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How to evaluate real estate limited partnerships

By Sid Mittra and Mariola A. Kulikowski special writers

Part II

Evaluating real estate limited partnerships is a complex task and is certainly not meant for the light heart-

So, if you're interested in investing in a real estate limited partnership, by all means consult your CPA, tax attorney or linancial planner before you make your final decision.

However, it would pay if you asked your adviser to seek answers to at least the following six key questions.

Do the tax deductions generated by the partnership exceed the amount contributed by investors? The higher the tax write-offs, the greater the chances of an IRS challenge.



finances and you Sid Mittra

• Are investors' contributions spread over more than five years? Most sellers want their money as soon as possible. One reason a seller might be willing to wait is that the huyer is

paying a premium price.

• Do the fees paid to the sponsor at the outset exceed 15 percent of what investors pay?

• Are large amounts of interest being deferred for payment at some future date? Accrual of unpaid interest creates tax deductions without a cash

outlay, but some day the debt must be satisfied.

Does the partnership expect to run operating losses (before depreciation) for the first three years or more? This suggests the partnership may have overpaid for the property.
Does the partnership plan to hold the property for more than 10 years? If so, this is another hint that the property's price may be high.
The six guidelines presented above were published in the "Real Estate"

of the Wall Street Journal on

column of the Wall Street Journal on June 6, 1984.

While answers to these six questions are not a sufficient condition for selecting a real estate partnership, a satisfactory answer to each of the six questions presented above is certainly necessary for a limited partnership to qualify as part of your prospective investment portfolio.

EDUCATIONAL SEMINAR: The Observer & Eccentric Newspapers and the Coordinated Financial Planning staff will conduct a seminar 7-10 p.m. Tuesday, Dec. 4, at the Bloomfield Township Library, 1099 Lone Fine Road, Bloomfield Hills. This seminar will cover three major areas; I. "Strategic Planning," Comprehensive and retirement planning, 2. Tactoal Planning," Insurance, taxes, education, wills. 3. "Product Planning," Mutual funds, stocks and bonds, real estate and

oil and gas tax shelters. Two out-of-town specialists will discuss specific tax shelters.

The seminar is free, but registration is required. For more details, call 643-8888.



datebook

WORD PROCESSING
 Saturdays, Nov. 23 to Dec. 10 — Non-credit course 9:30 a.m. to 12:30 p.m. in Rochester. Fee: \$40. Information: 377-3120. Sponsor: Oakland University.

DATABASE MANAGEMENT Monday, Nov. 25 — One-day seminar for execu-tives offered with dBASEII and PFS:Pile from 8:15 am. to 5 p.m. in Detroit. Fee: \$250. Registration: Mary Jo O'Connor, 446-0100. Sponsor: Deloitte Has-kins & Soils.

BEGINNING LOTUS
 Monday-Thursday, Nov. 26-29 — Computer series offered 8:30 a.m. to noon in Troy. Fee: \$195.
 Information. Rosemary Hougland Ging, 569-8282.
 Sponsor: Walsh College of Accountancy.

WOMEN IN INFO PROCESSING
 Tuesday, Nov. 27 — Metropolitan Detroit Forum
of Women in Information Processing meets for dinner at 6 p.m. in Southfield, Information; Sharon
Fike, 378-8554.

• FUTURE OF BUSINESS

Tuesday, Nov. 27 — Futurist Robert Theobald explores future of business beginning at 8 a.m. in Birmingham. Reservations: 644-1700. Sponsor: The Community House in Birmingham.

● PERSONAL COMPUTER INTRO

Treads, Nov. 27 — Two-day seminar introduces executives to database, spreadsheet and word processing applications. Offered from 8:15 a.m. to 5 p.m. in Dertolt. Fee: \$400. Registration Mary Jo O'Connor, 446-0100. Sponsor: Deloitte Haskins & call.

● INDEPENDENT ACCOUNTANTS
Tuesday, Nov. 27 — Independent Accountants
Association of Michigan meets at 5:30 p.m. in Detoit. Reservations: Gerald R. Johnson, 882-3550.

