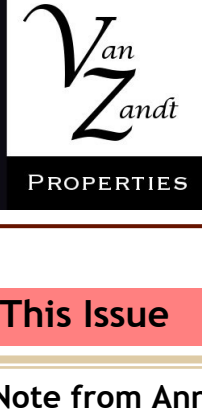


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# February 2017

## A Note from Ann:

Happy February! Wow, can you believe this is the middle of Winter - supposedly our coldest month of the year?! Crazy weather here to go along with the crazy world we live in! I hope you're enjoying it (the weather that is) - as August may be unbearable if this keeps up!

I'd like to discuss Closing Costs a bit with you. I often hear statements like "shouldn't the sellers pay the closing costs?". Confusion abounds, so in this short space I'll try and give you a snippet. You can check out more in the upcoming video covering this topic. Closing costs are the costs charged by the title company, the cost of the title policy, the lender fees, the escrow impounds, agent fees, taxes, etc. It's everything rolled into one document. There are "seller side closing costs" and "Buyer side closing costs". Customarily, the seller pays the agents fees, the title policy for the buyer (varies on the sale price of the home, but starts around the \$1,000 range), they pay their portion of the years taxes, home warranty for the buyer, and they split most of the title company fees with the buyer. A ballpark average for sellers fees is 9% of the sale price.

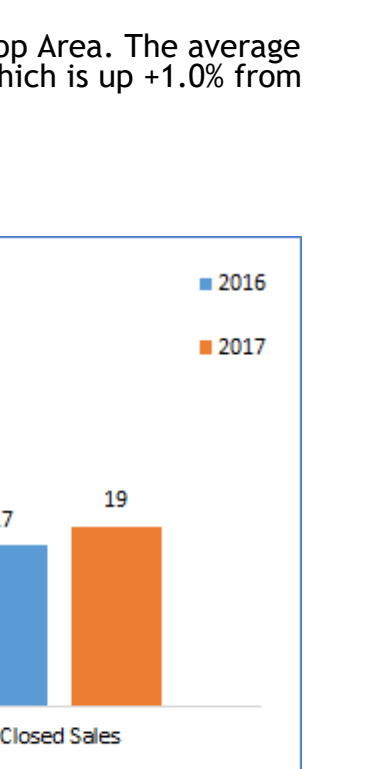
On the other hand, Buyers closing costs are mainly the fees for their loan. The costs of getting the loan done including any down payment, setting up of the escrow account with several months' worth of taxes and insurance (and normally a full year of insurance paid up front), and the of splitting of the title fees with the seller. The buyers side closing costs normally consist of approximately 3% of the sale price.

This is a general idea of how the closing costs are normally split. There are many factors that affect these figures and some of them are negotiated between the buyer and the seller. There is a possibility the seller can help the buyer with their closing costs, but that is a negotiation point in the contract and should be discussed with your agent. Hope this cleared up some of the confusion.

Lastly, for those of you that don't know, I am honored to have been awarded **Realtor of the Year 2016** from the Bastrop County Board of Realtors! I will continue to work and study hard to be a better agent for you!

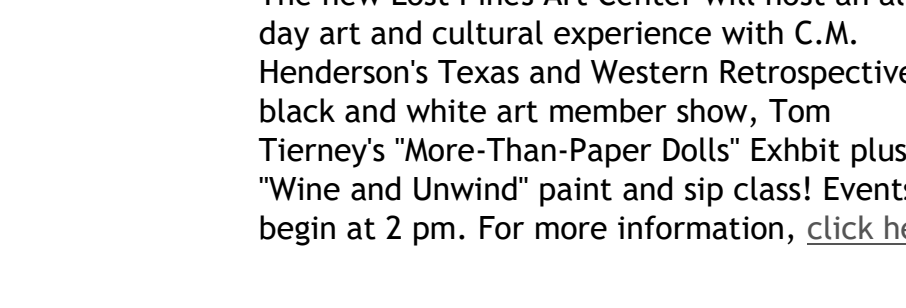
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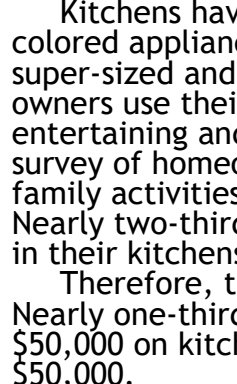


## Bastrop Area Monthly Statistics

Below are the current statistics for the Bastrop Area. The average home sale price for January was \$186,884, which is up +1.0% from the previous year.



## Around Town



### Upcoming Events

#### February 18th - Summit Smithville Green Expo

Come to downtown Smithville to learn about environmental issues and ways to conserve and recycle. This year's summit will focus on sustainable buildings and sustainable lifestyles. There will be vendors, demonstrations and speakers, plus a kids' area. For more information, [click here](#).

#### February 18th - Art Get Away

The new Lost Pines Art Center will host an all-day art and cultural experience with C.M. Henderson's Texas and Western Retrospective, a black and white art member show, Tom Tierney's "More-Than-Paper Dolls" Exhibit plus a "Wine and Unwind" paint and sip class! Events begin at 2 pm. For more information, [click here](#).

