



The Balsam Breeze

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IRS 1031 Exchanges Having A Working Knowledge

Is all you need...

Whether you are handling commercial, residential or both, having a basic understanding of 1031 Exchanges should allow you increase your sales.

Working with someone with any investment properties will give you two or more transactions; a sale and at least one purchase of a replacement property.

Any investment property is eligible under the IRS 1031 code, for example: single or multi-family rentals, second homes, raw land, commercial buildings, retail centers etc.

Sellers are often not willing to sell because of the tax liability and other misunderstandings of the 1031 Exchange requirements. Any investment property may be

exchanged for any other type of investment property. In addition, you can sell one property and replace it with two or more.

The 1031 Code requires that within 45 days of the Closing on the sale the seller must identify the replacement properties. What is known as the "Three Property Rule" allows up to three properties to be identified as replacements, but they do not have to be under contract or purchased. This gives your client greater security to have more than one property of interest to purchase.

The calendar stops ticking on day 180 after the sale of the previously owned property to purchase a replacement property.

To prevent the 45 day and 180 day deadlines from becoming a problem, have

your client look for replacement properties before, or as soon as the current property is listed for sale. A contract to purchase contingent on the sale of a current property is allowed.

Using a 1031 Intermediary is a MUST! We do recommend that a qualified intermediary be used; any mistakes can cause the 1031 to be disapproved and your client will have to pay the taxes.

Balsam is ready to help, and handle your clients 1031 Exchange; we work with OREXCO, an industry leader in the field of 1031 Exchanges; handling thousands annually. For more information check out their website:

www.orexco1031.com



The fall and winter can be rough on your home...

By Tim Stefanko

So the Spring is a great time to take care of some of the problems that may have occurred. A good start is cleaning the gutters. While cleaning them, check to make sure they are not loose.

At the same time it will give you a close up view of the roof. From this viewpoint you should be able to see

any loose or missing shingles. If heights are a problem for you and you don't feel comfortable doing this, don't be afraid to hire someone. This is something that should be done at least once or twice a year. While walking around the house doing the gutters, you will get a good look at your paint or siding; just to make sure

there are no problems with it. By doing these few simple things, you may be able to avoid major problems later.



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News Briefs

- A new Federal law went into effect on January 1, 2007 allowing mortgage insurance as a tax deduction. Homebuyers that obtain new mortgages in 2007 may take this deduction, those that had mortgages taken prior to this date may not take advantage of this new deduction.
- According to the National Association of Realtors, sales of existing homes, which account for about 80 percent of all home sales, fell 8.4 percent in March. That was the steepest decline since 1989. Here in the Northeast the decline was 8.2 percent.



Your Credit & Mortgages

By Kathy House

You see it all the time on television. Do you know your credit score? Higher scores can save you thousands! This is so true, especially when you are talking about the single largest purchase most people will make in their lifetime - a mortgage. On a \$100,000 loan a 20 point difference in your score could end up costing you or saving you \$10,800 over the life of a 40 year mortgage. Which would you prefer? The savings, of course. There are many "urban legends" surrounding the mystery of credit scoring. Although the formulas and algorithms used in determining your score are right up there with rocket science, the basic principals are pretty fundamental.

The main determining factors used are: Length of credit history, types of available credit, payment history, and

available credit vs. the amount of credit being used. An account will not be factored into your score until it has been open and reporting for 6 months. It may appear on your report, but will not affect your score for 6 months. The longer the account is open and paid on time, the more your score will increase. Mortgage accounts are weighted more heavily than an auto loan or smaller consumer loan. Credit cards used wisely are great tools for increasing your scores, because they are unsecured debt, and prove creditworthiness. Think about it. With a mortgage or a car, the bank gets them back if you don't pay. If you don't pay a credit card they get nothing. Unsecured debt is very important to round out your credit file.

Payment history is kind of a no brainer, but the most important factor for our

discussion here. If you pay one account 30 days past late, it can lower your score 40 points or more immediately. That's an enormous drop. Available credit vs. amount due is also VERY important. I've seen sub 500 scores with no late payments because every account the consumer has is maxed out. Credit scoring is highest when the available credit to credit used ratio is about 35% or less. If you have a \$1000 credit card, you wouldn't want the balance to consistently be over \$350.00.

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Carbon Monoxide Silent, But Deadly

By: Gregory A. Hancock

What exactly is Carbon Monoxide? Like Radon, it is in the form of a gas, and it is deadly. It's colorless and most of all its odorless. This silent killer is detrimental to the body's ability to carry oxygen to the brain. As a result Carbon Monoxide poisoning will be very similar to that of a flu virus. Symptoms can include dizziness, nausea, and fatigue, loss of breath, headaches, and disorientation. It's estimated that more than 2,000 deaths each year will be attributed to Carbon Monoxide poisoning.

So what can be done to prevent this? First you must understand the potential sources. Items that can create and inject Carbon Monoxide into your home are, about not limited to: a faulty furnace, stove, water heater, or wood stove, or basically anything that burns oil, gas, propane, or wood. Other items that emit the gas that frequently go unnoticed are cars and lawn mowers. Carbon Monoxide is not a by-product of using electricity. Proper maintenance of appliances is the best way to reduce the risk of Carbon Monoxide.

If preventing Carbon Monoxide does not happen, then you must ensure detecting it does happen. Carbon Monoxide detectors constantly monitor the air for the presence of Carbon Monoxide. They resemble in appearance smoke detectors and the alarms sound the same way, when activated. Some of the newer models actually provide a digital read of the Carbon Monoxide level. Carbon Monoxide detectors are available in hardware stores and most major department stores. Like smoke detectors, Carbon Monoxide detectors can save lives and are a relatively inexpensive insurance policy.

If your home has any fuel-burning appliances or devices or even a fireplace, then you should have at least one Carbon Monoxide detector. This detector should be placed near sleeping areas or in hallways. And ideally, should be placed up high near the ceiling to be most effective.

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If you have an article, recipe, news brief, etc, or wish to receive this newsletter simply email your item or request to us at: bresco@ptd.net

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