



Karen & "Noodles"

How Safe are your Savings
Find out in This Issue!

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Big Bear Lake, CA

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THANK YOU for reading my Service For Life!® personal newsletter. I want to produce a newsletter that has great content and is fun and valuable to you. Your constructive feedback or subject suggestions for future newsletters are welcome.



Service For Life!®

"Insider Tips For Healthy, Wealthy & Happy Living..."

Making Sure Your Savings are Safe!

I have over \$100,000 in one Bank. Am I Insured?

With the failure of the IndyMac Bank in Pasadena, many people are concerned that their life savings are at risk. Tim and I share the same concerns and wanted to do further research for ourselves and our clients into what kind of protection the Federal Deposit Insurance Corporation actually provides and guidelines to help all of us make informed decisions for the future.

The FDIC is an independent agency of the Federal Government. It is there to protect you in the unlikely event that an FDIC-insured bank or savings and loan association fails. If your FDIC insured bank fails, it will pay you dollar for dollar for your loss, up to the insured amount. Since the inception of the FDIC, in 1933, no depositor has ever lost a penny of their insured deposits. (that's certainly good news)

Many people believe that the FDIC limit is a flat \$100,000. This is a misconception. Depending on how your accounts are designated, you and your spouse could be covered up to \$1,100,000 in a single FDIC insured bank.

INDIVIDUAL ACCOUNTS:

Such as checking, savings accounts, money market deposit accounts and certificate of deposit accounts (CD's) are insured for up to \$100,000.

JOINT ACCOUNTS

Dual ownership accounts are FDIC insured for up to \$100,000 per depositor or \$200,000.

RETIREMENT ACCOUNTS:

Self-directed retirement accounts such as IRA's, Roth IRA's, Sep IRA's and Rollover Ira's for up to \$250,000 per depositor.

TESTAMENTARY ACCOUNTS:

A testamentary account is an account where funds will eventually belong to a named qualifying beneficiary or beneficiaries. Qualifying beneficiaries must fall into the following categories: owners spouse, child, grandchild, parent, brother or sister. Each qualifying beneficiary, is covered up to \$100,000. If your spouse also has a testamentary account, it also is covered up to \$100,000 per qualifying beneficiary.

The FDIC does not insure the money you invest in stocks, bonds, mutual funds, life insurance policies, annuities or municipal securities. They also do not insure U.S. Treasury bills, bonds, or notes, however, these instruments are already backed by the U.S. Treasury.

ONE COMMON MISCONCEPTION is that to maximize coverage you must spread deposits among multiple banks. The truth is, you may be able to maximize coverage by consolidating assets at just one bank, and holding multiple accounts under different ownership categories. This also provides you the ease and convenience of having all you accounts in one place, and the security of knowing your money is protected. So before you start spreading your money around to protect it, meet with your banker and ask what options are available to you. After all, you have spent years establishing a relationship with your banker in an institution you have grown to trust, so why not give them a shot at offering you the security you desire.

For more information on FDIC insurance, call 1-877-ASK-FDIC or visit www.fdic.gov/deposit

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Want to Stay On Top of Available Big Bear Bank & Short Sales?

We are now maintaining a weekly updated list of Foreclosure and Short Sale properties in Big Bear which is available on my website www.yourbigbearhome.com.

Or just call me at 909-866-9888 and I will happily mail you the current list

Airline Confusion...

After a long, bumpy flight, the passengers were glad to finally land. They disembarked, and the flight attendant checked for items left behind. In a seat pocket, they found a bag of homemade cookies with a note saying, "Much love, Mom."

Quickly, they gave the bag to the gate agent in hopes it would be reunited with its owner. In a few minutes, this announcement came over the P.A. system in the concourse: "Would the passenger who lost his cookies on Flight 502 please return to the gate?"

Why Do Old Firehouses Have Circular Staircases?

Because in older days, the horses that pulled the fire engines were stabled on the ground floor of firehouses and figured out how to walk up straight staircases!

Tips for Gasoline Saving

Only buy or fill up in the morning when the ground is cold. Gas is less dense as it warms up so you get more per gallon when it is cold.

Pump your gas at a slow rate. A higher rate will make more fumes which return to the in-ground tank after you have paid for them.

Gas evaporates at a very high rate so keep your tank full. Fill up when it's only down one half, as gasoline will evaporate from your tank faster the more empty it is.

Don't buy gas if the tanker is there filling up the stations tanks. The inflow from the tanker will stir up sediment and water in the in-ground tanks, and you will end up pumping it into your car's tank.

It is interesting to note that Arco, Sunoco, Conoco, Sinclair, BP/Phillips, and Hess do NOT import Middle Eastern Oil. Most others do. Source information is available from the Department of Energy.

Are You My Clients Of The Month?

