

# Business Journal News

## IMPORTANT EVENTS

### 1990 U.S. / WORLD EVENTS

- ◆ Iraqi troops invaded Kuwait, starting the Persian Gulf War.
- ◆ Nelson Mandela is freed from a South African jail after 27 years.
- ◆ Panama's Manuel Noriega surrendered to US troops and was brought to the U.S to stand trial for drug trafficking, racketeering and money laundering.
- ◆ Americans with Disabilities Act is signed into law.
- ◆ Dr. Jack Kevorkian assists in the suicide of 54 year old Janet Adkins.
- ◆ Mayor of Washington, D.C. Marion Barry, Jr. was arrested by the FBI and later convicted of misdemeanor drug possession.

### THE YEAR IN SPORTS

- ◆ San Francisco smashed Denver 55-10 in Super Bowl XXIV.
- ◆ Detroit Pistons out shot Portland's Trail Blazers 4-1.
- ◆ Cincinnati Reds' Lou Pinella swept Tony La Russa and the Athletics in Baseball's World Series.

### 1990 ENTERTAINMENT

- ◆ *Dances with Wolves* won the best picture award, Jeremy Irons from *Reversal of Fortune* won Best Actor, and for her role in *Misery*, Kathy Bates won Best Actress. We went to the theater and watched *The GoodFellas* and cried over the movie *Ghost*.
- ◆ *Seinfeld* debuted on NBC while *The Simpsons* became an instant hit in its first year on Fox.
- ◆ After 30 years, Johnny Carson (The King of Late Night) retired from *The Tonight Show*.



## Solomon Financial Mortgage & Realty Celebrates its 19th Anniversary This Year!

In a proud statement issued from their company headquarters, Solomon Financial Mortgage & Realty announced that 2007 is the 17th Anniversary of the founding of their business. The company was started back in 1990, the same year that Ty Dermer from BYU won the Heisman Trophy.

We were listening to Bette Midler sing *From A Distance*. Some other great runs from 1990 were *Another Day in Paradise*, *Pretty Woman*, *I'll Be Good To You* and *When I Call Your Name*.

McDonald's, the largest fast food chain in the U.S. with 8,500 restaurants announced it would abandon the "clamshell" hamburger box in favor of one constructed of recyclable paper. And this very same year, Ronald and the golden arches made their way to the USSR.

Yes, when you think about it things have changed a lot in 15 years. But after all this time there are some things which have remained the same.

One good thing is that Solomon Financial Mortgage & Realty is still around and thriving after 15 years of

hard work and lots of dedication by everyone involved ... and most importantly, caring about customers who helped us reach this milestone .It is important to us to make sure you get the best information out there — with your best interests being #1. When you talk to doctors & CPA's you listen.... our

consultants listen to you and give you information and help you make a smart, informed decision when it comes to your home — one of the biggest investments you'll make in your life. Visit our site for a wealth of information and education for buyers, sellers, investors & homeowners. We will match/beat any rate!



## Then & Now

### A Look at Business in the Last 19 Years

The Dow Jones Industrial Average fluctuated between 2365 and 2999. This was back when minimum wage was a whopping \$3.80.

Back in 1990, Microsoft became a the first company to exceed \$1 billion in sales. The first commercial Internet dial-up access provider came online, while the search-and-retrieval tool Gopher was developed to locate information on the net.

There was NO E-MAIL, but we all thought business communication was virtually

*"Thank you to our Clients, Friends, Family, Employers and Members of the Community for their support."*  
Fred & Lisa Solomon

instantaneous with the good old touch

tone phone and fax machine.

Since, 1990, Fred Solomon remembers rates being at 10.5%. There wasn't a program like no points, no fees AND no closing costs around back then. Today, we educate homeowners in the millions.



What you saw in 1990

### Solomon Financial Discusses The Importance Of a Business Anniversary

A Business Anniversary is more than simply a celebration. Years of continuing service point to a company that has gained valuable experience — a company that excels in customer satisfaction.

When people look for companies to do business with, they look for strength, stability and plenty of good old-fashioned on-the-job experience.

This is really what our 19th Anniversary celebration is all about. We want to tell the world that Solomon Financial is a company they can count on.

We're not "here today, gone tomorrow." Our 19 year history of serving California Homeowners with informative and money-saving options is something we're proud of.



Be sure to consult a tax professional for complete information.

## POINTS

**TAX FACTS:** For home buyers, deductible expenses include settlement charges for points. Deductible points are up-front charges for the use of the money (not services). One point equals 1% of the loan amount. Points paid by either the buyer or seller are deductible by the buyer in the year of the purchase.

