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INSIDE THIS ISSUE

HISTORICAL *Heart* DAY

We love celebrating love! Considering that Americans spend more than $1.9 billion on roses alone for this one day of romantic revelry, where did all of the madness begin? Is it really just a commercial cash cow, or are the roots of V-Day more enduring? Welcome to a crash course in Valentine's, ladies and gents!

Luper-What? *Lupercalia, that is! In ancient Rome, February 15th was the day to celebrate the god Faunus, patron of agriculture and fertility, and the mythical twins Romulus and Remus, founders of the city of Rome. A blood sacrifice here, a cave gathering there—the festivities also included a pairing that would leave the lingering association of love with the month of February. Roman women would place their names into a huge urn and bachelors throughout the city would each draw a name. The couples would be paired throughout the year, and most of the matches became marriages.*

Lupercalia was outlawed by the fifth century Pope Gelasius, who simultaneously declared the observance of Saint Valentine's Day on February 14th, the day when the patron saint of love was supposed to have been executed!

Saints Alive! *The name and much of the modern meaning behind today's Valentine's Day comes from the 200 A.D. Catholic martyr, Valentinus or Valentine (three Valentine-esque saints are recorded, from the period). The fabled Saint Valentine stands for love and marriage in a time of injustice! During the third century, Emperor Claudius II outlawed marriage for young men to keep them fighting fit (he thought that marriage made his soldiers weak). With such a ludicrous decree, Valentine stepped up to the plate and began to perform marriages to soothe the troubled youths. Claudius caught on sooner rather than later, and of course put the errant priest in prison to await his execution.*

This myth has a second portion, for while Valentine waited for the day of his death, the priest met with the daughter of his jailor and fell deeply in love. Before his execution, the lovelorn martyr sent his beloved a letter with the now iconic signature: "From your Valentine."

Getting Medieval. *While Valentine's Saint Day has its roots in the second century, the proper romantic celebration of Heart Day didn't come about until well over 1,000 years after its inception. The first recorded V-Day card came about in 1415 when the Duke of Orleans was imprisoned in the Tower of London. To his beloved, he wrote: "I am already sick of love, my very gentle Valentine..." and laid the foundation for an entire industry!*

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•REAL ESTATE INSIDER•
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POWERFUL REAL ESTATE TIPS & STRATEGIES YOU CAN USE

TURN NEGATIVE THOUGHTS INTO POSITIVE, PRODUCTIVE ENERGY

> *Your attitude, not your aptitude, will determine your altitude.*
> *—Zig Ziglar*

If you live in the United States, you are probably much better off than the majority of the other people living on Planet Earth. In spite of our many blessings, it's easy to fall victim to negative thinking. Unfortunately, negative thoughts distract you, drain you of energy and keep you from being in the present moment. The more you give into your negative thoughts, the stronger they become. On the flip side, a small positive thought can have the opposite effect, blossoming into a positive and profitable outcome.

When you start to have negative thoughts, it's often hard to stop them. Shifting your focus from negative to positive thoughts is easier said than done, but it's the only way to avoid going down an unnecessarily painful path.

When you find your thoughts tumbling down a negative slippery slope, here are 5 tips to turn those negative thoughts to positive energy:

1. Acknowledge your negative thoughts: Self-deception is very destructive and you can't effectively deal with a problem until you accept that you have one. Although you should acknowledge your negative thoughts, it's important to remind yourself that the negative thought you are thinking is only a thought and has no power other than the power you give it.

2. Smile: Smiling really does help change your mood and relieve stress. Smiling is evolutionarily contagious and we have a subconscious innate drive to smile when we see one. Surprisingly, smiling uses fewer muscles than frowning and therefore requires even less energy.

3. Seek out and surround yourself with positive people: When you're stuck in a negative spiral, talk to people who can put things into perspective and won't feed your negative thinking.

4. Change the tone of your thoughts from negative to positive: Changing the tone of your thoughts starts with rewording them. For example, instead of thinking, "This isn't going to work because of X, Y and Z," instead try to think, "We will face some challenges including X, Y and Z, but we will come up with solutions that will help us overcome them."

5. Help someone else: Take the focus away from you and do something nice for another person. Negative thoughts are often selfish and narcissistic. Take your mind off your own issues and concerns for a moment—helping someone else will brighten your mood and make you feel better.

Good luck. Onward and upward!

Gerald Lucas

GERALD LUCAS
Real Estate Expert & Best-Selling Author

BRAIN GAMING — MONEY SAVING

It's official: Americans are really bad at saving money. Don't believe me? Take a look at these bad boys: Pick 100 random Americans; chances are, 50% don't have access to a 401(k) plan (no easy savings in this group!). Of the half that do have access, some inevitably elect not to save—bringing the number of savers down to only 33%. Of that 33%, even less are saving what will be enough to carry them through retirement, which means that only 10% of us living in the good old US of A are prepared for life after work. And because we believe in the power of statistics, we have to ask the question of who feels that they are over-saving; we are left with a bleak .5% that might be over-savers. It's not a pretty picture, so what can we do about it?

