



**Donna Bosze/Realtor®**

**757-338-5334**

**donnabosze@cox.net**

**HomesByDonnaB.com**



If you want happiness for an hour – take a nap.  
 If you want happiness for a day – go fishing.  
 If you want happiness for a year – inherit a fortune.  
 If you want happiness for a lifetime – help someone else.

Chinese Proverb

## Inside This Issue

- Spring-Cleaning That Clears Your Bases
- Trivia Question
- Double Chocolate Pudding
- 9 Documents That Help You Reap Real Estate Tax Breaks
- My Listings

**February 2012**



## 9 Documents That Help You Reap Real Estate Tax Breaks

Technically speaking, April 15th is tax day. But for Americans who expect a refund - including many homeowners who want to cash in on real estate-related tax perks - filing sooner holds the promise of getting that check in hand, stat.



If you count yourself in that number, here's a handy guide for 9 pieces of paper you should be sure to round up as you prepare to file, in order to reap every penny of the tax rewards you've earned by virtue of owning a home.

**Mortgage Interest Statement - IRS Form 1098.** The meatiest real estate tax deduction on the books is the one that allows you to deduct 100 percent of the mortgage interest you paid in a year - including prepaid interest or points you might have paid at close of escrow, if you bought a home last year. By now, you should have received in the mail a Form 1098 from your mortgage lender that reports how much that interest totaled up to in 2011. If you itemize your taxes and claim a mortgage interest deduction, you must include this form with your tax form when you file.

(If you haven't received yours yet, most lenders that have online account management services also post the form digitally in your secure account on the web. Just login like you would to make your monthly payment, and look for a notice that says you can now download your 2011 Form 1098.)

**Property Tax Statements.** In addition to deducting your mortgage interest, if you own a home you are eligible to deduct the property taxes you pay to your local city, county and/or state. You are not allowed to deduct some of the other miscellaneous expenses that some localities bundle up with the taxes they collect, like waste management and local assessments for things like street lighting, libraries and sidewalk construction. To get this deduction right, the best practice is to have your property tax statements at hand and make sure you're only deducting what's allowed.

If you bought your home this year, it's highly possible that you might not even have received a property tax statement yet - if that's the case, look to #3, below.

**Uniform Settlement Statement (HUD-1).** If you bought or sold a home last year, right after closing you should have received a form called the HUD-1 Settlement Statement (hint: it's usually on legal-sized paper and contains an accounting of credits and debits for you and your home's buyer or seller). That form documents a number of line items which might help you out at tax time, including prepaid interest, the prorated property taxes you paid at closing, and closing costs like original fees and discount points. Some states offer tax credits for buying a foreclosure; check with your tax pro to find out if any such credits apply to you. If so, this statement might be your ticket to lower taxes.

And here's another handy hint - if you can't find your copy, you may have received it on a disk - and you can always email your real estate or escrow agent for a copy, as well.

**Moving Expense Receipts.** Moving expenses are tax deductible, if your move is closely related, both in time and in place, to the start of work at a new or changed job location and you meet the IRS' time and distance tests. Long story short, your new home must be at least 50 miles farther from your new workplace than your old home was from your prior place of work, and you must work essentially full-time. So, if you bought or sold a home and moved in 2011, you'll need to include receipts from expenses you incurred making the move (meals not included) in your tax prep paperwork.

**Cancellation of Debt Statement - IRS Form 1099.** Homeowners who lost a home to foreclosure, or divested of one by negotiating a short sale or deed in lieu of foreclosure with their lender might receive some version of Form 1099 from their lenders, charging them with income in the amount of the mortgage debt that has been cancelled. You see, if you borrow money from someone, then they cancel the debt, that money you originally borrowed becomes income in the eyes of the IRS - and income is, as you know, taxable.

**Utility statements for home office.** For the average everyday homeowner who works at their employer's place of business, utilities are not deductible (sorry!). But if there is a part of your home that is "regularly and exclusively" used for business, you might be able to claim that portion of your home as a home office, and deduct some portion of your home utilities and costs of painting and repairs, as a result. Talk with your tax provider about what expenses are allowable to be claimed under your home office deduction, and whether or not you should take it.

**Income and Expense statements from rental properties.** Some of you have elevated the art of home ownership to a business! If you are a landlord, your tax situation is more complicated than that of the average bear; you'll need to have complete income and expense statements when you put your tax returns together. It might actually behoove you to consult with a tax professional to make sure you are appropriately depreciating the property over time and not taking deductions that will expose you to the risk of audits, as well as to begin cultivating a long-term tax strategy for your real estate portfolio.

**Contractor receipts from energy efficient home improvements.** Under the Nonbusiness Energy Tax Credit, homeowners who have made improvements to their homes that fall within a list of energy efficient upgrades might be eligible to claim tax credits. If, during 2011, you installed energy efficient improvements such as insulation, new dual-paned windows and furnaces, you might be eligible for a tax credit of 10 percent of the cost of these upgrades, up to \$500 - only \$200 of which may be used to offset the cost of windows.