Client Of The Month is my way of acknowledging good friends and saying "thanks" to those who support me with referrals, word of mouth, and repeat business.

This months Clients of the Month are **Leslie & Dan Tontini**. I am sending a Gift Card in appreciation of their continued friendship and support. We have a pretty long history with Dan & Leslie. We have had the pleasure of building 3 spec homes for them and I have had the opportunity of helping them buy and sell quite a few pieces of property over the years. Dan & Leslie have a wonderful son and we feel blessed to be able to call them clients & friends.
Dan & Leslie...Enjoy Your Gift Card

Notes from Noodles...

Yipes, Snakes!!!

Rattlesnake populations are up this year. What can you do? Outdoor activities such as Biking, Hiking, and Camping encroach on wildlife habitats more during the Summer months, often involving us dogs. Most snakes are more afraid of us than we are of them and will slither away if given enough warning. Often when snakes are basking in the sun to warm their blood, they will strike out of self defense because you have startled them or even (and often) stepped on them. Staying on the trail is the first and best defense. This is one of the reasons for the trail leash laws. We dogs will think the snake or its rattle are a toy and will want to play with it. Most rattlesnake bites to dogs occur on or around the face and can be very dangerous as a result, as swelling in this area can cause breathing problems that can result in asphyxiation. Keeping your dog on a leash can prevent contact and save your pets life.

If your dog is bitten by a snake, get help immediately. Most venom is *hemotoxic*, meaning it exerts its toxin by disrupting the integrity of the blood vessels. Swelling is dramatic, with up to one third of the total blood circulation being lost into the tissues in a matter of hours. It also disrupts the bloods clotting mechanism causing uncontrolled bleeding. This kind of blood loss induces shock and can be fatal. A veterinarian can put your dog on an IV drip of antivenin which can help to deactivate the venoms effect. You must administer it as quickly as possible. After 4 hours it usually will have no effect. It can take several bottles of antivenin to neutralize the poison at several hundred dollars per bottle. Sometimes antihistamines are administered to ward off anaphylactic reaction to the antivenin. Blood transfusion may be necessary if life-threatening blood loss has occurred. Antibiotics are often used to control secondary infections.

In 2002, a vaccination serum was developed from the Western Diamondback rattlesnake. This vaccine helps to protect against six out of seven of the other California rattlesnakes. (The Mojave rattlesnake has a *neurotoxic* venom and is not covered) Dogs that hike and/or live in the mountain and foothill areas are good candidates for this product. It is usually administered in two injections, two to three weeks apart. Adverse reactions to this vaccine are below 0.3 percent and are usually swelling at or around the injection site. Dogs typically develop protection comparable to two to three vials of antivenin. Even us Dogs that are vaccinated should be rushed to the vet if we are bitten.

Now that I've scared the heck out of you, here's the good news: Approximately 20 to 25% of bites are "dry" meaning no venom has been injected, 30% of bites are mild, meaning they cause local pain and swelling and no systemic symptoms. Only 40% are severe with only about 5% actually being fatal. NOW THAT IS GOOD NEWS!!

"I HATE Rattlesnakes!"



•• BIG BEAR LAKE REPORT ••

July was hot, and not enough rain fell to replenish evaporation loss so the lake level is now down 4'10" from capacity. The average water temperature is a comfortable 72° F-so get in and get wet! Trout fishing has improved the last two weeks. Oxygen levels have increased at all depths and the fish seem to be hanging out in the western third of the lake. (toward the dam). Oxygen increases during the day so fishing has been better in the afternoon. Try a depth of about 15' with dough or cheese bait. Note that the public launch ramps are open 6am to 6pm Sunday through Thursday, and 6am to 7pm Friday, Saturday, and Holidays. The entry gates are locked at closing time, however the ramp will remain open for boat retrieval after hours providing the trailer and tow vehicle are parked at the facility before the entry gates are locked.

Big Bear Events...

August 16 - 17, 2008

Art on the Lake -Marina Resort (909) 585-5916
Fine arts festival featuring 60 artists work,

August 17, 2008

CATS presents: "Old Time Silent Movie
Matinee"

Big Bear Lake Performing Arts Center
(909) 866-4970

August 23 - 24, 2008

Antique Wooden Boat Show
B's Backyard BBQ
(562) 595-7408

August 23, 2008

Starry, Starry Night!
Marina Resort - DOVES
909-866-1546
visit www.doves-stop-violence.org.

