Getting Your Home Mortgage Interest Deductions

M. Jill Lockwood
**Stowaways caught at Georgia Ports**

Three stowaways from the Dominican Republic jumped a ship at Georgia Ports on Wednesday, when the ship was in port over the weekend of March 27. The stowaways — and their contraband — were apprehended almost immediately.

"We were pleased with the response of U.S. Customs and Border Patrol and our own police officers, who apprehended the three subjects and turned them over to customs," said GPA executive director Curtis Foltz.

Georgia Ports Authority spokesman Robert Morris declined to comment further, citing an ongoing investigation.

He also declined to release the port police report on the incident or to discuss the contraband, which a variety of sources indicated was illegal drugs.

The Morning News has learned that port police officials called a meeting with area ship's agents last Wednesday to discuss such issues as TWIC, escorting, vessel interface and current security measures.

The Boston, a 930-ton container vessel with a Panamanian registry, was boarded Saturday at Garden City Terminal by the Coast Guard at the request of Customs and Border Patrol.

"We were asked to do a safety and security audit after a report of stowaways aboard," said Coast Guard spokesman Bobby Nash. The Coast Guard intercepted no stowaways, he said.

**A walking guide to Savannah**

When the commercial real estate market slowed, Paul Bland found himself with a little extra time. As a native Georgian and somewhat of a history buff, he parlayed what comes naturally into a locally bestselling publication.

"I'd often find myself pointing out historic landmarks and other sites when walking to lunch with friends and coworkers," Bland said. "Having lived here my whole life, it took me a while to realize how cool it really is."

His tome, "Savannah Walking Tour & Guidebook," has been a bestseller at the Martin Luther King Jr. Boulevard Visitors' Center as well as other guidebooks on the market, Shaver said it's important to be accurate.

"We have to be careful that we're not selling something that gives bad information," she said.

And the book isn't just appealing to tourists, Bland said.

"It's selling well at the Walgreens on DeRenne Avenue and several other locations around town."

"It's important to help locals who want to be better hosts or just better information about the city they live in," Bland said.

With tourism a lucrative local industry, Bland said, he wasn't trying to make his 30-plus pages all-inclusive.

The book covers 12 of the city's 22 remaining squares.

"Not to say the other squares weren't significant, but I wanted it to be concise as well as informative," he said.

Joseph Marinelli, president of the Savannah Area Convention & Visitors' Bureau, agreed.

"There's a lot written about Savannah, and this can whet the appetite for more," he said. "It's a nice addition to the market."

Bland said the book stands up well by itself or can be used as a supplement with trolley tours.

Arlinda Smith Broady

**2nd Gulfstream G250 completes first flight**

Savannah-based Gulfstream Aerospace has announced that a second Gulfstream G250 — the company's newest mid-range business jet — successfully completed its first flight and has joined the G250 test program.

The G250 is designed and built for the European market as an owned subsidiary of General Dynamics (NYSE: GD), in collaboration with Israel Aerospace Industries (IAI) in Tel Aviv.

"Flown by IAI chief test pilot Ronen Shapira, the plane — serial number 2002 — departed from Ben Gurion International Airport in Tel Aviv at 2:45 p.m. last Wednesday," said Gulfstream spokesman Arlinda Smith Broady.

The aircraft flew for 1 hour and 57 minutes, reaching an altitude of 20,000 feet and a speed of 195 knots.

"The first G250 to take to the skies — serial number 2001 — had its initial flight in December. It has amassed more than 70 flight hours and reached its maximum certified speed and altitude of Mach 0.85 and 45,000 feet.

David Dagan, corporate vice president and general manager of IAI's commercial aircraft division, said the successful first flight was another indication of the collaborative companies' steady progress toward certification.

Arlinda Smith Broady

**Getting your home mortgage interest deductions**

For many taxpayers, the interest deduction on a personal residence is the largest single deduction on their income tax return, often exceeding the standard deduction limits.

This means most taxpayers who pay mortgage interest itemize their deductions.

If you itemize, you must keep accurate records and be able to prove your deduction was correct and proper if you are audited.

What do you need to know?

First, you need to know what your home mortgage interest is. Interest is the cost you pay to borrow money.

This may include interest, mortgage insurance and discount points.

To qualify for the mortgage interest deduction, your home must be the collateral for the money you borrow from a bank or other financial institution.

This means the lender has a mortgage or other security interest filed against your house that can be enforced if you default on your loan.

Many individuals borrow money against their investments to purchase a home. If this is the case, the security on the loan is the investments and not your home and any interest paid for this loan does not qualify as a deduction.

For your home to be the collateral for the loan, the value of the home must be equal to or greater than the amount of the loan. This presents a problem for taxpayers who bought homes at the top of the housing boom and put no money down.

What if you have two homes? The law will allow you to deduct interest for both as long as the homes are collateral for the debt and the amount you borrowed to buy, build or improve your first and/or second home does not exceed $1 million.

There also is a $100,000 loan limit for interest you borrow against your home to pay for something else. You may borrow money against the equity in your home to take a trip, or pay for college tuition, medical bills or a new car — the choices are endless.

The value of the home must be greater than or equal to the amount of the debt.

For example: Susan and Joe bought a house in Savannah in 1990 for $250,000; they put $50,000 down and borrowed the rest. The house is now worth $450,000 and they borrowed $250,000 to buy a second home in Maine.

The home in Maine is a second home, but it isn't the collateral for the $250,000 loan. The home in Savannah is the collateral and the $250,000 is not being used to substantially improve that home; it is being used for something else.

If Susan and Joe want to deduct all the interest they pay on the second home, in Maine, they need to see their banker about permanent financing. Otherwise, they will only be able to deduct 40 percent of the interest on the second loan ($100,000/$250,000 x interest expense).

Warning: Losing part of the interest deduction may not be Susan and Joe's biggest problem.

If Susan and Joe have one large debt on their principal residence and cannot pay the interest, they risk losing everything.

If Susan and Joe get separated and sell the second home and discover they can pay the mortgage on the principal residence, but the second home becomes too much, they may lose the second home if they can't not sell it. But they do not set themselves up to lose the primary house as well.

Second example: Susan and Joe bought a house in Savannah in 2006 for $750,000 and paid no money down and the house is now only worth $500,000. Susan and Joe can only deduct two-thirds of the interest they pay on the house ($500,000/ $750,000 x interest expense).

The lender does not do the math on any of this. The lender just sends you a 1098 or other statement giving you the amount of interest you paid on your loan. It is up to you to determine if the interest qualifies as home mortgage interest deduction.

If you have any questions, please see your CPA.

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**Business in Savannah**

Although state and local unemployment rates have increased, the number of residents seeking first-time unemployment benefits has decreased, indicating the economy is beginning to take a positive turn.

The preliminary, unadjusted unemployment rate for metro Savannah, which includes the seven-county region, was 9.3 percent in February, up one-teenth of one percentage point from a revised 9.2 percent in January, according to data released Thursday by the Georgia Department of Labor.

Meanwhile, the number of unemployed workers in the area stayed flat, increasing by only one person to 16,162 from 16,161 in January.

Michael Toma, director of Armstrong Atlantic State University's Center for Regional Analysis said, "Although the unemployment data shows we're still in a decline, it's at a substantial reduction... Joblessness is at a slowing pace, and as the number of lost jobs continues to get smaller, we should see stabilization in the third quarter or even as soon as the latter part of the second quarter."

That could come sooner than many have thought possible, Toma said, as the upward trend began Thursday.

"The numbers are starting to trend in the right direction," Toma said.

Arlinda Smith Broady

**this week in Savannah**

Arlinda Smith Broady