

New Homes

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Vacation home is good deal for many

Owning a vacation home offers some unique tax advantages. Understanding the tax implications of your purchase before you finalize it will help to ensure that your second home meets your personal and financial needs.

The extent to which you or family members use your vacation home determines whether tax law will treat your home as a personal vacation home, rental property or some combination of the two. The tax treatment of property used for both personal and rental use depends on how many days you use the property as a personal vacation retreat and how many days you rent it out.

For tax purposes, your second home is treated as a personal vacation home if the property is rented for less than 15 days during the year. A vacation home you use primarily for your personal enjoyment receives basically the same treatment as your primary residence.

You may deduct mortgage interest and property taxes as itemized deductions, but you may not deduct other expenses such as utilities and repairs. In fact, if you rent your home for less than 15 days, the rental income you collect is tax free. Once your rental days exceed 14, you must report the rental income you collect and keep track of the days you spend at your vacation home so you can allocate your expenses between rental use and personal use.

For example, if your home is rented 30 percent of the time, 30 percent of your rental expenses are deductible. Rental expenses include advertising, insurance, repairs, utilities and other operating expenses, in addition to mortgage interest and property taxes. When your home is treated as a personal residence, rental expenses are deductible only to the extent of rental income. You cannot use your rental expenses to

Please see VACATION, F2

Crosswinds includes city living

Crosswinds Court, a platted residential subdivision in north central Livonia, offers a new house, all the amenities of a thriving community and the Livonia School District starting at \$235,000.

The small development of 16 lots is off Six Mile between Merriman and Middlebelt. Leo Seave developed the site. Sons Marco and Michael will build on an alternating sales basis.

"The big thing is the quality we put in the homes," Michael said. "My father has been building in Livonia for 30 years."

"I think we give people a top-quality home in the heart of Livonia that's still a reasonable price," Marco said.

Brian and Jim Duggan, owners of American Classic Realty, will sell the site.

"People want Livonia services and amenities," Jim said.

"We're one of the safest cities in the nation," Brian said. "School districts are good."

Livonia has done nothing but appreciate," Jim added.

The city also is known for its parks, municipal golf courses, libraries, historical village and excellent freeway access to all compass points.

The Brothers Seave offer four floor plans at Crosswinds Court.

They range in price from \$235,000 for a 2,100-square-foot ranch with three bedrooms and 2-1/2 baths to \$269,000 for a colonial of 2,550 square feet with four bedrooms and 2-1/2 baths.

Two Cape Cods with a first-floor master suite also are available.

The three-bedroom plan, 2,000 square feet, carries a base price of \$239,000, a four-bedroom, 2,400 square feet, \$264,000. Both also contain 2-1/2 baths.

A fireplace, two-car garage, first-floor laundry, dishwasher and basement are included at base price in all plans.

Also included in the standard package are ceiling fans in the great room and master, a carpeting allowance of \$1 per square foot and a \$250 lighting personal allowance.

The ranch plan is under construction as a sales model.

The main living area features a great room with cathedral ceiling and an angled fireplace, a library and the kitchen/nook.

The half bath is just off the laundry and pedestrian garage entrance, which makes things convenient for families with active children.

"They can wash there before touching up all the walls," Marco said.

A full bath is tucked around the corner of the great room to service that



STAFF PHOTO BY JOE JACOBSON

Ranch model: This house at Crosswinds Court includes three bedrooms, 2-1/2 baths, a great room and library among 2,100 square feet of living space.

section of the house plus the two secondary bedrooms.

The master has a separate tub and shower and a walk-in closet.

"What people like about this plan is it's very open," Michael said.

Brick and wood siding are the primary exterior materials on all plans.

The Seaves said they're flexible as to changes buyers want to make in the four basic offerings.

"If people bring their own plans, we'll look at those," Michael said.

Most prospects making inquiries at Crosswinds Court already live in the area.

"They're just looking to step up to a little bigger house in a nicer area of Livonia," Marco said. "Their families are getting bigger."

"Everyone I'm talking to so far is

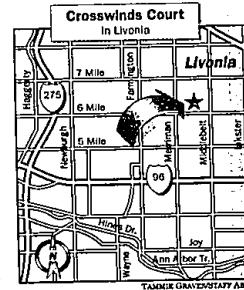
young families with kids," Brian Duggan said.

The only entrance into and out of the small sub, defined by a couple of cul-de-sacs, is off Six Mile. "No through traffic makes it safer for kids, less noise," Jim Duggan said.

Crosswinds Court is serviced by city water and sewers. It will have sidewalks.

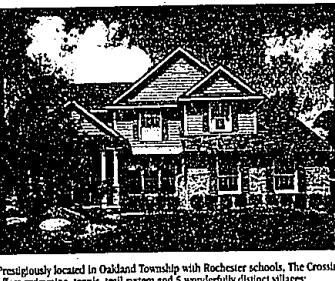
The property tax rate currently is \$31.71 per \$1,000 of state equalized valuation, half of market value. That means the owners of a \$250,000 house would pay about \$4,000 the first year.

To make an appointment to visit Crosswinds Court, phone Jim or Brian Duggan at (313) 691-1900.



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