August 23 - 24, 2008

Native American Arts Festival
Moonridge Animal Park
(909) 584-1299 or (909) 878-4200

August 30, 2008

Moonridge Zoo: Ice Cream Safari
Moonridge Animal Park
(909) 584-1299

August 30, 2008

Discovery Center Summer Music Series:
James Curry "A Tribute to John Denver"
Big Bear Discovery Center
(909) 866-3437

August 31, 2008

CATS presents: "Picnic with CATS featuring
the Los Angeles Police Department Concert &
Jazz Bands"
Big Bear Lake Performing Arts Center
(909) 866-4970

September 6, 2008

First Annual Big Bear Marathon
(909) 867-9058
Big Bear's First Marathon starts in the Village
and continues for 26.2 miles around the lake.
Will also include a bicycle tour, a hand cycle
tour, half-marathon, 5K run, and Kid's Fun Run.

September 11, 2008

Big Bear Lake International Film Festival
Big Bear Lake Discovery Center
(909) 866-3433
On September 11, 2008 at 7:30 P.M.-10:00 P.M.
the Big Bear Lake International Film Festival
will present a locally-shot film (TBD) at the Big
Bear Discovery Center's outdoor amphitheater.
This is a fund raiser for the Film Festival
(Sept. 11-14), to learn more, visit www.bigbear-lakefilmfestival.com.

September 13-October 25th (Weekends)

38th Annual Big Bear Lake Oktoberfest!
The Convention Center at Big Bear Lake
Plan an escape from everyday life! Take a break
from your responsibilities, lower your inhibi-
tions, and surrender to the spirit of the 38th An-
nual Big Bear Lake Oktoberfest! E-mail info@bigbearevents.com
or call (909) 585-3000.

September 13, 2008

Run for the Grizzlies
13th Annual Harley Bike Run fund raiser for
our Grizzly Bears . \$25 registration, at Chad's
Place. (909) 878-4200

A Look at Reverse 1031 Exchanges!

Last month I discussed the benefits of the 1031 Exchange program. But what if you want to purchase the new property before you sell the old one? That's where a Reverse 1031 Exchange is your best option. Below is a basic explanation of the "Safe Harbor" Reverse 1031 Exchange- The safest & most secure type of reverse exchange.

When a taxpayer wants to purchase their replacement property prior to the sale/closing of the property they wish to exchange, a *reverse 1031 exchange* is the likely option to reap the tax deferred benefits. Sometimes called a "*Safe Harbor Reverse*", this program introduces a third party or "*safe harbor*" that holds, or "*parks*" the property until the exchange can take place.

The third party or Qualified Intermediary (QI) is called an *Exchange Accommodation Titleholder* (EAT). An EAT is a single member Limited Liability Company (LLC) established by the QI for use specifically in a reverse exchange. The EAT takes title to, or "*parks*", the replacement property for the exchanger and holds it until the exchanger is able to sell the property or properties to be relinquished. There is a time restraint on the exchanger (seller). The exchanger must identify the relinquished property or properties within the first 45 days of the parking arrangement. The EAT must convey the title on or before 180 days from the date of the EAT's purchase of the replacement property.

THE BASIC PROCESS:

- 1) To create a reverse 1031 exchange, negotiate your purchase contract for the new property and show the buyer as "you" and/or assignees. Include language in the contract to establish your intent to do a tax-deferred exchange.
- 2) Notify the escrow company that is closing the transaction that you are participating in a reverse 1031 exchange.
- 3) Negotiate a loan with your lender on behalf of the EAT (usually secured by the property). The EAT will sign the Note and the Deed of Trust. Your lender may require you to guarantee the loan and may take a security interest in your old property. Be sure there is an assumption clause in the Deed of Trust allowing you to assume the loan made to the EAT. Also, negotiate a clause that allows re-amortization of the loan if there is a single substantial pay down on the loan in excess of a stated percentage. Be certain to get expert advise on this.
- 4) Your EAT will prepare a Qualified Exchange Accommodation Agreement (QEAA) between you as the exchanger, and the newly-formed EAT as the Accommodation titleholder, as required by Rev Proc 2000-37. Your EAT should be members of the Federation of Exchange Accommodators, carry an independent bond by an insurance company and have Errors and Omissions coverage. Bonding is difficult to obtain and many intermediaries practice without it, so be sure and ask.
- 5) You now have 180 days to complete the sale of the property you are exchanging

Under the ruling's provisions the exchanger may also:

- Advance funds to the qualified intermediary to acquire the parked property.
- Guarantee the debt used to acquire the parked property
- Manage the replacement property during the parking period.
- Supervise construction and improvements on the parked property

In addition to the "Safe-Harbor" Reverse Exchange, other options exist, such as a Traditional 1031 Reverse and a Construction or Improvement Reverse Exchange. These offer more flexibility but require a lot more documentation and consultation by the QI. This must be done to assure the 1031 transaction is done properly and avoid any unwanted scrutiny from the IRS.