• WOMEN & FINANCES

Tuesday, Nov. 27 to Dec. 11 — Free three-part seminar designed for women who are interested in acquiring the skills necessary to manage their financial affairs will be offered beginning at 6:30 p.m. in Dearborn, Reservations: Jennifer Bageris, 277-2500. Sponsor: Paine Webber Inc.

WOMEN ACCOUNTANTS
 Tuesday, Nov. 27 — American Society of Women
Accountants meets at 5:30 p.m. in Troy. Information: Virginia LaBlanc, 837-4024.

REAL ESTATE APPRAISERS
 Tuesday, Nov. 27 — Society of Real Estate Appraisers meets at 5:30 p.m. in Bloomfield Hills. Information: Richard Sebastian, 531-9300.

FOREIGN SALES
 Wednesday, Nov. 28 — One-day seminar on For-

eign Sales Corporation offered from 8:30 a.m. to 3 p.m. in Troy. Fee: \$40. Information: Cynthia Robertson, 226-3650. Sponsors: U.S. Department of Commerce, Michigan District Export Council:

■ LOTUS 1-2-3

Thorsday, Nov. 29 — One-day seminar for executives teaches the basics of LOTUS 1-2-3. Offered from 8:15 a.m. to 5 p.m. in Detroit. Fee: \$250. Registration: Mary Jo O'Connor, 446-0100. Sponsor: Deloitte Haskins & Sells.

◆ LIFE INSURANCE COUNSELORS Tbursday, Nov. 29 — Michigan Association of Life Insurance Counselors meets 1-5 pm. in Dear-born. Information: Gayle L. McGarvah, 832-2210.

A AGENCY COUNCIL
Moday, Dec. 3 — Michigan Advertising Agency
Council will meet for dinner at 7 p.m. in Troy. Reservations: 585-9212. Deadline: noon, Friday, Nov. 30.

BEGINNING LOTUS

Monday-Thursday, Dec. 3-6 — Computer series offered 8:30 a.m. to noon in Troy. Fee: \$195. Infor-mation: Rosemary Hoagland Ging. 689-8282. Spon-sor: Walsh College of Accountancy.

BEGINNING LOTUS Monday, Dec. 3-10 — Th

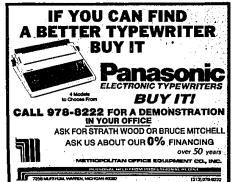
ries offered 6:15-9:45 p.m. in Troy, Fee: \$195. Infor-mation: Rosemary Hoagland Ging, 689-8282. Spon-sor: Walsh College of Accountancy.

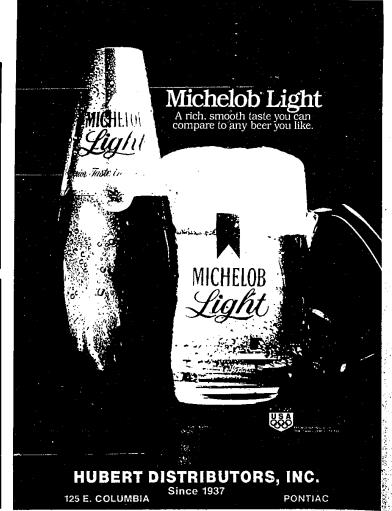
• UNDERSTANDING COMPUTERS

Wednesday, Dec. 5 — "How to Understand at Use Computers," one-day seminar, offered 9 a to 4 p.m. in Southfield, Fee: \$155. Information, 800-255-6139. Sponsor: Fred Pryor Seminars Inc.

ADVANCED LOTUS
 Friday-Saturday, Dec. 7-8 — Computer series of-fered in Troy. Fee: \$195. Information: Rosemary Hoagland Ging, 889-8282. Sponsor: Walsh College of Accountancy.

ADVANCED LOTUS
 Monday-Wednesday, Dec. 10-12 — Computer series offered 8:30 a.m. to noon in Troy. Fee: \$175.
 Information: Rosemary Hasgland Ging, 689-8282.
 Sponsor: Waish College of Accountancy.





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