Like almost everything else in our lives, saving is actually a brain game! And, Dr. Shlomo Benartzi thinks he might know how to play it. Benartzi is taking advantage of a few behavioral quirks about the human condition that have long been thought to operate in opposition to effective saving. We are beings of instant gratification! We want what we want, and we want it now; and in spite of our best intentions, we are prone to giving in to present demands and forsaking future needs. We also hate to lose; it doesn't matter if the loss is temporary—take something away and we feel it, intensely! The solution, Benartzi says, is embarrassingly simple, but incredibly hard to implement solo: when you make more, save more.

In essence, put off saving until you get a raise, but create the plan of implementation now so you never actually feel the loss of prospective income. Benartzi and his colleagues came up with a system that employers and savers can use. The gist: save just 3% more with each pay raise, save more tomorrow! While still in its infancy, the system is alarmingly effective. Benartzi's guinea pigs have actually quadrupled their savings, which ultimately means a huge change in life after retirement! The moral of the story: it might be OK to put off saving, but only if you plan for it now!

ASK GERALD
a Real Estate Question

Q: *How much in real estate expenses can I write off on my taxes every year?*

—Pete, Caldwell, NJ

A: **That's a good question, Pete.**

The answer to your question is that you can write off as little as up to $25,000 and as much as however large your real estate loss is depending on your IRS classification. The amount of real estate expenses that you can write off every year on your taxes depends in part on how the IRS categorizes you and your real estate activities. There are 4 types of real estate investor definitions/classifications that the IRS has:

1) Real Estate Investor

2) Real Estate Dealer

3) Real Estate Professional

4) Real Estate Developer

For tax purposes, real estate professional is the most ideal classification because there are no limits on the losses you can take against your income. To figure out how the IRS would classify your real estate activities, all you need to do is some research or consult a CPA who specializes in real estate.

Thanks for your question, Pete. Good luck. For more real estate tips and information, visit performanceproperty.com.

—Gerald

Lending Restrictions They Don't Want You to Know

Since buying a home is such a huge milestone in one's adult life, it's easy to be swept away by the real estate market. For first-time homebuyers, tight lending requirements can complicate the process and affect the buyer's ability to finalize a sale. It's important to weigh the costs and benefits of a first-time homebuyer loan to ensure you're signing on to something that accommodates your needs and doesn't break the bank.

Although, these loans are designed with the first-time homebuyer in mind (due to their accessibility, low down payments, and other benefits), they also come with restrictions—strings attached that you may not be initially aware of. The first set of restrictions depends on your income. First-time homebuyer loans are for people with low to moderate incomes, who have never owned a home. A higher income or greater assets might lower your chances of qualifying for the loan in the first place. These loans also limit your selection. They're not meant to be used on the homes with a higher sticker price, which means you might have to settle for a less valuable home. Your selected home cannot be rented out either. Most first-time homebuyer loans require recipients to use the home as their primary residence. Homes in disrepair are also less likely to qualify for a first-time loan.

While these restrictions don't apply to first-time homebuyers across the board, it's important to be aware of the common pitfalls, especially if you plan to put the home back on the market or if the home's value increases over time. Buying a home is a monumental decision, so don't be afraid to look into every avenue before making your final selection.

Real Estate Insights

1. Whenever the pace of property sales slows, negotiating power transfers from sellers to buyers.
2. Flood Insurance premiums are determined by many factors including deductible amount as well the location, age, occupancy and type of property structure in the floodplain.
3. Most homes in a flood zone never flood. Flood zones are determined by a probability index: that it may flood once within 100 years.
4. Capital improvements to a home add only 50% to home value on average

Real Estate Tips

1. *Buy property that is consistent with other property in the neighborhood. It's smarter to buy the cheapest rather than the most expensive house in an acceptable neighborhood. This increases the odds that your property value will increase and often makes it easier for you to sell.*
2. *Avoid poorly designed homes—this is often referred to as functional obsolescence. Functional obsolescence reduces the desirability of your home and makes it more difficult to sell. Here are some examples that you should steer clear of: A) No bathrooms on first floor B) Bedrooms with no closest C) Knob-and-tube wiring or fuses instead of a circuit breaker box D) One electrical outlet per room.*
3. *The average number of days on market required to sell a home gives you a good indication of the strength of that local real estate market—a higher average number of days on market usually suggests a weaker market, a lower average number of days on market implies a stronger local real estate market.*
4. *Always ask to see any existing leases for any rental property you are considering for purchase. If you buy the property, you will be subject to the terms of those leases. Make sure the leases match the seller's representations.*