Real Estate News

Newsletter Vol. 4

Happy Spring!

With more than 13 snow events this season, are you ready for some Spring!? …We know we are!

In this newsletter as we all turn our attention to the "**Tax man**". Inside we offer real estate tax deduction tips to help you get prepared, as well as our new featured Listings, team successes and pertinent hyper local real estate news. Also, we want to send a *huge* **THANK YOU** to those of you who have helped us achieve great success in 2013. This week we returned from our annual Berkshire Hathaway Homeservices convention in Nashville, where we were presented the **Leading Edge Award** for sales and customer service placing us again in the top **7%** of agents nationally. We know we could never achieve this without you, our loyal clients and friends sending us your referrals.

In April 2014 we are starting our "Referral Appreciation Program" with fantastic drawings and rewards each month. Your name will be entered every time you have someone call us for their real estate needs even if they never buy or sell a thing! (email Jacqui Dunn if you want more details at *bestassistantinct03@gmail.com*)

Lastly, lack of inventory is still the biggest problem we are facing in the Stamford area real estate market today, yet interest rates are still at historic lows and we have a waiting list of patient buyers ready and pre-qualified to make a purchase! We can safely say it is a great time to sell your home! Please call us today for a no pressure consultation if you have even thought about making a move. Feel free to pass this newsletter along to anyone you think may enjoy our information and level of service!

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Coming Soon!

59 Liberty Street Unit 1

$339,000

Just Listed

184 Boutin Street

Norwalk, CT

$249,900

Just Reduced!

51 Schuyler Avenue
Penthouse 10A

$319,900

Recently built Tri-level Townhouse

This featured listing is a great, recently built townhouse!

40 Stuart Avenue, Unit E, Norwalk

Simply splendid recently built 3 bed, 2.5 bath tri-level townhouse in a fabulous central location. Live the maintenance free lifestyle in this finely appointed spacious open floor plan with stainless appliances & stone counters. Hardwood floors and oversized 2 car attached garage. Enjoy dinner out on your private balcony. Gracious bedrooms with huge closets and in-unit washer and dryer. Low common charges and easy commute to the nearby amenities of South Norwalk, Stamford or NYC. Perfect for the first time homebuyer, investor or downsizer. Move right in!

Hyper-local Market Update!

Stamford, and in particular the “Harbor Point” area continues to grow and change. “The demolition of De Yulio's Sausage Company began today at 384 Elm St. As part of Stamford's Urban Transitway development, several buildings on Myrtle Ave. and East Main St. will be torn down.

The city's operations department says the demolition at Myrtle Ave. and Elm St. is expected to continue until Friday. The department says drivers should expect delays.Traffic on Myrtle Ave. today and Tuesday is reduced to one lane in each direction. Stamford police are on site directing traffic.

In its second phase, officials say the SUT project will widen Myrtle Ave. and East Main St., allowing easier access to the train station.”

*Sourced from “It’s Relevant” -Christina Chiarelli, 3/24/2014

Top 10 Deductions for Homeowners

Your home may be brimming with tax advantages. How will you get all of the homeowner tax breaks you're entitled to? Consult a professional tax advisor for details. Here's a list of the top 10 deductions to consider:

1. Mortgage Interest Deduction

The mortgage interest deduction has always been the most-beloved tax benefit of home buyers in the U.S. New homeowners' monthly mortgage payments are made up almost entirely by interest for the first few years. Their ability to deduct that interest can result in a healthy reduction in tax liability. Affordability for first-time home buyers is directly linked to their ability to deduct the interest on their mortgage.

Homeowners who itemize their deductions can deduct the interest paid on a mortgage with a balance of up to $1 million. While there is some movement to limit the total itemized deductions for taxpayers with higher incomes (over $400,000), the current deductions holds for all tax brackets. Americans save around $100 million every year by deducting mortgage interest on their tax returns.

2. Home Improvement Loan Interest Deduction

The interest on home equity loans used for "capital improvements" to a home can also be a tax deduction. On loans with balances of up to $100,000, the interest is tax-deductible for a homeowner who uses the loan to make improvements to the home such as adding square footage, upgrading the components of the home, or repairing damage from a natural disaster. Maintenance items like changing the carpet and painting a home are usually not included as capital improvement projects.

3. Private Mortgage Insurance (PMI) Deduction

Homeowners who make a down payment of less than 20% are usually paying some sort of Private Mortgage Insurance. PMI (sometimes abbreviated MIP or just MI), can be a few dollars to hundreds of dollars per month, and it is a large portion of many homeowners' mortgage payments.

