

O.M.G.

O'DETTE MORTGAGE GROUP

FUNDING YOUR FUTURE



O.M.G. on the Flip Side

While the mortgage and real estate industries faced a challenging 2009, O'Dette Mortgage Group came out stronger than ever, with increased business and two new team members.

Stephanie McIntosh joins our team as director of Strategic Partnerships. Stephanie maintains and builds relationships with referral partners and community members alike.

Mortgage Consultant Julie Johnson also joined our team this year specializing in mortgage loans in Marin County and the Bay Area.

In other news, Executive Assistant Ange Worl is expecting an addition to her family—a baby boy this January!

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Was 2009 A Turnaround Year?

This year the economy has performed beyond the wildest expectations of many economists. Who would have predicted that the Dow would be currently sitting well above 10,500 during its nadir of 6,500 during the Ides of March? One wonders if the market pundits paid a little heed to the soothsayer's warning to Julius Caesar, "Beware the Ides of March," that has forever imbued that date with a sense of foreboding. The turnaround (or maybe a semblance of it) has been quite impressive.

Home sales rose by a stout 10.1 percent in November to a 6.54 million annualized rate of sale - easily the best pace in some time. With firming home prices and recovering



retirement and personal wealth tied to stocks, many investors breathed a sigh of relief and more than

a few million consumers are already reaching for their wallets and heading into the malls.

O.M.G. Offers Loan for Teachers

O'Dette Mortgage Group offers a home loan for teachers and employees of the California public school district!

Whether you are dreaming of buying a new home, lowering your existing payments, or taking cash out, the CalSTRS Home Loan Program can help by offering competitive rates on a variety of mortgage loan programs:

Conventional 15 or 30 Year Fixed Rate Program — Competitive rates are available for buying a new home or refinancing to meet your individual needs. Mortgage loan amounts are available up to \$834,000.

80/17 Program — Qualifying for a larger home mortgage is now available because of the low payment during the 5-year second mortgage deferral period. Mortgage loan amounts are available up to \$650,000.

Contact O.M.G. for more information. www.omglenders.com

Key Interest Rates

30 year fixed ~ 4.960%
15 year fixed ~ 4.640%
5 year ARM ~ 4.390%

Mortgage Rates - 3 Month Trend
(Oct - Dec), 1 point orig

Toll Free: 800-404-2129

Money Matters: To Convert or Not Convert

Submitted by: Diane Morrison, Financial Consultant, Dailey Morrison Financial

For the first time, everyone, regardless of income, will get the opportunity to convert their Traditional IRA to a Roth IRA in 2010. This presents an unprecedented opportunity to sock away tax-free retirement income.

The IRS is even offering taxpayers a three-year window in 2010 to pay taxes due on a conversion and is removing income limits that have kept higher-income taxpayers from previously setting up Roth IRAs.

The key benefit of converting to a Roth is that you'll pay taxes now in exchange for tax-free withdrawals in retirement, which seems like a pretty good trade-off given that taxes are widely expected to drift upward in the years ahead.

The Roth also makes sense from the standpoint of estate planning. Unlike Traditional IRAs, the Roth doesn't require mandatory distributions, thereby allowing your assets to compound and increasing the amount you can pass to your spouse or heirs. Your heirs will be able to receive tax-free distributions and are also able to accept distributions over an extended period, further stretching out the tax benefits and enabling those assets to compound on a tax-free basis.

Roth IRA conversions don't make sense for everyone, but it's worth investigating to decide whether it makes sense for you. Here are some steps to follow should you decide to convert.

7 steps to a Roth IRA conversion:

Step 1: Evaluate your IRA and 401(k)

First, you need to get a handle on what assets you've got that are eligible for conversion into a Roth. Generally, any assets that you hold in a Traditional IRA, whether they are deductible or nondeductible, are eligible. The higher the balance in your IRA or IRAs, the higher your tax bill will be if you convert.

Step 2: Seek advice if you're unsure

If you are considering conversion contact your tax professional or financial adviser.

Step 3: Weigh financial and tax factors

For many taxpayers, the decision to convert is highly individual. Your age and your present tax bracket all factor in. The higher your tax bracket, the more tax you will have to pay on conversion. But if you expect taxes to go up in the long term, conversion makes sense because you may have to pay a higher tax rate in retirement than you expect now.

Step 4: Calculate the potential tax due

Figuring out the tax due on conversion is not overly. Basically, you owe federal and state taxes on your contributions and any gains, meaning the entire value of your IRA, unless you made nondeductible contributions.

Step 5: Decide when to pay the tax bill

There are a few other issues to consider when deciding whether to pay the tax due immediately after conversion -- if you can afford to -- or defer it.

Whether you want to pay the taxes in 2010 or spread it out over the next two years depends on how consistent your tax situation is. If you're a W-2 employee and don't have any capital gains or other types of holdings that might create surprises along the way, you aren't likely to see a huge tax increase. Deferring those taxes over a two-year period would make sense. Many tax advisers agree that for a Roth conversion to make sense, you should be able to pay taxes from your income or another source, not from funds taken from your IRA.

