



Karen & "Noodles"

Find out About a Great Investment Tool in this issue!

Volume IV, Issue 5
Wednesday, 3:50 PM
Big Bear Lake, CA

Inside This Issue...

- Learn what SPF means.....Page 1
- Hi-Tech Treasure Hunting.....Page 2
- Big Bear Lake Report.....Page 2
- 1031 Exchange Investing.....Page 3
- Clients of the Month.....Page 3
- Upcoming Big Bear Events....Page 3
- Insurance Coverage TipsPage 4
- Where Your Tax Dollars Go....Page 4

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..."

Fun-in-the-Sun Safety Tips

Are you planning fun in the Sun this Summer. It's likely you are, as thousands flock to the beach and mountain lakes to play in the water. Well, consider being smart about your exposure, if you value the skin you are in. The American Academy of Dermatology says that more than a million new cases of skin cancer are diagnosed annually. That's almost two cases a minute. Just about all are as a result of Sun exposure. Doctors say nearly all could be prevented with proper protection.

Let's not overreact and stay in the house all the time. There are positive effects of the Sun's rays as well. But being prudent in the Sun could literally save your life. Sunblock and Sunscreen are the first and best answer for protection. Sunblock is usually *Zinc Oxide*, which reflects the Sun's rays away and is nearly impenetrable to UVA and UVB radiation. Sunscreen is a different story. It contains *Titanium Dioxide* as the active ingredient, which absorbs the Sun's rays and converts it to heat energy. Titanium Dioxide is eventually absorbed into the skin, causing it to lose effectiveness over time. For this reason, dermatologists prefer Sunblock over Sunscreen.

SPF refers to the effectiveness of Sunscreen over time. It is based on the time you can spend in the Sun without incurring damage to your skin. For example, if you could normally survive only 10 minutes unprotected in the Sun, SPF 15 would allow you to spend 150 minutes without damage. This means that if you have fair skin and burn easily, you still must be aware of your own sensitivity when using Sunscreen. By reapplying Sunscreen, you **do not** get another 150 minutes. Also, Sunscreen effectiveness decreases with time as you will absorb the Sunblock in about 3 hours. (less if you are sweating or go into the water) As a result, Sunscreen manufacturers are now required to cap their SPF ratings at 30+, even if they feel that their product has a higher protection rating. It just can't last long enough to protect you completely. Even if your SPF is at maximum, you should not stay in the Sun longer than 4 or 5 hours.

Other options are more practical and perhaps obvious. Bring an umbrella to the beach so you can limit your exposure. On a boat, consider raising the bimini top to provide some shade. Bring a big floppy hat along to protect your face and neck. Be sure to bring a cover up, tee shirt, or lightweight pants and jacket, so when you have passed 3 hours of Sun, you can cover up and still be comfortable. Remember small children are especially at risk of burning as they can't be responsible for keeping track of their exposure.

Staying hydrated is also important. If you allow yourself to become dehydrated, your skin will not be able to protect itself naturally. Hydration is also very important after you have over-exposed yourself and suffer a Sunburn. By drinking plenty of water and keeping your skin hydrated, (with a good quality skin cream) you can often prevent peeling of the burned skin and retain that beautiful color you were going for when you burned yourself. It may be the time to add that dermatologists do not advise using tanning beds and prefer artificial spray tans to the natural kind.

Some of us who have maturity on our side (we know who we are), grew up thinking Baby Oil was the best suntan lotion. The idea of shielding ourselves from the Sun never occurred to us. Even now, Tim and I forget to sunblock up which at our mountain altitude is essential.

So have Fun-in-the Sun this summer, but be smart and use protection before extended exposure.

P.S. Noodles says that a thick fur coat (preferably black) will block even the harshest of the Sun's rays.

Karen Lavrouhin-Boulder Bay Real Estate
Voice (909) 866-9888 Fax (909) 866-9885 email info@yourbigbearhome.com
See all Big Bear's Multiple listings at www.yourbigbearhome.com

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

Tips for Happy Living...

Hospital Stays: When you mail get-well cards to hospitalized friends, write their home address as the return address. That way, if they've gone home, the card will still reach them.

Dry Skin: Hot water tends to dry your skin, so opt for warm showers and baths. Leisurely soaks in the tub are luxurious, but long baths can strip moisture from dry skin – especially in the winter months.

