



# The Orange County ENROLLED AGENT

The Tax Professionals

Editor: Dale Quelle, EA • • 714-899-2221 • 14340 Bolsa Chica Rd. #A • Westminster, CA 92683-4868

Volume 2010 - 2011 Issue 4 October 2010

October 19th Program 1 Hr CPE

## Welcome New Members

John Nocifore

Yvette Lundy



## Dinner Menu

Oktoberfest Buffet  
Braised Bratwurst  
Roasted Chicken  
Sauerkraut  
Au Gratin Potatoes  
Garden Green Salad  
German Style Potato Salad  
Caesar Salad  
Apple Strudel  
Black Forest Cake

The Vision of OCEA is to serve, to represent the best interests of Enrolled Agents in Orange County, and to emphasize and enlighten the general public that an Enrolled Agent is the premier tax professional.

The Mission of OCEA is to encourage professionalism, personal growth, and educational growth, while providing member benefits and enhancing the role of Enrolled Agents among the local governmental agencies, other professionals, and the general public.

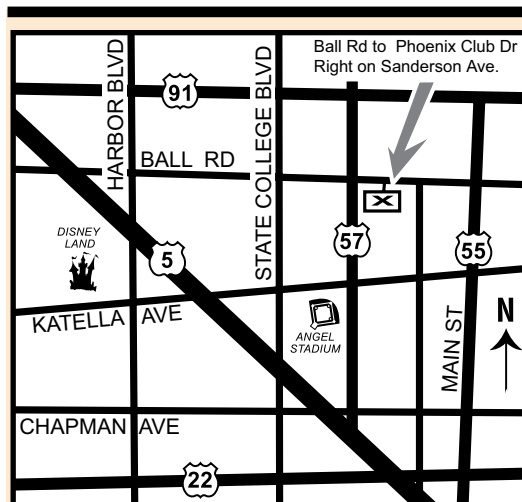
OCEA is 435 Members strong and proud to be the largest Chapter of CSEA.

## Mortgage Interest – Getting it Right

Presented by **Karen Brosi, EA**



When we think about Home Mortgage interest deduction, most people think “this is easy”. But with something seemingly so simple, the perception versus the reality are worlds apart. The rules for deducting home mortgage interest are arguably the most misunderstood by our clients. Even as tax practitioners who understand the law, we become muddled by endless refinances and the nuances of the tracing rules. This session will tackle what the Code, Regulations and case law say about deducting mortgage interest. Graphics and worksheets, provided in this session, will help explain it all to our homeowner clients.



**Meetings are held at the Phoenix Club**  
1340 S Sanderson Ave, Anaheim, CA 92806

### Agenda October 19th

**4:30 Board Meeting**

**5:30 Social Time**

**6:00 Dinner Hour**

**7:00 1 Hr CPE Program \$35/\$40**

\$35 for Member pre-registration before midnight on the Thursday prior to the dinner meeting; \$40 for on-site registration and for non-members for meetings with 1 hour of CPE credit. Meetings with 2 hours of CPE credit are \$45 and \$50 respectively. To make a reservation go online to our web site [www.eaoc.org](http://www.eaoc.org) and select the sign up button next to the event you would like to attend and follow the prompts. If you incur any difficulties signing up contact Donna Miller EA at 562-424-3088 or Lisa Newton EA at 562-267-0351

## PRESIDENT'S MESSAGE

by Russell Fox, EA



I like to think that we have some of the best education programs in the country right at our monthly dinner meetings. Last month we heard all about the tax implications of domestic partnerships. The presentation definitely aroused debate on various issues among the members in attendance. With the increase in domestic partnerships it's likely many of us will run into these in our practices so it was good to hear the latest information on these.

This month Karen Brosi will be speaking on the mortgage interest deduction. But before that she'll be speaking on Weird Real Estate. That's been described to me as a hodgepodge of unusual situations tax professionals may have to deal with vis-à-vis real estate. Ms. Brosi is one of the best tax speakers in the country, and the price of the four-hour seminar is only \$99. This is a bargain, and if you stay for the dinner meeting you will get five hours of some of the best C.E. in the country right in your backyard.

