



# George Mas' Homeowner's Monthly



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## Need A Little or A Lot More Space?

Whether you need more space for additional or growing children, more space for your stuff, or if you are ready to add on that deck and gazebo for summer entertaining, spring is the time that many people make significant decisions regarding their home. Home improvement contractors and stores are already ramping up their marketing campaigns to get you thinking about and committing to summer construction projects. If you are planning on a do-it-yourself project, or are planning to hire a professional, the financial aspects of the project need to be securely hammered down before you pick up a hammer.

From a financial perspective, you should be considering whether you will over-improve your house for your neighborhood. If your house becomes the most expensive house in the neighborhood, you will likely not get the same return on your investment, because the lower values of your neighbors' homes will hold the value of your home down. However, if you are not planning on moving in the next few years, the payback should not be as important of an issue. Real estate appreciation and improvements that your neighbors may make could vastly improve your return on investment. Additionally, no financial advisor can place a monetary value on your enjoyment of your home. A game room in the basement for your teenage kids to hang out with their friends where you can watch them, or an additional bedroom so that the in-laws have someplace to sleep other than the sofa bed in the living room may emotionally be worth any financial cost.

Before you begin gathering bids from home improvement contractors or begin tearing out walls, please give me a call. We can sit down and have an honest discussion about how to structure your finances so that they meet your need for more space, and meet your financial and emotional goals.



According to the Office of Federal Housing Enterprise Oversight, the average home in the US increased 12.95% in value in 2005. Every state saw some level of appreciation with the states below leading the rankings.

Arizona	34.90%	Virginia	19.66%
Florida	26.83%	Oregon	19.50%
Hawaii	23.85%	Idaho	18.64%
DC	21.98%	Washington	18.42%
Maryland	21.48%	Nevada	18.02%
California	21.07%	New Jersey	15.58%



## Consumer Watchdog More New Tax Scams

The IRS has released its yearly "Dirty Dozen" tax scams. One of the new scams to make the 2006 list is the "Zero Wages" scam. This scam encourages people to file their taxes with either a Substitute Form W-2 (form 4852) or a "corrected" Form 1099. Using either form, the filer claims zero wages. Often included is a letter stating that the filer is disputing any information received by the IRS from any source. Scams like these trap many taxpayers every year. Regardless of your status as a victim of a tax scam, you would still be subject to payment of your taxes, and likely significant penalties!



**Do you know any friends or family in Florida who ...**

- Are purchasing a home or investment property and would like trustworthy help with their real estate financing?
- Are getting married, relocating, or having a new baby and may be interested in buying a first home or a new larger home?
- Would like honest help in exploring the numerous refinancing options available for their home?



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## **Use Your 401(k) to Payoff Your Credit Cards?**

With new higher minimum payments and fees that continue to skyrocket, many people are exploring ways to pay off their credit cards. A loan from your 401(k) may seem like a great idea. After all, you are borrowing your own money and then paying yourself back.



However, in most situations, the disadvantages and risks of borrowing from your 401(k) far outweigh the benefits. The biggest disadvantage many not be felt until you retire. Your 401(k) grows tax-free. When you pull money out, you lose the advantage of compounding your savings. You are likely to have less money when you retire. The risks are also huge. If you lose your job for any reason, the loan may become payable immediately. If you cannot repay it, the outstanding balance becomes a taxable distribution. If you are under 55, you also get hit with a 10% early withdrawal penalty! If you are considering ways to reduce your credit card debt, there are many ways to tap the equity in your home. Please give me a call. I will be happy to explain the options that you have that will not have the disadvantages and risks associated with borrowing from your 401(k).