**Mortgage Credit Certificate (MCC).** If you own a home you bought in the last few years using a Mortgage Credit Certificate issued by a local housing authority, that Certificate may entitle you to a pretty hefty tax credit, based on a percentage of the mortgage interest you paid - on top of your mortgage interest deduction. MCCs apply as long as you live in the home and have a mortgage on it, but they only apply to defray taxes you actually owe - you can't use them to get a refund. In any event, your mortgage credit certificate, if you have one, is a must-have document as you start putting your tax prep plan in play.

No matter what your tax situation is, if you own a home, it absolutely cannot hurt to get some professional help and advice to make sure you maximize your deductions, while minimizing your exposure to audit. And you should always consult with a tax attorney or certified public accountant regarding your tax liabilities and implications when you buy, sell, short sell or lose a home to foreclosure

*If you are moving from here...to anywhere...I can help!*



Donna Bosze - Chesapeake, Virginia Beach, Norfolk *"If you are moving from here...to anywhere...I can help!"*

www.HomesByDonnaB.com

## DONNA'S LISTINGS



### SPRING-CLEANING THAT CLEARS YOUR BASES



Page 2



1142 Woods Pky.

\$219,900



755 Old Lucas Creek Road

\$189,900



2234 Vista Circle

\$325,000

Spring-cleaning isn't what it used to be. In today's busy households, it can be difficult for one parent, let alone two, to find time to dedicate to a big annual floor-to-ceiling deep cleaning. One solution is to prioritize your tasks, taking a more realistic approach to home cleaning and organizing. First, approach your cleaning by room, rather than chore. Then, by separating spring must-do's from warmer-weather good-to-get-done's, you can get essential tasks out of the way, and apportion other work for later in the spring or early summer. Here are some common-sense strategies to help refresh your home without putting your life on hold this season.

#### KITCHEN

Spring-cleaning must-do:

- Deep-clean fridge and freezer
- Sort and file items in junk drawer (look for income tax receipts!)
- Self-clean oven interior if needed
- Clean window interiors and exteriors

Can do later:

- Almost any and all cleaning can be divided up and conquered year-round, including detailing tile, deep-cleaning and conditioning wood, washing walls, cleaning light fixtures

#### BATHROOMS

Spring-cleaning must-do:

- Cleaning window interiors and exteriors

Can do later:

Almost any and all cleaning can be divided up and conquered year-round, including detailing tile and grout, washing walls, cleaning light fixtures

#### LIVING AREAS

Spring-cleaning must-do:

- Replace winter drapery with summer curtains (send the former to the dry cleaners)
- Clean light fixtures
- Store any knickknacks that were on display over winter, replace with spring/summer accessories or fresh flowers

Can do later:

Almost any and all cleaning can be divided up and conquered year-round, including washing walls, cleaning molding and baseboards, cleaning and polishing wood, cleaning and protecting leather furniture. (If you can postpone larger cleaning tasks to summer, it may render the overall project less daunting.)

#### CLOSETS

Spring-cleaning must-do:

- Sort, clean and pack away winter clothing and sports gear and footwear, donating items no longer needed and disposing of any damaged items

Can do later:

Install a customized closet organization system if desired

#### GARAGE

Spring-cleaning must-do:

- Put snow removal gear in storage
- Store winter tires, if applicable
- Shop-vac and (if needed) degrease floor

Can do later:

- Dust ceiling rafters

Clean warm-weather sports equipment and then move into accessible garage location

### Double Chocolate Pudding

#### Ingredients

- 2/3 cup sugar
- 1/3 cup unsweetened Dutch-process cocoa (spooned and leveled)
- 1/4 cup cornstarch
- 1/4 teaspoon salt
- 2 1/2 cups whole milk
- 4 large egg yolks
- 2 tablespoons unsalted butter
- 1 teaspoon pure vanilla extract
- 4 ounces bittersweet chocolate, chopped, plus shavings



#### Directions

1. Place a fine-mesh sieve over a medium bowl; set aside. In a medium saucepan, whisk together sugar, cocoa, cornstarch, and salt. Gradually whisk in milk, taking care to dissolve cornstarch. Whisk in egg yolks.

2. Whisking constantly, heat over medium until the first large bubble sputters, about 8 minutes. Reduce heat to low; cook, whisking, 1 minute. Remove from heat; immediately pour through sieve into bowl. Add butter, vanilla, and chocolate; stir until smooth.

Place plastic wrap on surface of pudding (to prevent a skin from forming); chill at least 3 hours (or up to 3 days). To serve, whisk until smooth; divide among serving cups, and garnish with shavings.

What American city dyes a river in their city green?

- San Francisco
- Boston
- Chicago
- Detroit

1st one to Email me @ [donnabosze@cox.net](mailto:donnabosze@cox.net) the right answer will win a WAWA Gift Card