Last night the Big Five (Governor Schwarzenegger and the Democratic and Republican leaders in the state legislature) announced a "budget framework" with votes on the budget possible by mid-October. I'll believe that when they happen. It will also be interesting to see what, if any, tax changes the new state budget will bring to us or if the budget will be "balanced" only with smoke and mirrors. Sooner or later expenses will have to match revenues, but I digress. As I write this I'm in Sacramento for the state tax liaison meeting and the CSEA Board of Directors meeting. One of the issues that's sure to come up is conformity (between the IRS and FTB). I'll talk about that next month, as it's a topic that impacts all of us.

Meanwhile, the new PTIN registration has yet to open. The IRS asked for comments on their new regulations for this and received many, including some challenging the price (\$50 a year plus about \$14 for the vendor administering the program). The IRS has yet to respond, so it's looking more and more likely that we won't be re-registering (or doing a first-time registration) of our PTINs for another month.

Tish Patterson is again planning this year's Holiday meeting. As I type those words—holiday meeting—I have to wonder where the year has gone. Fall is here, our last tax returns of the year will soon be complete, and the all too brief respite between the 2009 and 2010 tax seasons will soon arrive. In any case, I'm sure this year's holiday celebration will be at least as good as last year's. I hope to see all of you at the meeting in October and congratulate all of you on surviving yet another year of serving our clients.



### *The Tax Professionals*

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# Proposed By-Laws Amendment

Last year the Scholarship Committee and the Board of Directors decided it would be to the Chapter's advantage to discontinue awarding Educational Scholarships at the Chapter level and let applicants apply directly to CSEA and/or NAEA for scholarships. As we receive rebates from Quickfinder and TaxBook sales that must be used for scholarship purposes the Board decided to contribute this money to the CSEA Educational Foundation.

This year, the Board realized that our By-Laws still have a Scholarship Committee as a standing committee and it is no longer necessary. At the August 17th Board meeting, a By-Law Amendment was presented to the Board and is now being presented to all the Chapter Members. The amendment simply removes the Scholarship Committee as a standing committee in our By-Laws. Any By-Law amendment must appear in our Newsletter for two months and then be voted on by Chapter Members. This By-Law will be voted on at our October dinner meeting.

The text of the By-Law Amendment is as follows:

Article 10 Committees

10.04 Standing Committees.

The President shall nominate, for Board of Directors confirmation, the Chairpersons of the following standing committees and delegate responsibility for their functioning to the cognizant Vice Presidents:

- a) Bylaws Committee
- b) Finance and Budget Committee
- c) Membership Committee
- d) Professional Education Committee
- e) Long Range Planning Committee
- f) Public Information and Awareness Committee  
(The Vice Presidents shall be members of this committee)
- g) Past Presidents' Advisory Committee
- h) Legislative Affairs Committee
- i) ~~Scholarship Committee~~



Any questions, please contact me at (951) 328-0800.

David S. Shashoua, EA Chairman of By-Laws Committee

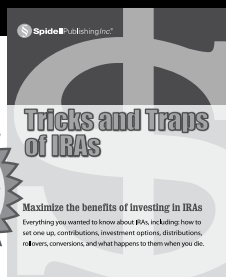
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## Have Something To Say

Readers are encouraged to submit letters to the editor on topics involving our tax profession. Readers can also voice their opinion on matters concerning our chapter. Please include your full name and phone number. Email your letters to:

Dale Quelle, EA at [4quelle@msn.com](mailto:4quelle@msn.com) or fax to (714) 899-2224.

*The editor reserves the right to edit letters for publication.*





# 2010 TaxBook/Quickfinder

## Order here and get the OCEA discount



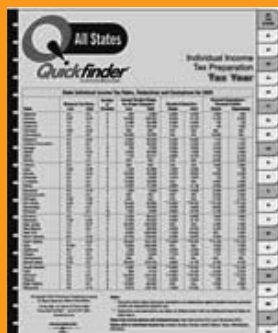
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**Make Checks Payable to: OCEA.**  
**All orders must be received by Dec 23, 2010 to qualify for discount. Payment must be included with order.**

**Mail your completed form and check to:**  
OCEA c/o Floyd Allen, EA  
629 Arbolado Drive, Fullerton CA 92835-1805  
714-871-6429

As a benefit to Members and others who purchase these handbooks, there will be no additional shipping and handling charges for those attending the January 18th dinner meeting where these handbooks will be distributed prior to the 2 hour CPE tutorial program on the effective use of these handbooks in our tax practices.