Your Car: A full tank of gas helps save wear and tear on your fuel pump, which is located in the gas tank and depends on the gas for lubrication. When your car's fuel tank is less than a quarter full, you risk damage to the pump.

Great Bumper Stickers

- So Many Men,
So Few Who Can Afford Me
- God Made Us Sisters,
Prozac Made Us Friends
- If There's no Chocolate In Heaven,
I Ain't Going
- My Mother Is A Travel Agent
For Guilt Trips
- If You Want Breakfast In Bed,
Sleep In The Kitchen
- If We Are What We Eat,
I'm Fast, Cheap and Easy
- I Used To Have A Handle On Life,
But It Broke

Remember Silly Putty?

A contest by the makers of Silly Putty resulted in "The Top 50 Silliest Uses For Silly Putty."

The winning idea came from Peter Hyde of Collinsville, Conn., who recommended replacing one's stockbroker with Silly Putty by throwing a ball of it against the stock pages and investing in the stock it lifts off the newsprint!

Geocaching- Treasure Hunting in the Electronic Age

Does Treasure Hunting sound fun to you? Are you looking for a unique weekend adventure that involves the whole family? GEOCACHING is a hi-tech game that will engage the kids and cost you little. Pronounced gee-oh-cash-ing, as in *geography*, and *cache*, (a collection of items). The nice thing about this game is that it starts with your computer, then it proceeds into the real world.

Geocaching is an adventure game for GPS users. A hand held GPS unit uses Global Positioning Satellites to locate a point on the globe to within 20 - 6 feet (depending on the unit). Gamers get GPS coordinates from the Geocaching website by inputting a zip code and then trek out to find the Cache that is at those coordinates. The Cache may contain something of value, or instructions to another Cache. There is always a log at the Cache and you must sign, but may also leave something for the next seekers. It could be poetry, or a joke, or coordinates to a favorite Cache or a favorite CD. The Caches may be in open land, or in a building, or sometimes are landmarks or an existing historical monument, which could be an "offset cache" offering a puzzle as to the actual cache site. (like numbers stamped in the base or instructions posted to geocaching.com.) There are also challenging "multi-caches" and "virtual-caches". Both variations that make the game even more interesting and fun.

Every cache is rated by experienced geochachers for its degree of difficulty and ease of access. This makes it easy to find a cache suited for your ability and fitness level. The ratings allow people of all ages to participate from athletic types to families with young children or adventurous grandparents. There are plenty of Caches right here in the Big Bear Valley so check them out and let me know what you think.

The rules are very simple.

- 1) Find the Cache
- 2) Take something from the Cache.
- 3) Leave something in the cache.
- 4) Write about it in the log book.

What you place in the Cache is up to you, however, rules forbid explosives, firearms, knives, alcohol, and drugs. The gamers would like to keep it family friendly. Some Caches may require scuba equipment or rock climbing gear and expertise. Some may be easily accessible but hard to find. Some may be as small as just the log book, others may be a water proof plastic bucket placed tastefully within the local terrain. Things you might find in a Cache could be: Maps, books, software, hardware CD's, DVD's, pictures, tickets, money, jewelry, tools, games, etc. Items are stored in the Cache in clear Ziploc bags. Food items are not recommended as they can attract animals that do not play by the rules.

The creators of Geocaching encourage variation in the game. They say "Geocaching is a game that constantly reinvents itself, and the rules are very flexible." Some people have placed a small icon or doll in the cache and tracked its' progress across the cachescape. There is even a way to tag your item electronically so you can track its' progress on your home computer.

So if you want to get your family away from the screens, and see the countryside, for the price of a GPS unit (\$100.00 and up) then maybe Geocaching is for you. *It reminds me of the slumber party scavenger hunts, where you would follow instructions to a destination, receive instructions along the way, and watch the rulebook for tricks. (like "Don't take the rubber duckie offered at the Smiths")* This is a great way to exercise both body and mind while creating a fun and lasting memory.

Log on to <http://www.geocaching.com> to learn more.

•• BIG BEAR LAKE REPORT ••

Summer officially began on June 20th with Summer Solstice at 7:59 P.M. *Sol + Stice* derives from a combination of Latin words meaning "Sun" and "to stand still." As the days lengthen, the Sun rises higher and higher until it seems to stand still in the sky. You might think that the longest days of the year would be the hottest. But they're not. The hottest weather, on average, comes about a month after the summer solstice. This is because the amount of heat from the Sun continues to accumulate during the long hot days, and the short nights don't allow as much heat to leave. The days start to cool down once the days shorten enough to allow more heat to leave Earth's surface than arrives. So the best boating days are still to come!