## Save Me, Super Kitchen

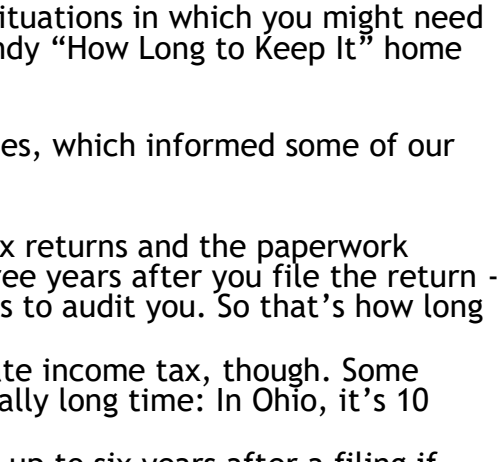
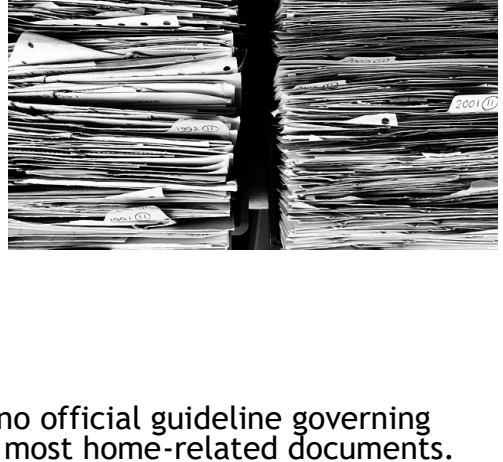
Kitchens have come a long way from linoleum floors and olive-colored appliances that our grandparents had. Today's kitchens are super-sized and designed for multiple purposes. Sixty-nine percent of owners use their kitchen space for dining, while 49 percent use it for entertaining and 43 percent for socializing, according to a recent survey of homeowners by Houzz. The kitchen has become the hub for family activities, such as doing homework, watching TV and reading. Nearly two-thirds of homeowners spend more than three hours a day in their kitchens.

Therefore, today's homeowners are not skimping on renovations. Nearly one-third of homeowners surveyed spent between \$25,000 and \$50,000 on kitchen renovations and another third spent more than \$50,000.

Features that are typically part of living and dining rooms, such as dining tables, chandeliers, TVs and workspaces, are being added to kitchens. Wine refrigerators and built-in coffee stations are popular for entertaining, while custom cabinetry and hardwood floors integrate more seamlessly with the home's overall design.

As the modern kitchen has continued to evolve, several design trends have emerged:

- ⇒ Black and bronze finishes on stainless steel appliances contribute a sleek, modern look.
- ⇒ Deep kitchen drawers help organize dishes and pans.
- ⇒ Niche appliances, from steam ovens, warming drawers and induction cooktops, add luxury and practicality.
- ⇒ Kitchen islands with more workspace and storage, prep sinks and seating are the workhorse of the home.
- ⇒ Unexpected combinations of backsplash and countertop finishes can spice up kitchen décor - for example, a brick backsplash with concrete countertops or yellow ceramic tile with butcher block.

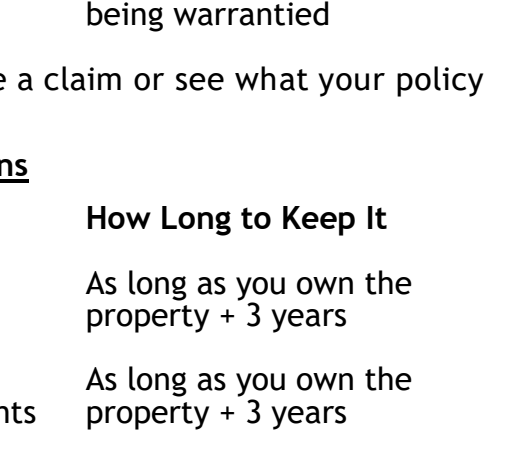


The modern "super kitchen" not only improves flow, storage and aesthetics, it also supports family life with style and substance.

## Tax and Home Records Checklist: What to Keep and For How Long

By: Dona DeZube

Want to purge your records -- and rest assured you have all the documents you need when you need them? Read on.



Unless you're living in the 123-room Spelling Manor, you probably don't have space to store massive amounts of tax and insurance paperwork, warranties, and repair receipts related to your home. But you'll definitely want your paperwork at hand if you have to prove you deserved a tax deduction, file an insurance claim, or figure out if your busted oven is still under warranty.

Except for tax paperwork, there's no official guideline governing exactly how long you have to keep most home-related documents. Lucky for you, we considered the situations in which you might need documents and came up with a handy "How Long to Keep It" home records checklist.

