

MONEY SENSE

Genesis
FINANCIAL MANAGEMENT INC.

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NEW BEGINNINGS, DEBT FREE

Taxpayer Clinics Can Help You Resolve Tough Issues

Ever had a tax issue you couldn't resolve directly with the IRS— or simply didn't know what to do to correct? Marcia Bailey, a Senior Tax Specialist with the IRS, shares information about Low Income Tax Payer Clinics (LITCs).

LITCs are independent organizations that provide low income taxpayers with representation in federal tax controversies with the IRS for free or for a nominal charge. The clinics also provide tax education and outreach for taxpayers with limited English proficiency or who speak English as a second language.

LITCs represent taxpayers before the Internal Revenue Service, assist taxpayers in audits, appeals and collection disputes and can help taxpayers respond to IRS notices and to correct account problems.

If you are a low income taxpayer who cannot afford professional tax assistance or if you speak English as a second language (ESL) and need help understanding your tax rights and responsibilities, you may qualify for help from a LITC that provides free or nominal cost assistance.

Although LITCs receive partial funding from the IRS, LITCs, their employees, and their volunteers are

completely independent of, and are not associated with, the federal government. These clinics are operated by nonprofit organizations or academic institutions. Each clinic independently decides if you meet the income guidelines and other criteria before it agrees to represent you.

In general, taxpayers must not have incomes that exceed 250% of the poverty guidelines. Currently, those limits are as follows:

- 1- person household- \$25,525
- 2-person household- \$34,225
- 3-person household- \$42,925
- 4-person household- \$51,625
- 5-person household- \$60,325

For family units with more than 5 members, add \$8,700 for each additional member.

To locate the nearest LITC, look in the phone book under "Legal Services" or "Legal Aid" or go online to www.irs.gov and use the "Search" feature to look up "Low Income Tax Payer Clinics."

Another good resource is the IRS's Tax Payer Advocate service. Each state has at least one Advocate representative whose information can also be found through irs.gov

Dollar Savers:

4 Energy and Money Saving Tips for Summer

- 1) Set the air conditioner at 78° or higher. For every degree you raise your thermostat, you can save up to 3% on your cooling costs.
- 2) Keep your blinds, curtains, and windows closed during the day.
- 3) Plant trees to shade your home. Newly planted trees will begin shading windows in their first year and will reach your roof in 5-10 years.
- 4) Use ceiling fans. They provide breeze that can make you feel at least 5° cooler, allowing you to turn up your air conditioner.

For more energy and money saving tips or to see how much energy you are using, go visit: <http://www.oerb.com/conservation/summer.asp>

Payment Address

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Genesis Update:

Genesis does not accept personal checks, effective August 1, 2006. Any and all personal checks will be returned. Please see reverse for further details.



How to Protect Yourself From a Risky Loan...

- 1) While interest rates are still low, choose a loan that offers a fixed rate. Knowing your payment will not increase will let you sleep easy.
- 2) Sit down and talk with reputable lenders to see what you can realistically afford. Don't tempt yourself by looking in a higher price range.
- 3) If you decide to take out an Adjustable Rate Mortgage (ARM), make sure you do the calculations to see if you can still afford it when the rate goes up.

"Purchasing a house is a huge investment. Protect yourself and your asset by doing the necessary research to educate yourself."

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Risky Mortgages...Are They For You?

Due to rapidly rising home prices, the dream of ownership is becoming more and more difficult to attain. Confronted with a host of potential buyers who are unable to qualify for conventional loans, lenders are coming up with new and creative ways to lend money, some of which can be downright risky.

This new breed of mortgage includes attractive features such as lower monthly payments but also some riskier elements, such as adjustable rates and longer terms. The Federal Reserve reports that these loans are resulting in high rates of housing turnover and even foreclosure. If you're in the market for a new home, please familiarize yourself with the most popular "new" mortgages.

Option Payment Mortgages: This loan wins the award for "The Most Risky" mortgage available right now. You are able to choose what you pay every month: the regular principal and interest, interest only, or a minimum required by the lender that may be even less than the interest you owe. The difference gets added on to your loan balance. The danger is that at any given time, you could be upside down on the loan, meaning you could owe more on your

home than it's actually worth.

Interest Only Mortgages:

This loan comes in a close second after Option Payment Mortgages. For the first 3-10 years of the loan, you pay only the interest on it. When the interest-only period expires, your payments will increase dramatically as you begin to pay down the principal. If you're not careful, you could wind up stuck with a house you cannot afford and might have a hard time selling.

Low-Doc Mortgages: With this unique loan, you don't have to provide documentation to prove you can afford the payments. The danger here is that you may be putting yourself in a difficult financial situation by taking on more debt than you can comfortably handle.

Piggyback Mortgages:

The piggyback loan is not as risky as the other loans, but it does require taking on two mortgages and thus should not be entered into lightly. With this loan a borrower takes out a home-equity loan or line of credit for 20% of the home's value, which is used as a down payment to avoid



having to pay private mortgage insurance (PMI), and a primary mortgage for 80% of the home's value. The problem with this type of loan is that you may be forced to sell the home for less than what you owe since you have no equity as a protective cushion.

40-year Fixed Mortgages:

This is the least risky of the "new" mortgage loans. With a term of 40 years instead of the traditional 30, the payments will be lower so you qualify for a higher mortgage. The two problems here are that you will pay much more in interest due to the length of the loan, and it will take you much longer to gain any equity.

With banks willing to loosen their underwriting requirements and issue loans to marginally qualified or unqualified buyers, you'll have to look out for yourself to make sure you don't buy more house than you can realistically afford.

[http://
financialplan.about.com](http://financialplan.about.com)

Please Note: Personal Checks Will Be Returned

Please be advised that effective August 1, 2006 Genesis Financial Management no longer accepted personal checks.

Due to the increase in personal checks received, effective immediately, Genesis will be returning any and all personal checks received in our offices.

Please be advised that this will delay payment to your creditors in a timely fashion and could affect your proposal status and/or result in a decline in benefits with your creditors.

In addition, please make sure that your personal creditor statements are not being sent to our corporate

office. All personal creditor statements need to be sent to your home address so that you are able to track your progress on the debt management plan.

If you have any questions or concerns, please contact out Client Services department at 1-800-460-8641.

Check Us Out Online!: www.YourGFM.com