**HELPFUL HINT:** If you are buying a home and need financial assistance from the seller, consider having them pay for as many points as possible, thereby increasing your tax deduction.

## DEPRECIATION

**TAX FACTS:** Taxation of depreciation claimed on real property works as follows: For a principal residence on which depreciation was taken up to May 7, 1997, the gain is not taxable as long as it doesn't go over the \$500,000 or \$250,000 threshold. For a principal residence on which depreciation was taken after May 7, 1997, the amount of gain equal to the depreciation taken is taxed at a maximum 25% rate, because that portion of the gain is not eligible for gain exclusion. For a rental property or second home on which depreciation was taken either up to or after May 7, 1997, the gain equal to the depreciation taken is taxed at a maximum 25% rate. Regardless of whether the property was a principal residence, rental property or second home, the depreciation taken increases the amount of gain upon sale.

**HELPFUL HINT:** If you've been claiming depreciation for a home office, you may want to stop. Unlike the old rules that let you avoid taxes by converting to personal use prior to sale, all depreciation after May 6, 1997 is subject to tax when the property is sold. Additionally, if, at the time of sale the home office had not been part of the principal residence for at least two out of the previous five years, the home office percentage of the gain will be considered fully taxable regardless of the \$250,000 or \$500,000 exclusion.

## EQUITY LOANS

**TAX FACTS:** Interest is fully deductible on home equity loans up to \$100,000—in contrast to other types of loans—regardless of how the proceeds are used. A home equity loan, including a second mortgage or equity credit line, is a loan secured by a primary or second home. The loan, when added to other debt secured by the residence, can't exceed the fair market value

of the property. (Some state laws restrict home equity loans. Give us a call to learn more.)

**HELPFUL HINT:** If you or your family use your home office for non-business purposes, it cannot be claimed on your tax return. Not claiming a home office for the two years prior to sale may save taxes if the home is being sold for a gain. For more information, see your tax advisor.

## LOCAL TAXES

**TAX FACTS:** Real estate property taxes and state and local income and personal property taxes are fully deductible.

**HELPFUL HINT:** If you sold or bought property during the year, you may have paid or been refunded real estate taxes without being aware of it. See closing statement for any pro-rations.



With Fred Solomon and Lisa Solomon  
Real Estate and Mortgage Talk Radio  
Saturdays Noon on Angels AM 830

## INTEREST

**TAX FACTS:** Interest payments on a residential mortgage—assuming the mortgage isn't larger than the purchase price of the home—are fully deductible in most circumstances. That's a key reason why homeownership is a superb tax shelter. Mortgage interest on a second home is also deductible, as explained in the "VACATION HOMES" section. If you own a third home for personal purposes, the mortgage interest is treated as "consumer loan" interest and is not deductible. Interest on home equity loans (see "EQUITY LOANS" section) is deductible, with some limitations.

**HELPFUL HINT:** If you are planning to buy a home with a large amount of cash, consider carefully if you plan to ultimately finance the property. For interest to be deductible on a financing more than 90 days after closing, it will be limited to the acquisition loan balance plus \$100,000, unless the new financing is used to improve your home.

## MOVING

**TAX FACTS:** If you moved to a new home because of a new job or a job transfer, you may qualify for a moving expense deduction. The distance between the old home and the new job must be at least 50 miles more than the distance between the old home and the old job. The location of the new home is not considered. Whether a homeowner or renter, you can deduct the cost of moving household goods and the direct cost of moving you and your family. You can also deduct expenses for lodging during the move but not meals.

**HELPFUL HINT:** While realty commissions, lawyers' fees and other closing costs are no longer deductible as moving expenses, these costs can reduce capital gains by adding to the cost basis or reducing the adjusted sales price. See IRS Publication 530, "Tax Information for First-Time Homeowners."

## Specializing in:

- ◆ Low 30 year fixed mortgage loans.
- ◆ Loan Modifications
- ◆ Buy / Sell Your Property with 20% of our commission rebated to you upon close.
- ◆ Investment tools, workshops, educational classes, webinars.
- ◆ Realtor referral network

The Price of a loaf of bread  
70 cents 1990  
\$2.55 2007



The Price of gas  
per gallon  
\$1.34 1990  
\$2.24 2005  
\$2.44 2007



Average cost of  
an automobile  
\$16,012 1990  
\$27,800 2007  
\$13,900 USED



Average cost of a  
U.S. house  
\$123,000 1990  
\$309,000 2007  
US CENSUS  
BUREAU



In 1990: Avg Rate for 30  
year Loan 10.5%

Today 4.625% for .75  
points > 30 year