Step 6: Consider when to convert

The earliest you can convert if you want to take advantage of the two-year tax deferral is Jan. 1, 2010. If your income isn't over the limit and you can afford to pay the tax now, there's no reason to wait, especially if your traditional IRA dropped in value. If it appreciates between Jan. 1 and when you convert, your taxes in conversion will be higher.

Step 7: Fill out conversion paperwork

If you have made nondeductible contributions to your IRA, you will need to know how much you contributed in nondeductible contributions. You'll need to let the custodian know certain information, including:

- How you want your converted assets invested.
- Whether you will pay the taxes due yourself or want the custodian to withhold the amount from the IRA's assets to pay them.
- Who you want to name as a beneficiary to receive the money upon your death.



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Homebuyer Tax Credit Extended

President Barack Obama has approved the first-time homebuyer tax credit extension which will extend the tax credit until April 30, 2010.

The extension is part of a \$24 billion economic stimulus bill that will extend the \$8,000 tax credit for homebuyers who are purchasing their first home from the current November 30 deadline and expands the program to offer a credit of \$6,500 to homeowners who have lived in their current home for at least five years and are seeking to relocate.



Who is Eligible:

First-time homebuyers, who are defined by the law as buyers who have not owned a principal residence during the three-year period prior to the purchase, may be eligible for up to an \$8,000 tax credit.

Existing homeowners who have been residing in their principal residence for five consecutive years out of the last eight and are purchasing a home to be their principal residence ("repeat buyer"), may be eligible for up to a \$6,500 tax credit.

All U.S. citizens who file taxes are eligible to participate in the program.

Single taxpayers with incomes up to \$125,000 and married couples with incomes up to \$225,000 qualify for the full tax credit.

For additional qualification guidelines go to www.federalhousingtaxcredit.com or call O'Dette Mortgage Group 800-404-2129 ~ www.omglenders.com

Condition, Condition, Condition....

We have all heard the importance of "location" and "condition" as major factors affecting the selling price of a house. While you can't change the location there are a lot of simple things that will improve the condition and appearance of a house. Most buyers want a ready-to-move-in house. The following will help to make a house more salable at top dollar:

Painting – not expensive if you do it yourself or just touch up...use neutral colors.

Repairs – toilets that run; doors/locks that stick; faucets that leak etc...fix them yourself or hire a handyman.

Cleaning – not expensive...do it yourself or hire a cleaning service...make everything look clean and shiny and with a pleasant odor.

Organize – remove the clutter and arrange things to give space for the buyer to see their things fitting into that space.



Car "Curtains" Increase Safety

The Insurance Institute for Highway Safety conducts frontal and side-crash tests on a wide variety of vehicles. Their tests have proven that side airbags that protect the torso and side-curtain airbags that protect the head really do work in protecting against serious injury or death. For comparisons of tested vehicles go to www.iihs.org or The National Highway Transportation Safety Administration (NHTSA) at www.safercar.gov.

Despite Market Gyration, Green Persists

Despite this being a tough year for home builders, more than 75,000 new homes were designated Energy Star green properties in 2009.

These energy efficient properties accounted for nearly 17 percent of all new single-family homes, up from 12 percent in 2007.

"Consumer acceptance has been outstanding," says Walter Cuculic of Pulte Homes, which has built 120,000 Energy Star homes.

Owners of existing homes also are spending money on things that make their homes more energy efficient. A survey by USA Today showed that 68 percent of those surveyed spent money this year on energy renovations – 68 percent to save money and 26 percent to save the environment.

Source: USA Today, (12/04/2009)

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Consumers Buying Furniture and Appliances

Furniture and appliance makers and retailers say business is getting better after years of recession.

"Folks who simply have been putting off replacing appliances in the past because they were trying to save some money are now seeing a light at the end of the tunnel," says Mark Delaney, an analyst with research firm NPD Group.

Industry watchers say people are spending more time at home as opposed to taking vacations or spending time in expensive restaurants, which makes remodeling and redecorating more appealing and attainable.

Source: The Wall Street Journal, (12/17/2009)

Interest Rates Predicted to Reach 6%

Interest rates are likely to rise to 6 percent by the end of 2010, predicted Amy Crews Cutts, deputy chief economist at Freddie Mac

The end of the Federal Reserve program that buys mortgage-backed securities will drive rates higher because private buyers will demand more return than the Fed.

"Extraordinary resources have been put into keeping the rates down and supporting the mortgage markets and it's hard to imagine that the rates can go much lower than they are," Crews Cutts said. "Anything we get at or below 5 percent is a gift at this point."

For a long-term lending solution go to www.omglenders.com or call 800-404-2129.

Source: Washington Post, (12/26/2009)

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