
- Save Money
- Get a Better Job
- Get Physically Fit
- Eat Right
- Get a Better Education
- Drink more water
- Drink Less Alcohol
- Quit Smoking
- Reduce Stress Overall
- Reduce Stress at Work
- Take a Trip
- Volunteer to Help Others
- Learn Something New
- Get Organized
- Spiritual Growth
- Enjoy Life More
- More Time with Family & Friends
- Slow down
- Live one day at a time
- Do what is just and right

Inspiring Quotes

"One half of life is luck. The other half is discipline, and that's the important half, for without discipline you wouldn't know what to do with your luck."

W. T. Ellis

"It's okay to make mistakes. Mistakes are our teachers: they help us to learn."

John Bradshaw

"The real voyage of discovery consists not in seeing new landscapes, but in having new eyes."

Marcel Proust

3	8	4	1	7	5	9	6	2
1	2	9	4	6	8	5	7	3
6	5	7	3	9	2	1	4	8
7	3	5	2	4	6	8	9	1
8	4	1	7	5	9	2	3	6
2	9	6	8	1	3	7	5	4
5	7	3	6	8	1	4	2	9
9	6	8	5	2	4	3	1	7
4	1	2	9	3	7	6	8	5

Happy Birthday to You! Dec/Jan Birthdays

- Julie Merkle Dec 18
- Maria Leon Dec 24
- John Stasiewicz Dec 24
- Maria Martinez Dec 30
- Linda Crumly Jan 10
- Debby Peacock Jan 16
- Maryann Bennaton Jan 16
- Cheryl Schmidt Jan 17
- Mark Millsap Jan 17

Welcome New Clients!

- Jon & Maryann Freeman
- Dino Valdez
- Dennis Valdez

JANUARY CALENDAR

- 1, New Year's Day.
- 1-30, National Glaucoma Awareness Month.
- 13, Friday the 13th.
- 16, Martin Luther King, Jr. Day.
- 19-29, Sundance Film Festival.
- 21-Feb. 11, Chinese New Year Festival, San Francisco. Est. attendance, 700,000.

Tax Tip

Don't wait until April to decide who will prepare your income tax returns. Decide now and get your information in order.



"It's the new alphabet designed to encourage studying. No 'MTV.'"

Janie's Real Estate News

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Another Satisfied Client for Life!

Dear Janie:

We would like to take this opportunity to thank you for the amazing customer service you and your team provided to us during the selling of our home in Irvine.

Not only did you sell our home for more than we expected, the highest priced Plan 2, in less than 11 days, not to mention during the month of December, you went out of your way to hand deliver flyers to get as much exposure and to make sure our home sold during a slow period of the year.

From the time you met with us to discuss the price we should put our home on the market for, to the smooth closing of our home, your professionalism and knowledge put us at ease. Your proactive, tenaciousness and great negotiation skills, helped accomplish our goal and more.

We couldn't have asked for a better realtor. We will be happy to refer you to our friends, family and neighbors.

Very Truly Yours,
Jon & Maryann Freeman

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