First, a little background on IRS rules, which informed some of our charts:

- The IRS says you should keep tax returns and the paperwork supporting them for at least three years after you file the return - the amount of time the IRS has to audit you. So that's how long we advise in our charts.
- Check with your state about state income tax, though. Some make you keep tax records a really long time: In Ohio, it's 10 years.
- The IRS can also ask for records up to six years after a filing if they suspect someone failed to report 25% or more of his gross income. And the agency never closes the door on an audit if it suspects fraud. Just sayin'.

### Home Sale Records

Document	How Long to Keep It
Home sale closing documents, including HUD-1 settlement sheet	As long as you own the property + 3 years
Deed to the house	As long as you own the Property
Builder's warranty or service contract for new home	Until the warranty period ends
Community/condo association covenants, codes, restrictions (CC&Rs)	As long as you own the property
Receipts for capital improvements	As long as you own the property + 3 years
Section 1031 (like-kind exchange) sale records for both your old and new properties, including HUD-1 settlement sheet	As long as you own the property + 3 years
Mortgage payoff statements (certificate of satisfaction or lien release)	Forever, just in case a lender says, "Hey, you still owe us money."

**Why you need these docs:** You use home sale closing documents, receipts for capital improvements, and like-kind exchange records to calculate and document your profit (gain) when you sell your home. Your deed and mortgage payoff statements prove you own your home and have paid off your mortgage, respectively. Your builder's warranty or contract is important if you file a claim. And sooner or later you'll need to check the CC&R rules in your condo or community association.

### Annual Tax Deductions

Document	How Long to Keep It
Property tax payment (tax bill + canceled check or bank statement showing the check was cashed)	3 years after the due date of the return showing the deduction
Year-end mortgage statements	3 years after the due date of the return showing the deduction
PMI payment (monthly bills + canceled check or bank statements showing the check was cashed)	3 years after the due date of the return showing the deduction
Residential energy tax credit* receipts	3 years after the due date of the return on which the credit is claimed-including carryforwards**

**Why you need these docs:** To document you're eligible for a deduction or tax credit.

\*Energy tax credits (\$500 lifetime cap) for such things as energy-efficient windows, doors, heating and cooling systems, insulation, and more.

\*\*Tax credits that you carry forward from one year to a future year, such as when you don't have enough tax liability to offset the entire amount of the credit. (You can't deduct more than you earn.) Only certain tax credits can be carried forward. Check with your tax pro about your particular circumstances.

### Insurance and Warranties

Document	How Long to Keep It
Home repair receipts	Until warranty expires
Inventory of household possessions	Forever (Remember to make updates)
Homeowners insurance policies	Until you receive the next year's policy
Service contracts and warranties	As long as you have the item being warrantied

**Why you need these docs:** To file a claim or see what your policy or warranty covers.

### Investment Real Estate Deductions

Document	How Long to Keep It
Appraisal or valuation used to calculate depreciation	As long as you own the property + 3 years
Receipts for capital expenses, such as an addition or improvements	As long as you own the property + 3 years
Receipts for repairs or other expenses	3 years after the due date of the return showing the deduction
Landlord's insurance payment receipt (canceled check or bank statement showing check was cashed)	3 years after the due date showing the deduction
Landlord's insurance policy	Until you receive the next year's policy
Partnership or LLC agreements for real estate investments	As long as the partnership or LLC exists
Landlord or bank receipts (canceled check or bank statement showing check was cashed)	3 years after you deduct the expense

**Why you need these docs:** For the most part, to prove your eligibility to deduct the expense. You'll also need receipts for capital expenditures to calculate your gain or loss when you sell the property. Landlord's insurance and partnership agreements are important references.

### Miscellaneous Records

Document	How Long to Keep It
Wills and property trusts	Until updated
Date-of-death home value record for inherited home, and any rules for heirs' use of home	As long as you or spouse owns the home + 3 years
Original owners' purchase documents (sales contract, deed) for home given to you as a gift	As long as you or spouse owns the home + 3 years
Divorce decree with home sale clause	As long as you or spouse owns the home + 3 years
Employment records for live-in help (W-2, W-4s, pay and benefits statements)	4 years after you make (or owe) payroll tax statements

**Why you need these docs:** Most are needed to calculate capital gains when you sell. Employment records help prove deductions.

### Organizing Your Home Records

Because paper, such as receipts, fades with time and takes up space, consider scanning and storing your documents on a flash drive, an external hard drive, or a cloud-based remote server. Even better, save your documents to at least two of these places.

Digital copies are OK with the IRS as long as they're identical to the originals and contain all the accurate information that was in the original receipts. You must be able to produce a hard copy if the IRS asks for one.

**Tip:** Tax season and year's end are good times to purge files and toss what you no longer need; that's often when the spirit of organization moves us.

When you do finally toss out your home-related paperwork, use a shredder. Throwing away intact documents with personal financial information puts you at risk for identity theft.

*This article provides general information about tax laws and consequences, but isn't intended to be relied upon as tax or legal advice applicable to particular transactions or circumstances. Consult a tax professional for such advice.*

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