As of June 23rd, we are 4'4" below capacity with an average water temperature of 67°F. Rainbow Trout and Smallmouth Bass have been caught in numbers this month. Water temperature is chasing the fish West toward the dam in search of deeper, cooler water. Oxygen levels and water temperature are keeping the Trout at 15 to 30 feet. As water levels drop, be sure you keep an eye out for surfacing rocks near the shoreline, especially in the West end where boulders are the rule. You might have had clear sailing last month, but with lake levels dropping, new hazards appear daily. When beaching on the South-West shore we shut off the motor, raise the drive, and paddle in. It's not worth a \$300.00 prop to get there quicker.

Lake patrol has a new aluminium patrol boat which was purchased this spring up in Oregon for about \$60,000. Reports are that the new boat is bigger, faster, and more durable than the former boats. Remember that the patrol officers are authorized to enforce all laws, ordinances, and regulations in effect on the waters of Big Bear Lake. They are usually helpful and friendly and are there to help if you have an on-the-water emergency. Happy boating and watch for Noodles swimming laps around the boat in his bright orange vest, having too much fun to get back in the boat.

Karen Lavrouhin-Boulder Bay Real Estate

Voice (909) 866-9888 Fax (909) 866-9885 email info@yourbigbearhome.com

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

Big Bear Events...

July 12, 2008

Discovery Center Summer Music Series:
Belinda Gail & Curly Musgrave
Big Bear Discovery Center
(909) 866-3437

July 12, 2008

Old Miners' Days:
Miss Clementine Pageant
B's Backyard BBQ
(909) 585-6638

July 17, 2008

Discovery Center Movie in the Mountains:
"Lassie Come Home"
Big Bear Discovery Center
(909) 866-3437
Free Admission.

July 17 - 19, 2008

Big Bear Women's Club Flower Show
Big Bear Performing Arts Center
(909) 866-4970

July 18, 2008

Old Miners' Calcutta Dinner
B's Backyard BBQ
(909) 866-4607

July 19, 2008

Mountain-Man Encampment
Big Bear Discovery Center
(909) 866-3437

July 19, 2008

Old Miners' Days: Chili Cook-off
(909) 866-4607

July 26 - 27, 2008

Old Miners' Days: Loggers' Jubilee
Bear Mountain
(909) 866-4607

July 26 - 27, 2008

Fawnskin Festival
(800) 250-5965

July 26, 2008

Bluegrass, Bluejeans and Beyond Festival
Big Bear Discovery Center
(909) 866-3437

July 26, 2008

Old Miners' Days: Chautauqua - History Alive!
Big Bear Lake Branch Library
(909) 866-5571

August 1 - 2, 2008

Old Miners' Days: Square Dancing
Big Bear Middle School
(909) 866-6094 or (909) 866-3784

August 2, 2008

Old Miners' Days: Horseshoe Tournament
B's Backyard BBQ
(909) 866-4607

August 3, 2008

Concert on the Green
The Inn at Fawnskin Bed & Breakfast
(909) 866-3200

August 3, 2008

Old Miners' Day Parade
(909) 866-4607

Pick your spot along the Big Bear Blvd. route to see the finale of Big Bear Valley's Annual Old Miners' Days! For more information call, 909.866.4607.

Wealth-Building with 1031 Exchanges!

Many have heard the term 1031 Exchange, but most of my clients are unclear what a 1031 Exchange is and how it might benefit them! Here is an overview of the process that can help you savvy investors build wealth.

A 1031 Exchange allows you to sell real estate held for investment purposes, and to reinvest the profits in other investment real estate (within 6 months) without paying the 20-30% or more capital gains taxes that would normally be due. Taxes, are deferred for a later date of your choosing. The Exact Code reads:

"no gain or loss is recognized if property held for productive use in a trade or business or for investment is exchanged solely for property of a like kind to be held either for productive use in a trade or business or for investment".