## OCEA is Looking For Tomorrows Leaders

by Joe Guccione, EA

We are looking for qualified candidates with vision and the desire to keep OCEA a leader in its field.

Any regular Member in good standing is eligible to serve. Board Members are expected to attend all

monthly board meetings held on the third Tuesday of each month just before our dinner meetings. Board Members must also attend the annual planning retreat held in June to plan the coming years operating budget.

Please fax your recommendations for Officers and Directors to Joe Guccione at (714) 842-8787 or e-mail [gucci-one@msn.com](mailto:gucci-one@msn.com).

# Education...The Key To Success

By Devang Mehta, EA

Every year, the education committee strives to bring quality education courses at affordable prices and year over year, the Orange County chapter of the Enrolled Agents Society has continually delivered this goal.

This year has been no exception.

As your chapter's Education Chair, I have the privilege of working with a very dedicated team of chapter Members to develop this year's education programs.

Courses currently underway are the the Special Enrollment Exam and the CTEC Qualifying Course. Topics for seminars being offered this year range from the importance of Social Media, the "Hodgepodge of Real Estate Topics" seminar, taught by Karen Brosi and the "IRS Tax Practitioner Seminar".

The Hodgepodge of Real Estate Topics is being offered next month on October 19th from Noon to 4:00 p.m. We encourage you to register early to reserve your seat.

The IRS Tax Practitioner Seminar will be offered in January 2011. Registration for this seminar is also available through the website at



[www.eaoc.org](http://www.eaoc.org).

On a personal level, the key to our continued success is an investment in our own knowledge...the more we know, the more we will be able to offer our clients, which will translate to growth in our respective practices.

And the success of our education programs depends on recruiting experienced instructors. To that end, we are constantly looking for experienced instructors to help in teaching parts of the SEE and CTEC courses. If you are interested and have experience in teaching, please contact me for more information on the possibility of being one of our instructors.

Additionally, we are always looking for feedback on our education courses as well as feedback on what type of education courses may be of interest to members. Please get in touch with me or any of the education committee members with any ideas you may have. Or better yet, get involved with the education committee and help to make a difference in the chapter education program.

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## From The Quill

Notes from your Secretary for October, 2010...

- The Board is very appreciative that more members are signing up online for the dinner meetings, but hoping more will do so timely... before midnight on Thursday before the meeting.
- Members will be able to order new name badges with the new CSEA logo; check out the Tab on the website to do it online for a small pass-through fee.
- Any interested member should start planning now to participate in our annual Retreat next June 16-17 at the UCLA Conference Center at Lake Arrowhead. It's a great way to get involved!
- Watch for notice that our CSEA dues will be going up, probably \$15.00 per year. They haven't had a dues increase for 3 years and provide many services for our members.
- Our SEE Class has 35 registered students for Part 2 and 3, and our Board is getting great feedback! The CTEC Class has started and has 11 students.
- Several Board members have visited our Legislators' offices as part of the CSEA request that we introduce ourselves and make an effort to be more of a resource for them; those visits went very well.
- If you are interested in serving on the Nominating Committee this year to help select next year's Board members, contact our President, Russ Fox.
- The Board is working on the purchase of a new professional portable microphone for our meetings.

## TAX TEASER



Russell took a mortgage for \$250,000 to acquire his home in 1999. In August 2009, when the home had a fair market value of \$430,000, Russell took out a home equity loan for \$140,000. He used the proceeds as follows:

1. \$90,000 for home improvements
2. \$30,000 for payment of credit card debt
3. \$20,000 for purchase of securities that produce tax-free income

How much of the \$140,000 loan would produce deductible mortgage interest in 2009?

- A. \$0
- B. \$90,000
- C. \$120,000
- D. \$140,000

Answer C

## Would you like a new name badge?

CSEA has a new logo and NAEA changed their logo quite a while ago, so we are updating name badges with the new logos for new members. For those of you that have lost your name badge or just want to get a new one with the new logos, they can be purchased online at [eaoc.org](http://eaoc.org). The price is \$13 which covers our cost and sales tax.

These will be available on line with payment by credit card. Donna Miller will put in one order per month in the week following our dinner meeting. That should make them available to pick up at the next dinner meeting.