A Reverse 1031 is a complicated process that must be done in a particular way to succeed. There are agencies that specialize in 1031 transactions and know all the ins and outs of the current tax law. It is strongly recommended that you employ such an agency before embarking on a 1031 exchange or a reverse 1031 exchange. Even tax experts lack familiarity with the specifics of this type of transaction, so if you are considering a 1031 Exchange, consult a 1031 Exchange expert before proceeding.

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See all Big Bear's Multiple listings at www.yourbigbearhome.com

We Live In A Crazy World!

- Police in Wichita, Kansas arrested a 22 year old man at an airport hotel after he tried to pass two \$16 bills.
- The Chico, California, City Council enacted a ban on nuclear weapons, setting a \$500 fine for anyone detonating one within city limits!
- A bus carrying five passengers was hit by a car in St. Louis, but by the time police arrived on the scene, 14 pedestrians had boarded the bus and began to complain of whiplash and back pain.
- When two service station attendants in Ionia, Michigan, refused to hand over the cash to an intoxicated robber, the man threatened to call the police. They still refused, so the robber called the police and was arrested.

Wild, Yet Trivial Statistics...

- The city with the most Rolls Royce's per capita: Hong Kong.
- Men can read smaller print than women; women can hear better.
- American Airlines saved \$40,000 in 1987 by eliminating one olive from each salad served in first class
- State with the highest percentage of people who walk to work is Alaska.
- 28 percent of Africa is wilderness.
- 38 percent of North America is wilderness.
- Percentage of American men who say they would marry the same women if they had to do it all over again: 80%.
- Percentage of American women who say they would marry the same man if they had to do it all over again: 50%.
- The cost of raising a medium sized dog to the age of eleven: \$6,400.
- Average number of people airborne over the US any given hour: 61,000.
- Percentage of Americans who have visited Disneyland/world: 70%.

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- The Big Bear History Corner - The Dam Keeper's Home

Sitting above the road to the South just past the dam is the old dam keeper's cabin. Built in 1890 of the same hand-cut stone as the 1884 dam, the old cabin shares a history of the glory days of Big Bear Lake when it was built as a reservoir for the citrus farmers in the San Bernardino Basin.

The resident dam-keepers job was to control the flow of water into the creek which would provide irrigation to the orchards during the hot dry summer. It was improved in the 1930's with the addition of a new kitchen and enlarged fireplace, and again in 1945, when a modern bathroom was added, complete with dual septic tanks. In 1977, the Municipal Water District purchased the lake, and water was no longer used for irrigation. This eliminated the dam-keepers job and the water company returned the cabin to the Forest Service with the hope that they would turn it into a museum. The Forest Service decided that the risk of misuse and vandalism was too great and stripped it to make it uninhabitable. Now it sits, lonely and abandoned, as a monument to the past. Some of the early inhabitants of the cabin were Bill Knickerbocker and his family, B.T. Weed, Bill Sargent, Phil Carter, Verne Simpson, Kenneth Simpson, Marjorie Kingsley and Frank Harper.

A Great Step Towards Recovery! Government Passage of H.R.322

(American Housing Rescue and Foreclosure Prevention Act)

Thank you to Keith Murphy from lowerourrate.com for the heads up on this new development.

New laws will go into effect 10-01-2008 providing the most comprehensive response yet to the American mortgage crisis. It will help provide crucial liquidity to our mortgage markets now, and also strengthen regulation and oversight for the future.

The bill addresses many topics which include additional licensing, testing and financial stability requirements for loan originators. Hopefully this will help to weed out the "good time charlies" who may have left their ethics at the door and strengthen the quality and service of those willing and able to meet these new requirements.

It expands the FHA program so many borrowers in danger of losing their home can refinance into lower-cost government-insured mortgages they can afford to repay. This legislation will help troubled borrowers avoid foreclosure while minimizing taxpayer exposure. Only primary residences are eligible: NO speculators, investment properties, second or third homes will be refinanced. This is great for primary home buyers but will not be as helpful in our Big Bear market where vacation homes are the majority.

It protects taxpayers by requiring lenders and homeowners to take responsibility. This is not a bailout; in order to participate, lenders and mortgage investors must take significant losses by reducing the loan principal. In exchange for an FHA guarantee on the mortgage, borrowers must share any profit from the resale of a refinanced home with the government. The law also provides \$230 million for financial counseling to help families stay in their homes.

With the good, there is also a less positive aspect for the first-time buyers trying to take advantage of this more affordable market. This law eliminates the down payment assistance a seller can currently give a buyer. (those involved in purchases that will close prior to 10-01-2008 should still be OK, but check with your lenders to be certain they are up to speed).

Overall this is very positive news and signals a fundamental change in the market. Combined with a decrease in new listings nationally, increased buyer activity, and multiple offers on some listed properties (those priced-to-sell), these are positive indicators in a market that has had very little good news for quite awhile.

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