

"Navigating" continued.

When selling, price it right

Pricing your home realistically is the most important thing you can do when selling into a buyer's market. Forget about making a killing, or what your neighbor sold for back in 2005. Shop the competition in your neighborhood, and fix up your home so it is in move-in condition. You may even want to offer an incentive, such as paying the buyer's closing costs.

Upside down mortgage? A short sale could set things right.

If you bought at the top of the bubble—or if you've been tapping your home equity throughout the boom years—you may owe more on the loan than your home is currently worth. If you need to sell, a short sale may be an option.

"A short sale occurs when a home is sold for less than the amount due on the mortgage, and the lender accepts the sales price as payment in full," explains Brad Johnson. "It is less damaging to your credit status than a foreclosure, and you can walk away without incurring a substantial debt or having liens attached to other property you own. Plus, the lender pays virtually all sales costs including commissions, escrow and title fees."

In years past, the amount of debt forgiven in a short sale was taxed as ordinary income. Fortunately, the Mortgage Forgiveness Debt Relief Act of 2007 gives homeowners an exemption of up to \$1 million per person and \$2 million per couple for qualified indebtedness on their principal residence. Simply put, most people can do a short sale on their primary residence with no negative tax consequences.

To sell short, you must first convince the lender that you cannot meet the terms of the loan. That means you will probably have to become delinquent in your mortgage payments, which will have long-term credit consequences. Consult your financial advisor to determine if a short sale is right for you.

ClientMilestones

GOING GREEN!
Tanner Mainstain Blatt & Glynn supports being environmentally aware.
This newsletter is printed on recycled paper with soy-based ink.

Congratulations to:

David E. Kelley Productions on their seven Emmy nominations for *Boston Legal*:

- Outstanding Drama Series
- Outstanding Directing for a Drama Series, *The Mighty Rogues*
- Outstanding Lead Actor in a Drama Series
- Outstanding Single-Camera Picture Editing for a Drama Series, *The Mighty Rogues*
- Outstanding Sound Mixing for a Comedy or Drama Series
- Outstanding Supporting Actor in a Drama Series
- Outstanding Supporting Actress in a Drama Series

Dakota Pictures and Troy Miller on their four Emmy nominations for *The Flight of the Conchords*, produced in association with HBO:

- Two nominations for Outstanding Original Music and Lyrics, *The Most Beautiful Girl (In the Room)* and *Inner City Pressure*
- Outstanding Writing for a Comedy Series, for *Yoko*
- Outstanding Directing for a Comedy Series, for *Sally Returns*

We also applaud **Joe Flanigan**, star of *Stargate Atlantis*, which won the 2008 People's Choice Award for Favorite Sci-Fi Show.

We publish **FINANCIAL FOCUS** to provide accurate and helpful information to our clients. Please contact our office if you would like more detailed information or specific advice about subjects covered in this issue.

THANKS FOR THE REFERRALS

We are often asked if we have the time to service additional clients. We are a growing firm, and we do appreciate your referrals. If you are pleased with our services, please mention us to your friends and business contacts.

**TANNER MAINSTAIN
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YOUR FINANCIAL INDEPENDENCE

Navigating a *topsy-turvy* real estate market

Bursting bubbles, mortgage meltdowns and plenty of homes for sale. We've come a long way from the multiple-offer, double-digit-appreciation market of just a few years ago.

Or have we?

As always in real estate, everything depends on location, location, location.

"Prices are still going up in certain parts of the country, such as North Carolina or Brentwood, California," notes Peter Mainstain. "In other areas, prices are stable. Then there are the disaster areas, like Las Vegas, Phoenix and Miami."

Making a move in today's market can be confounding. If you are thinking of buying or selling—or if you are upside down on your mortgage—here's a quick overview of your options.

A good time to buy—maybe

"If you want to live in an area where there's a tremendous amount of inventory for sale, you can make a great deal right now," says Peter Mainstain. "But if you are looking for a home in Malibu or Manhattan Beach, you are not going to find any bargains."

Prices dropped the farthest in areas that rose the fastest during the speculative boom. "Developers built too many homes. When the speculators left and the dominoes started falling, there simply weren't



enough people coming in to absorb the inventory," explains Mainstain. Getting a mortgage will be more difficult, even if you have good credit and income. Lenders have tightened their underwriting process, the formula they use to determine whether you can afford a loan. "The days of 'stated income' and 'no doc' loans are over," says Mainstain.