**What:** Hodgepodge of Real Estate Issues  
**Speaker:** Karen Brosi, EA  
**When:** October 19, 2010  
**Time:** Noon to 4:00 PM  
**Where:** Phoenix Club  
**CPE:** 4 Hours federal CTEC approved  
**Price:** \$99 per person  
**Registration:** [www.eaoc.org](http://www.eaoc.org) 123  
**Info :** Devang Mehta, EA (909) 861-8100

## Weird Real Estate

The real estate market is volatile, to say the least. And Congress keeps tweaking tax rules surrounding ownership and sales of real property. This medley of real estate-related topics explores several of the most potentially troublesome areas and provides planning strategies for you and your realty clients

### Objectives

- Understand how to treat vacation homes & second residences
- Learn what happens to suspended losses when a taxpayer dies, gifts or converts rental property
- Master techniques for §1031 exchanges and the §121 exclusion
- Review home office rules
- Demystify foreclosure and debt cancellation

### Major Topics

- Rental real estate and passive activity rules
- Real estate professional issues
- Vacation homes vs. vacation rentals
- §1031 exchanges
- Reverse starter exchanges
- Business use of home
- Sale of personal residence update
- Foreclosure and cancellation of debt
- Mortgage Interest – Getting it Right



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## CLASSIFIEDS

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**I'M LOOKING FOR FULL TIME EMPLOYMENT** for bookkeeping / office management position. Experienced in QuickBooks and Microsoft Office applications. Previous tax office experience. Please contact Kathryn Cramer at (714) 204-8665 or kate4683@hotmail.com. Submitted by Norm Schmidt, EA. 10/10

**PART OR FULL-TIME** Enrolled Agent needed for dynamic law firm specializing in tax and estate planning. Health and retirement plans available. Quickbooks and Lacerte experience preferred but not necessary. Please call Steven Schroeder at 714-480-0529 and e-mail a copy of your resume to Steve@Schroederesq.com. 10/10

**FOR LEASE:** Executive office in suite shared with other tax professionals. Professionally decorated, private deck, reception area, kitchenette. San Juan Capistrano, 216 square feet, wired for cable, computer, phone, fax. \$725.00 per month. Call Patti Kappen 949/496-1174 or email patti@sanjuanfinancial.com 08/10

**WANTED:OFFICE SPACE FOR RETIRING EA-** Looking for 200 sq ft windowed office plus small storage area year round with interneting/heat/air/utills/ground floor/ easy client access & available rest-stop. Prefer 3 yr lease. Area : Laguna Niguel/Dana Point/Laguna Woods/Irvine or 'other' convenient location. Call Gene Curtis at (949) 389-9048 or e-mail genecurtis99@gmail.com. 07/10

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## How can I find an Enrolled Agent?

The easiest and fastest way to locate an Enrolled Agent in your area is to visit [www.naea.org](http://www.naea.org). The 'Find an EA' function located on the home page will allow you to search instantly by locality or specialty. You can also call 800-424-4339, the EA referral service. This is an unattended service, but you can request to receive your response by email, fax or mail and all calls are answered within 2 business days. You might also want to check in your local yellow pages under 'Tax Preparation', and look for the phrase 'Enrolled Agent, Enrolled to Represent Taxpayers before the IRS' or the 'EA' credential following the professional's name. Circular 230 regulations. NAEA members belong to a strong network of experienced, well-trained tax professionals who effectively represent their clients and work to make the tax code fair and reasonably enforced.

## UPCOMING PROGRAMS & EVENTS

<u>DATE</u>	<u>PROGRAM / EVENT</u>	<u>CPE</u>	<u>SUBJECT</u>	<u>LOCATION</u>
Oct 19, 2010	Seminar	4	Weird Real Estate	Phoenix Club
Oct 19, 2010	Dinner Meeting	1	Real Estate Topics	Phoenix Club
Nov 16, 2010	Dinner Meeting	1	Representation, the Three Sided Desk	Phoenix Club
Dec 21, 2010	Dinner Meeting	1	IRS Topics	Phoenix Club
Jan 18, 2011	Dinner Meeting	2	Quickfinder Tutorial	Phoenix Club
Feb 15, 2011	Dinner Meeting	1	California Update	Phoenix Club