REAL ESTATE NEWS

REAL ESTATE LISTINGS

Listings features news and notes about subur-belt neal estate. To list an announcement, write: Listings, Real Estate Editor, Observer & Eccentric Newspapers, 805 E. Maple, Birmingham 48009. Our fax number is (810) 644-1314.

CHALITY AWARD

© QUALITY AWARD
Century 21 Castelli in Garden City received a
quality service award and sales associates Don
and David Castelli picked up individual quality
service awards at the regional Super Rally at Laurel-Manor in Livonia. Awards were presented by
Bill McCallen, Century 21 metro one region di-

ctor. Çentury 21 created the Quality Award System

Century 21 created the quality award system last year to recomize offices that consistently earn high satisfaction ratings from clients after closing. "The fact that Century 21 Castelli ranks among the top offices in terms of quality service says a great deal about its commitment to clients and relationships," said Richard J. Loughlin, Century 21 Corp. president and CEO.

ENEW LOAN OFFICER
Lealle L. Richter joins Oak Park-based Rosa
Martgage Corp. as a loan officer based in the Livonia office. She'll develop new business in the

nia office. She'll develop new business in the Brighton area. Richter, a Brighton resident, had been a self-employed business consultant. She also was a senior account representative for The Rolm Co., a former division of IBM.

rormer division of ISM.

Ross Mortgage has seven Detroit-area offices.

Ross said its mortgage originations for 1993 were more than \$250 million.

E MARKETS SERIOR COMMUNITY
The FOURMIDABLE Group, based in Farmington Hills, will manage and market Homestead
at Northwood Lake, a full-service senior commuat Northwood Lake, a full-service senior commity in Cass City.
Construction of phase one will begin Aug. J.
Target completion for the first of two phases is spring 1995.
The senior complex includes duplement

spring 1995.
The senior complex includes duplexes ranging from 1,200 to 1,500 square feet and one-and two-bedroom apartments from 687 to 1,202 square feet. The first phase will include 46 spartments and

duplezes.
Homestead will offer meals, housekeeping and linen service to residents of the 146,189-square-foot development. Plans also call for an on-site beauty salon, health club and social room. Birkey Design Group, Denver, Colo, will plan the living space. Hensel Associates, Goshem, Ind, will coordinate construction.

Know tax impact from selling, renting

or move to larger or smaller quarters should determine whether it's in their best interest to sell or rent their cur-

best interest to sell or rent their current residence.

In making this decision, the Farmiington Hills-based Michigan Association of CPAs urges homeowners to
consider the impact their decision
will have on their tax bill and personall financial situation.

Selling a principal residence is the
best, and often the only, option for
homeowners who need the equity in
their current home for a down payment on a new one.

Homeowners who realize profits on
the sale of their primary residence

Homeowners who realize profits on the sale of their primary residence may qualify for a special tax break that can help to put their next home within financial reach. The tax law allows homeowners to defer taxes on their real estate gains if they purchase or construct another realednee of equal or greater value within two years before or two years after the sale date of their principal residence.

So, for example, if you realize

\$50,000 profit on the sale of your home that is taxed at the 28-percent tax rate, you'll be able to defer \$14,000 in texts by buying another home of equal or greater value within the specified time period.

Older homeowners may qualify for an even greater tax break, Generally, individuals who are age 55 or older before the date of the sale of their residence, and have occupied the residence for three cut of the last five years, may exclude from their income a gain of up to \$125,000 (\$82,000 for a married individual filling separately). This tax break is especially advantageous to individuals who choose to trade down to a less-expensive residence and plan to rely on the profits from the home sale to support their retirement lifestyle or other special needs.

A homeowner who nuts his or het

retirement intestyle or other special needs.

A homeowner who puts his or her former principal residence on the market, and then encounters difficul-ty in selling it, may be able to reat the residence for a temporary period and still defer gain on the sale. However,

the homeowner must demonstrate that the rental is in contemplation of the sale. Otherwise, the personal resi-dence is demed to have been con-verted to a rental property, in which case the deferral of taxes on the gain is not allowed.

is not allowed.
For example, a homeowner relo-cates as a result of a lob change, puts his or her residence on the market, and buys a new home in another city. After several months, the old resi-dence doesn't sell, Preferring to have the house occupied rather than empty during the sales period, the home-owner than decides to rent the resi-dence while continuing efforts to sell it.

dence while continuing enous to sent it.

Under conditions like these, the IRS typically views the homeowner's cental action as a temporary measure and is likely to allow the gain on the sale of the residence to be deferred.

On the other hand, if the homeowner relocated and rented out the former residence without ever trying to sell it, the former residence will most likely be treated as a rental property for

For some individuals, converting a former residence into a rental property may offer greater financial rewards. It gives owners the opportunity to generate steady income.

What's more, although owners cannot defer the gain on the sale of a rental property, they are entitled to a wide range of tax deductions that can sharply reduce their tax bill.

sharply reduce their tax bill.

Myrigage interest, property taxes and coats associated with operating and maintaining the rental property, including insurance premiums, repairs and depreciation, may be deducted from rental income. Net losses (generally up to \$25,000) can then be subtracted from the coverage gross in the year incurred can be carried over into future tax years.

Since special tax nules small in the

Since special tax rules apply in the year a property is converted to a rental, an owner may want to consult with a tax professional before making the conversion.

Cite misconduct as a defense; compare accountant fees

QUERES
QU

A. You should consult with an at-torney as soon as possible, but there is some good news.
A recent Federal Circuit Court of

Appeals decision has found that an employer can defeat a discrimination suit by uncovering evidence of employee misconduct that was not disclosed at the time of hiring after the suit is filed by arguing that the employee should not have been hired at all (or should have been fired sooner). The Sixth Court, which covers Michigan, also has accepted this defense. However, the burden is on the employer, who must actually prove that it would not have hired the employer for the defense of the mission.

Q. I am a board of directors member of a condominium that has obtained several bids from accoun-tants. One accountant charges \$130 per hour, but bills one-quar-ter hour for every phone call. The other accountant, who is more ex-perienced, charges \$170 per hour.

301 Open Houses

PEN SUN AUG 7, 1-

but bills in tenths of an hour. I am trying to convince the board that the \$170 per hour accountant may well be cheaper than the \$130 per hour accountant may well be cheaper than the \$130 per hour accountant, both from experience and actual cost. How can I convince the board of that?

A An accountant who charges \$170 per hour may well be more experienced and well known in his/her field, and may be able to accompilah the task more expeditiously and efficiently than the \$130 per hour accountant. Moreover, a five-minute phone call to the \$130 per hour accountant who bills in quarter hours, which is not uncommon in the accounting and/or legal profession, will cast the client \$32.50, whereas a five-minute conversation with the \$170 per hour accountant will actually cost the association less, i.e., \$177.

Also, the "cost" should not be the primary or sole critarion in determin-

ing whem to choose as a professional. The board should took into factors such as flat fees, hourly rates for other personnel in the firm, interest charges, as well as the actual cost, as in this example, of a phone call that turns out to be chesper, even though the hourly rate charged by the more expensive accountant is greater.

Robert M. Meisner is a Birming-ham-area attorney concentrating his practice in the areas of condomini-ums, real estate and corporate law. You are invited to submit questions by writing: Robert M. Meisner, 50200 Telegraph Road, Suite 467, Bingham Farms, MI 48025. This column pro-vides general information and should not be construed as legal opinion. To leave a voice-mail message for Robert M. Meisner, dial (313) 953-2047, mailbox 1871.

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