Like any government program, there are rules which must be followed:

- 1) All property in a 1031 Exchange -that being sold and the replacement(s)-must be held for investment, trade or business. (check with a 1031 expert to clarify if your properties qualify)
- 2) The total purchase price of the replacement "like kind" property must be equal to, or greater than the total net sales price of the relinquished real estate property.
- 3) All the equity received from the sale, of the relinquished real estate property, must be used to acquire the replacement, "like kind" property.
- 4) The replacement property must be subject to an equal or greater level of debt than the property sold.

The proceeds must also go through the hands of a *qualified intermediary*. If they don't, all the proceeds will become taxable. Funds are placed in what is referred to as a "Starker Account", named for the family that through a series of tax court trials received a favorable judgement regarding the right to this type of exchange. Regulations issued in 1991 made the use of delayed exchanges legal. These are the qualifying rules and the extent to which they are violated determines the tax liability of the transaction. Partial exchanges will still qualify for partial tax deferral.

If you own a property used for investment purposes, like; raw land, rental property, an office building, motel, or warehouse then you may want to consider this option when you sell. You may even combine properties on either side of the exchange. You can exchange multiple properties for one larger property, or a single property for multiple smaller properties, as long as all fall within the exchange guidelines. This allows exchanging one type for another such as a single family rental for a warehouse, or two undeveloped lots for one rental property. In the eyes of the IRS any of these would be of "like kind".

Identification Period: You must identify the property or properties to be exchanged within exactly 45 days of the day of selling of the relinquished property. It is not unusual to select more than one possible property. This 45 day guideline must be followed and is not extendable in any way. Weekends and holidays count.

Exchange Period: You must receive the replacement property within the *exchange period* defined as exactly 180 days after the date on which the person transfers the property relinquished or the due date for the person's tax return for that taxable year in which the transfer of the relinquished property has occurred, whichever occurs first. It should be noted that there is something known as a Reverse 1031 exchange which can be utilized when you wish to acquire the replacement property prior to the sale. It is a different process and you should investigate its guidelines and merits to see if it would be right for you.

Wealth Building-Successful investors know that leverage creates wealth. A 20% down payment may yield a 50% return through the leverage of financing. The predominant advantage of 1031's is the ability to move the equity from property to property without having to pay the capital gains. One option is to sell your existing property, and use the deferred tax amount for a down payment on a larger or more profitable property. Another is to sell unproductive land and purchase a profitable rental. Consider exchanging a property which can't be refinanced with cash out, for improved property with the ability to refinance, get cash out, and possibly acquire yet another property. For retirees, an exchange can be a lifestyle decision, exchanging owner managed property for reduced management responsibilities, leaving you free to travel.

A 1031 Exchange can be a powerful investment strategy providing profitable opportunities for you resourceful investors. 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.

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 **Suad & Munevera Repak**. They were referred by our good friends the Curics. We have had the pleasure of building and selling for several of their friends and family and have enjoyed working with all of them. Suad & Munevera bring a wonderful enthusiasm and amazing work ethic to everything they choose to take on.

I am sending a Gift Card in appreciation of their continued friendship and support.

You might be my next Client Of The Month too! Watch for your name.

Karen Lavrouhin-Boulder Bay Real Estate

Voice (909) 866-9888 Fax (909) 866-9885 email info@yourbigbearhome.com

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

Quote For The Month...

"Everything that irritates us about others can lead us to an understanding of ourselves."

C.G. Jung (1875 – 1961)

The Sign...

A boss complained at a staff meeting that he wasn't getting any respect from his subordinates. Later that morning, he went to a local card shop and purchased a small sign that read, "I'm The Boss." He brought it back to the office, mounted it on his door and left for lunch. When he got back, he found a note taped to the sign that said, "Your wife called, she wants her sign back!"

They Spent How Much, On *What?*?

It's true. Some years ago, these items were approved in the U.S. Budget agreed upon by the House and Senate Committees, and approved by the White House:

- \$240,000 grant for development of a 2-headed stethoscope.
- \$112,350 for brass polish for the Marine Corps band servicing the White House.
- \$84,425 printing allocation for posters to commemorate Bernard W. Trencher, the first settler of Muskegon Heights, MI.
- \$2,075,000 to establish The Skateboard Hall of Fame in Palo Alto, California.
- \$26,500 grant for improving the packaging of fly paper.
- \$3,000,000 allocation to Washington D.C. to promote a Miss District of Columbia Pageant in year 2000.
- \$12,600 to replace the waffle irons in the Congressional dining room.
- \$615,000 for renovation of a skating rink in Plattsburg, NY.
- \$770,000 grant to the College of the Pacific to study the effects of the 1994 devaluation of the Mexican peso, and its effect on the US ball bearing industry.
- \$5,325,000 allocation to the National Institute of Health to study alcohol consumption on college campuses.