If your mortgage was originated after Jan 1, 2007, and you have PMI, it can be a tax deduction. The deduction is phased out, 10% per $1,000, for taxpayers who have an adjusted gross income between $100,000-$109,000 and those above that level do not qualify. The extension of this tax deduction in 2013 was one of many last-second saves by real estate industry advocates.

Top 10 Deductions for Homeowners (continued)

4. Mortgage Points/Origination Deduction

Homeowners who paid points on their home purchase or refinance can often deduct those points on their tax returns. Points, often called origination fees, are usually percentage-based fees which a lender charges to originate a loan. A one percent fee on a $100,000 loan would be one point, or $1,000.

On a home purchase loan, taxpayers can deduct the entirety of the points that they paid in the same year. On a refinance loan, the points must be deducted as an amortization over the life of the loan. Many taxpayers forget about this amortized benefit over time, so it's important to keep good records on the deduction of points on a refinance.

5. Energy Efficiency Upgrades/Repairs Deduction

Homeowners can deduct the cost of the building materials used for energy efficiency upgrades to their home. This is actually a tax credit, one which is applied as a direct reduction of how much tax you owe, not just a reduction in your taxable income.

10 percent of the total bill for energy-efficient materials can be used as a tax credit, up to a maximum $500 credit. Insulation, doors, new roofs, and many other items qualify for the energy efficiency credit. There are also individual limits for certain items, such as $150 for furnaces, $200 for windows, and $300 for air conditioners and heat pumps.

6. Profit on Sale of Real Estate Deduction

If you've sold a home in the past year, you're likely aware that individuals can claim up to $250,000 of profit from the sale tax-free, and married couples can claim up to $500,000 tax-free. Of course, there are some requirements to escaping the capital gains tax on this profit.

The home must be a primary residence. This means that you must have lived in the home, as your primary residence, for two of the past five years. You could rent it out for years one, three, and five, while living in it for years two and four. In this way, a homeowner could potentially claim this tax break on multiple homes within a fairly short time frame, but each tax-free sale must occur at least two years apart from the previous tax-free transaction.

7. Real Estate Selling Cost Deduction

For those lucky folks whose profits on the sale of their home might exceed the $250k/$500k limits, there are still some ways to reduce the tax burden. The costs of selling the home can be significant, and those in themselves can be claimed as tax deductions.

By adding up all of the fees paid at closing, capital improvements made to the home while you owned it, money spent to make repairs to damaged property, and marketing costs necessary to sell the home, you can add a significant figure to the cost basis of your home. This basically raises the original price you paid for the home. Your cost basis begins with the original price of the home, and then adds in the improvement and selling costs. When the new cost basis price is compared to your selling price, it reduces your potentially-taxable profit on the home significantly

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8. Home Office Deduction

The home office tax deduction is often cited as a deduction that increases your likelihood of being audited. While the raw numbers might add some credibility to that perception, it's really the way a home office is deducted that gets some taxpayers into audit purgatory.

This deduction, when used correctly, is just as safe as any other. Homeowners deduct a percentage of their mortgage, utilities, and repair bills in direct proportion to the amount of their home that is dedicated office space.

There are a few hard and fast rules to live by when deducting the costs of your home office. The home office must be your principal place of business (the primary office location where you get the majority of your work done). It needs to be exclusively used for business (it can't be your kitchen by day and office by night). You need to be realistic with its size and use (unless you enjoy audits).

9. Property Tax Deduction

New homeowners often don't know that their property taxes are deductible. While it may sound strange to have a tax-deductible tax, the overall effect is that you don't pay income tax on money that was spent on property taxes.

Homeowners should be careful to only deduct the amount of property tax actually paid to their local municipality for the year. This is not necessarily the amount you paid to your escrow account, and should not include any other city/county fees that might potentially be on the same bill as your property taxes.

10. Loan Forgiveness Deduction

The Mortgage Debt Forgiveness Relief Act of 2007 was created when short sales were becoming a new and growing part of the real estate market. An underwater homeowner might convince their lender to agree to a short sale of their home at $100,000, even though they owe $150,000 on their mortgage. While the lender forgives the extra $50,000 owed after the short sale, the government views it as $50,000 in taxable income (a gift from the lender to the borrower).

The Debt Forgiveness Act temporarily relieved the taxpayer of that burden, but was set to expire this year. Through much effort, it was extended along with many other homeowner tax relief measures this year and homeowners can continue to claim this tax relief in 2013.