Still, historically speaking, interest rates are affordable—and if you have stellar credit or plenty of cash, this could be your opportunity to buy a home in the desert or a condo by the shore. Just make sure you know the market before you take the plunge.

"Navigating" continued on back

In case of emergency, have vital documents ready

With wildfire season upon us, it's a good idea to review what to take with you in an emergency evacuation. A financial emergency evacuation kit, placed alongside your other emergency supplies, will make it much easier to rebuild your life down the road.

"Keep copies of key documents on a USB drive or lockable fireproof box that is light enough to carry with you in an emergency evacuation," recommends Bill Tanner. "Store the originals away from home, in a safe deposit box, or with

your attorney or financial advisor,"

Your emergency kit should contain copies of birth certificates, passports, social security cards, deeds to property, auto records, insurance policies and medical information. Be sure to include the phone numbers of friends and family, financial institutions, insurance companies, legal advisors and physicians.

You will also need a document, such as your driver's license or recent utility bill, that proves

your home address, so that you are allowed access to gather your personal belongings if you are not at home during a mandatory evacuation.

"A little planning now can make a huge difference if an emergency strikes," says Tanner.

For more details on organizing and storing important documents for an emergency, visit our website at www.tmbgcpa.com, and click on *Winter 2006* in the Newsletters section.

Green Investing:

The Next BUBBLE

First it was dot-com stocks. Then housing. These days, alternative energy stocks are exhibiting all the characteristics of the next investment bubble.

“A bubble occurs when the investing public becomes euphoric about a certain sector of the economy,” explains Tom Fouladi. “Investors buy up shares based on what they’re hearing in the news, so share—or housing—prices rise above all reasonable valuation. Finally, the overpricing becomes obvious, and investors start to sell. Usually, there’s a quick sell-off, because there has been a lot of speculative buying. That’s when people can lose a lot of money.”

Still, share prices have soared for solar and wind power, fuel cells and other alternative energy companies over the past year. There are two factors fueling the surge. One is the high price of gas. The other is pending legislation that would reinstate the tax credits for clean energy research and development that will lapse this year. “With an election looming, Congress has an incentive to bring back these tax credits to show the public that they are concerned about gas prices,” says Fouladi.

PROCEED WITH CAUTION

Should you get on the alternative energy bandwagon? Yes, as long as you limit your exposure to risk. “Keep your position to 10 percent or less of your investment portfolio,” Fouladi advises. “If you have more than that, consider paring back.”

One good way to mitigate risk is to buy alternative energy stocks through exchange traded funds (ETFs). Like mutual funds, ETFs invest in a pool of securities, but can be traded throughout the day as if they were individual stocks.

“Because it’s a new sector, it’s difficult to predict which firms will succeed,” says Fouladi. “By investing in an alternative energy ETF, you can enjoy the upside of the sector, while spreading the risk among 40 or 50 stocks.”

Ultimately, with the right strategy (and vigilance), putting your money to work for the environment could result in a greener future for you and the planet.

DOING OUR PART FOR THE ENVIRONMENT

We hear a lot about “going green” these days, but what does it really mean?

At Tanner Mainstain Blatt & Glynn, it means continually searching for new ways to help preserve and protect our environment by recycling, reducing waste and conserving energy in our everyday operations. That includes:

- ♻️ Recycling all paper, plastic and electronic waste including old computers, printers and monitors.
- ♻️ Printing our newsletter on recycled paper, using soy-based ink that’s healthy and biodegradable, rather than traditional petroleum-based ink.
- ♻️ Reducing paper by communicating with clients primarily via email and using electronic filing for most tax returns.
- ♻️ Offering our clients online tax organizers that enable them to send us their financial information online via a secured web site.
- ♻️ Eliminating photocopying of bills and other financial

documents on our business management side, by scanning the documents into our computers (then immediately shredding the documents for recycling and client security).

Watch for more earth-friendly enhancements to our operations in the coming months. For example, one innovation we’re exploring is the use of secure, web-based “client portals.” Rather than sending paper reports through the mail, we’ll post cash flow reports, financial statements and other documents in a virtual file folder that each client can access with an individual user name and password. When a new document is uploaded, the client will receive an email alert.

