

HOME-VIEWS

Monthly Newsletter for Today's Homeowner

June 2007



If you've been dreaming about owning a second home, Uncle Sam has good news for you

According to the Internal Revenue Service, a **second home** is roughly defined as a home that a person treats as a secondary residence. A second home can be a house, condominium, cooperative, mobile home (RV), house trailer, boat, or similar property that has sleeping, cooking, and toilet facilities. In order for you to take a home mortgage

interest deduction, your debt must be secured by a qualified home. A qualified home can be your main home or your second home, provided that your homes meet the IRS's definitions. The mortgage interest you pay on anything other than your main or second home as defined by the IRS may be deductible if the proceeds of the loan have been used for business, investment, or other deductible purposes. Otherwise, it is considered personal interest and is not deductible.

If you have a second home and rent it out part of the year, you also must use it as your own home during the year for

it to be a qualified home. You must personally use this home for more than 14 days or more than 10% of the number of days during the year that the home is rented, whichever period of time is longer. If you do not use the home long enough, it is considered rental property and not a second home. There are many complicated variations on this concept of tax-deductible second homes, so for more information on residential rental property, refer to IRS Publication 936. You can find a summary of it on the Internet at <http://www.irs.gov/publications/p936/ar02.html>.

New and bright ideas for home lighting

Lighting can improve the mood of a room, create a peaceful feeling, and change the appearance of colors, textures, and finishes. Interior designers place accent lights in different locations to achieve different effects. For example, track lights or can lights may be used to illuminate paintings on walls. Along with accent lighting comes the relatively new concept of scene lighting. A scene light controls different parts of a room by being bright on one end and dim on the other. Scene lighting has been popular for a long time with designers, and the concept is beginning to catch on with homeowners.

New advances in lighting are occurring with light-emitting diodes (LED lights), which don't use heat to produce light and,



unlike fluorescent lights, don't contain any mercury. LEDs are made with a

semiconductor material that produces photons when electricity passes through it. They produce light in a variety of colors, they last a long time, and they can efficiently produce brightly colored, low-wattage light. The future of LEDs is bright as the technology continues to improve.

Halogen lights produce a clean and sharp effect, but they consume 300-600 watts of electricity. One 300-watt halogen bulb used 2 hours/day consumes 219 kilowatts/year at an average cost of \$18/year.

Low-voltage outdoor lights have become very popular because they can be positioned to highlight plants, flowers, and features around your property that you would like to be seen at night.



Did you know?

Denmark has the highest income tax rate, with its top-taxed citizens paying 68% of their hard-earned crowns. The basic tax rate begins at 42%.

Luxembourgers are the world's richest people, with a per capita income of \$66,463.78. As a side note, the United States is the seventh richest in terms of per capita income (\$39,452.74).

Thomas Kinkadee is believed to be the most financially successful living painter, reportedly earning more than \$100 million last year from his art and from licensing his imagery to companies ranging from La-Z-Boy furniture to Lenox China.

Uncle Sam has more good news about inflation



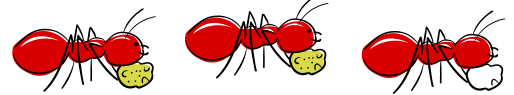
In April, St. Louis Federal Reserve Bank President William Poole said, "Our economy is sound. The gross domestic product gap is small, economic activity is growing at approximately the same rate as potential despite the housing slowdown, and inflation is retreating as energy prices stabilize." The Federal Reserve Bank left interest rates unchanged at 5.25%. Economists forecast that inflation-adjusted growth in gross domestic product will average between 2.5% and 2.75% in 2007, growth should be back above 3% by the end of the year, the labor market will remain tight, and there will be solid wage and salary growth this year. Even though gas prices increased 11% during the month of April and are expected to reach an all-time high by the end of May, all this information indicates a relatively

stable and healthy economy.

Inflation in the United States is measured in several ways. Two of the most common and easy-to-understand measurements are the Consumer Price Index (CPI) and the Producer Price Index (PPI). Each of these indexes considers many kinds of prices. The CPI looks at retail prices for such common items as food, clothing, shelter, fuel, medical costs, and other goods and services that people rely on for daily needs. The PPI looks at wholesale prices for some of the same items, plus several others. When economists evaluate these two indexes, it is common practice to look at both overall inflation and core inflation, which excludes food and energy prices.

Average inflation was 3.24% for 2006, 3.39% for 2005, and 2.68% for 2004.

Tips on how to keep ants out of your home



Carpenter ants are the most common invaders of homes. Named after an honorable trade, these ants are very hard workers that can become a nuisance. Summertime heat and rains bring them out of their nests in search of food. Once they find it in your home, you can be sure they will return with their hordes of hungry friends. Here are some tips on how to keep ants out of your home:

- Seal cracks and openings around the foundation, especially where pipes and wires enter from the outside.
- Trim tree limbs and any other plants that touch the roof or siding because these are bridges that ants use to gain access to the home.
- Repair roof leaks, plumbing leaks, and other moisture intrusion problems.
- Eliminate all wood-to-ground contact. Stack firewood away from the house, elevated off the ground.

- Store foods like sugar and flour in ant-proof containers.
- Clean up spilled food and beverages. Pick up and store your pet's food before going to sleep.
- Rinse out containers before you place them in trash cans and recycling bins, and place trash containers away from your house.

In order to control ants, it is necessary to find and treat their nests. Because this can be difficult work, you may wish to hire a licensed professional pest control company. Some companies attempt to locate the nests and treat only specific areas. Other companies treat as many potential nesting sites as possible. Most companies will apply a perimeter spray treatment around the foundation. Rain will usually wash away any chemical treatment, so it's a good idea to maintain exterior prevention measures on a regular basis.

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Discovery Toy Party At Valley Farm Estates

Saturday, June 9th
From 1:00 to 4:00

We're never too busy for your referrals!