Free Curb Side Chipping

From 7/1-10/1, both Big Bear Lake and Big Bear City are offering free curb side chipping and hauling. After you do your summer yard clean-up, call (909) 752-2805 for Big Bear Lake or (909) 585-2362 for Big Bear City, Sugarloaf, and Erwin Lake and the city will send a chipping truck to your property to chip and remove any slash you leave by the curb side. Note, you must call for this service. If you leave the branches and twigs by the curb without calling, they will still be there when you return.

Karen Lavrouhin
Boulder Bay Real Estate
(909) 866-9888
info@yourbigbearhome.com

Know Someone Who Would Enjoy this Newsletter?

Many of you have given positive feedback to my newsletter. Some of you have requested I add friends or family members to my mailing list. If there is someone you would like to include, just email their information to info@yourbigbearhome.com, or just call me at (909) 866-9888 and I'll make sure they receive a free subscription. It's that easy!

Is Your Homeowners Insurance Enough?

*What do you Mean the Insurance on my Home Won't Pay for its Replacement?
I Bought "REPLACEMENT COST" Coverage!*

You do not want to hear that your homeowners insurance won't cover the cost to replace your home should it be damaged or destroyed. You paid for the coverage and your agent told you it was a "Replacement Cost" policy. What now?..What has changed?..Why is the insurance company not living up to its obligation?

Good questions...but you need to understand what Replacement Cost really means. To you the customer, it means *"my insurance will pay to replace what was damaged or destroyed"*...and you are correct...but, to the insurance company it means they will pay for the damage or destruction, at its replacement cost only, and up to the *LIMITS* of your policy. In other words, if you do not have limits of insurance high enough to pay for its replacement, it will not be replaced because there is not enough money in the policy to do so.

Understand, the cost to replace or rebuild is only an estimate. Many factors enter into the estimate and its accuracy:

1. Type of building construction
2. Market cost at the time of loss...(inflation, availability of materials, availability of labor, demand caused by large disasters)

Costs to construct change all the time so you must be proactive to protect your own interests.

First, choose a good insurance agent or broker. You are trusting this person with your most valuable possession, so don't take this step lightly. You must trust them to provide sufficient coverage and to watch for ways to save you money on your premiums.

Second, choose a good company. An unbelievable rate is usually just that. If it seems too good to be true, it probably is. If you haven't heard of the company, look it up. Have they been in business for a while? What is their customer satisfaction rating?

Finally, review your insurance coverage *REGULARLY*. Understand your policy and the way it works. Ask your agent about inflation protection (automatic in some policies), ask about "Extended Replacement" (automatic increase in coverage from 10% to 50%). Contact your agent at each renewal to be comfortable that you have adequate amounts of insurance. Yes, if you increase the amount of insurance, you increase your cost *for* the insurance....*BUT*...those dollars spent for the increase may be minute compared to your "out of pocket" costs if your coverage falls short.

Too many of us make the mistake of not taking the time to review, question, and take the needed action. More than anything, be sure you understand the policy you have purchased. Words can have different meanings depending on which side of the fence you are on. Insurance is a binding contract, but it does not, in most cases, make its own adjustments for inflation or inflated prices. It is up to you the customer, to anticipate increased costs.

A Note from Karen: I have had the opportunity recently to work with clients that have lost their property in the Arrowhead/Running Springs fires. For those of us here in Big Bear, we know that this joyous mountain living comes with added fire danger. Hearing my clients devastating story has prompted Tim and I to request copies of our current insurance policies. We are in the process of determining whether the coverage will realistically be enough in the event of a fire related loss. I encourage all of you to do the same.

Jerry Spitzer is a licensed insurance broker/agent with over 50 years of experience and a trusted referral source. He is also my father

**Karen Lavrouhin-Boulder Bay Real Estate
Voice (909) 866-9888 Fax (909) 866-9885 email info@yourbigbearhome.com
See all Big Bear's Multiple listings at www.yourbigbearhome.com**