There’s no doubt that greener is better. That’s why we’re changing our habits to save energy and resources—by recycling everything that’s recyclable, using environmentally friendly processes and going “paperless” whenever possible. And, by being more environmentally conscious, we’re also helping our clients avoid clutter, enjoy the convenience of secure access to financial information, and join us in being more earth-friendly.

CLIENT PROFILE

Jackie Chan: Action Man



He’s been called “part Buster Keaton, part Bruce Lee,” and “the Charlie Chaplin of martial arts filmmaking.” But action-adventure-comedy star Jackie Chan is so much more than a composite of his many role models. With his acrobatic fighting style, death-defying stunts and flawless comedic timing, he is truly in a league of his own.

From his first film at the age of eight to the recently released *Forbidden Kingdom*, Chan has

appeared in more than 100 movies, released 28 music albums, and holds the Guinness World Record for most stunts by a living actor, with the injuries to prove it. He’s a philanthropist, author (of the autobiography, *I Am Jackie Chan*), director, film producer and superstar in both Asia and Hollywood.

Humble beginnings, harsh lessons

Born into poverty in Hong Kong in 1954, Jackie Chan was the only child of Charles and Lee-Lee Chan. When he was seven, his parents moved to Australia. There, his father took a job as head cook at the American Embassy, leaving young Jackie in Hong Kong, where they enrolled him in the China Drama Academy, which trained young children to perform in the Peking Opera. He would remain at the Academy for the next 10 years.

At the Academy, the children endured grueling, 18-hour days of training in music, martial arts and acrobatics. When students failed to follow orders, the teachers delivered severe beatings and denied the students food and sleep. “The environment was very strict, so there was no choice but to follow orders,” recalls Chan. “I learned to discipline myself, and this lesson has stayed with me my whole life.”

How did he find humor in such harsh surroundings? “I think that part is genetic,” he responds. “Both my parents had a great sense of humor. At the opera school, I had two choices: be miserable, or make the best of it. I chose to make the best of it, and developed a happy-go-lucky outlook on life.”

After graduating from the Academy at age 17, Chan began doing stunt work for the Hong Kong film industry. He worked as a stuntman in the Bruce Lee films *Fists of Fury* and *Enter the Dragon*, and received his first starring role in *The Tiger of Canton* in 1973. But it was not until Chan gained control over his own

films, and was able to inject comedy into the martial arts genre, that his Asian film career took off. His Hollywood breakthrough came 10 years later, with *Rumble in the Bronx*, followed by *Rush Hour* and *Shanghai Noon*.

Fast moves with Jet Li

Chan’s most recent film, *The Forbidden Kingdom*, marks his first onscreen collaboration with his longtime friend Jet Li. “From the first day of filming, it was clear that we were in harmony with each other,” says Chan. “Because we both have martial arts training and experience making films, we barely needed to rehearse our fight scenes. In fact, the action director told us to slow down. The cameras couldn’t follow our moves because we were too fast!”

Philanthropic passion

No matter how successful Chan becomes, memories of childhood poverty drive him to help those less fortunate. “When I was a poor student, a representative from the Salvation Army came to my school and gave me some simple supplies—a warm coat, toothpaste—that made my life more comfortable. I asked him how I could ever pay him back, and he told me to return the favor some day if I was able to.”

Today, Chan serves as an ambassador for UNICEF/UNAIDS and heads two foundations. The Jackie Chan Charitable Foundation provides assistance to the people of Hong Kong, and The Dragon’s Heart Foundation serves the needs of children and the elderly in remote areas of China. “My charity work is as important to me as my film career,” he says.

Trust in TMBG

Chan was introduced to Tanner Mainstain Blatt & Glynn by his attorney, and has been a client since 1996. “We have been very satisfied with the professionalism, discretion and efficiency that Tom Fouladi and the firm have demonstrated over the past 12 years,” he reports.

Looking forward

Chan recently formed his own production company, JCE group, to produce films for the Chinese market. Next up is *The Shinjuku Incident*, a story set in the 1990s, about the lives of Chinese immigrants in Tokyo.

For Chan, the film will also mark a transition toward more dramatic roles. For a man who has dangled from clock towers, slid down high-rises and roller-skated under 18-wheelers, that is a challenge he will surely take in stride.