Eastern Michigan Real Estate Investment Association

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Renting Residential Property (Part 2)

February 2011

Municipal Code Enforcement

Q. Can the municipal government force the landlord to maintain the property and make repairs?

A. If the municipality has adopted a housing code, it will probably have also adopted a mechanism for enforcing that code against violators. The tenant can report the landlord to the municipal department responsible for enforcing the code. The municipality hires employees to inspect properties for code violations.

Q. How does the municipal code enforcement work?

A. Municipalities make two basic types of inspections: upon complaint from residents and upon a preset plan.

Some landlords have contested the right of municipal inspectors to enter their property; they call it trespassing. The municipality may have to go to court to get a search warrant if the landlord refuses to let an inspector enter. The municipality does not need a warrant, however, if tenants invite the inspector onto the property.

Some courts have restricted the right of the municipality to enter apartments in a building as part of a preset plan. A municipality's plan is simply a schedule of inspections. It may call for inspection of the common areas of every rental building every year, or in a certain neighborhood every three years, or any variation of that timetable.

If a local inspector finds any violations of the housing code, a citation can be issued against the landlord. Besides stating the violations, the citation may give the landlord a specified number of days to comply with the law.

If the landlord does not make the required repairs, the next stage of enforcement will probably be an administrative hearing. If the landlord fails to correct the code violations after a hearing, the municipality can take the landlord to court.

State laws authorize the courts to order the landlord to make repairs, to fine the landlord, to place the building in receivership until the violations are corrected, or even to condemn the building and order it demolished.

Q. Is municipal code enforcement effective?

A. Where local government and courts are committed to code enforcement, this is probably the single most effective way to maintain the quality of housing in the community. But many municipalities are not making the persistent effort that is needed.

Suing the Landlord

Q. Can the tenant take the landlord to court for failure to maintain the premises and make repairs?

A. Yes. There are three legal theories that apply.

* The concept of the implied warranty of habitability, which was established by tenants attempting in court to force landlords to comply with local housing codes.
* Many local landlord-tenant ordinances permit the tenant to seek a court order if the landlord (cont. on page 4)

Inside this issue:

EMRHA Tax Appeal Meeting with

Evergreen Appraisal

Atchison Community Center

On February 17, 2011

At 6:30 PM

All Welcome!!

President's Letter

President's Letter

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* fails to maintain the premises. These ordinances may also require the landlord to pay the tenant's attorney's fees.

* A number of state statutes on consumer fraud include the landlord-tenant relationship. Under these laws it is a fraud for a landlord to rent premises in defective condition. The statutes often provide for punitive damages and for the landlord to pay the tenant's attorney's fees.

Sidebar: SHOULD YOU GO TO COURT?

If the state courts are responsive to municipalities' lawsuits for code enforcement, they will be responsive to tenants' lawsuits as well. In those cases, suing will be quite effective.

The major problem is that the complexity of the court system really requires tenants to be represented by an attorney. Poor tenants may have access to free or low-cost legal services, but most tenants are not eligible for such assistance. Middle-income tenants will have to find an attorney willing to represent them on a contingency fee basis (that is, paid upon winning the case). Thus, suing the landlord is not easy. However, some lawsuits in California have resulted in judgments against landlords for millions of dollars, including paying the fees of the tenants' attorneys.

A tenant may even be able to buy a new furnace and deduct the cost from the rent.

On the other hand, if the courts have not become responsive to municipal code enforcement, then the tenants will not do well in court. The ability to sue successfully, particularly under the consumer fraud law, depends upon the sensitivity of the courts.

Repair and deduct

Q. What is repair and deduct?

A. Repair and deduct is a law that permits the tenant to hire someone to make essential repairs and then to deduct the cost from the rent. In many places, state or local law covers only repairs that are required to keep the premises habitable, such as repair of a broken furnace or leaky roof.

Q. How does a tenant use repair and deduct?

A. The tenant would serve a written notice on the landlord. This notice would list specifically what repairs the tenant needs, provide a period of time for the landlord to comply, and state that if the landlord fails to do so, the tenant will hire someone to make the repairs and will deduct that cost from the rent.

Q. Are there any limitations on the use of repair and deduct?

A. Local laws may place a maximum dollar amount that the tenant can spend on repairs. For example, a Chicago ordinance limits a tenant's repairs to five hundred dollars. Some laws limit repair costs to one month's rent..

However, in jurisdictions that have no explicit repair and deduct legislation and rely on the implied warranty of habitability, the right to use repair and deduct is limited only by the reasonableness of the repairs. A tenant may even be able to buy a new furnace and deduct the cost from the rent.

Reduced Rent

Q. What is reduced rent?

A. When the premises do not comply with the standards of the local housing code, the tenant can pay the landlord a rent reduced from the full contract amount, which reflects the reduced value of the premises.

Q. How does a tenant go about paying reduced rent?

A. The tenant would serve a written notice on the landlord. This notice would list specifically what repairs the tenant needs, provide a period of time for the landlord to comply, and state that the tenant will pay a reduced rent unless the landlord makes the repairs within the time specified.

Q. May the tenant withhold all the rent?

A. A tenant might do that, especially to get the landlord's attention. But the landlord could reply with a notice to pay up or get out. And if the premises remained habitable at least to some extent, some rent would be owed. It would be up to the court to decide how much of a reduction is justified.

Q. Must the tenant put the withheld rent money in an escrow account?

A. There is no legal requirement to do that. But it might be a good idea, so that the money would be readily available if needed. Some local landlord-tenant ordinances might require that the rent money be placed in escrow in the event of litigation. When a case goes to court, the judge is likely to ask if the disputed money is available.

Q. What is a rent strike?

A. Some localities allow tenants to withhold all of the rent money in a dispute about repairs. Provided they have the money to pay the landlord back for any (cont. page 5)

rent which the court finds to be owed, they will not be evicted. A rent strike is usually a collective action by a number of the tenants in the same building. They may withhold all of the rent or perhaps only a portion. It is a good idea to place the rent money in escrow in a rent strike so that all tenants know that their neighbors are participating; this also protects the money and limits each individual tenant's liability.

Q. How do the courts calculate rent reductions?

A. There are several standards, but they are not consistent across the country. Some courts have permitted reductions based on the fair market rental value of the premises. This means that the rent is reduced from the contract amount to the value the court considers fair with the defects. Other courts have adopted a proportional use standard. This means the reduction is determined by how much the defects reduce the use of the premises. If the use is reduced by 40 percent, for example, the rent may be reduced by 40 percent.

If the use is reduced by 40%, the rent may be reduced by 40%.

Q. If the tenant paid full rent but the premises were defective, can the tenant seek a rent reduction for past months?

A. Maybe, but the tenant would have to sue the landlord to collect. This concept is called retroactive rent abatement.

Both the implied warranty of habitability and local ordinances provide that the tenant has the right to recover damages from the landlord for failure to maintain the premises.

For example, suppose that the lease called for rent of $500 a month and the tenant paid that amount for six months, $3,000 in all. And suppose that the court later determines that the value of the premises was only $300 a month, $1,800 in all. The court could order the landlord to refund the $1,200 overpayment to the tenant.

Lease Termination for Code Violations

Q. Can the tenant terminate the lease if the landlord fails to maintain the premises?

A. Yes. Three different legal theories justify such an action. They are called illegal lease, constructive eviction, and material noncompliance.

Q. What is an illegal lease?

A. If the landlord had been cited by the municipality for serious violations of the housing code, the tenant can argue that the lease is illegal because the code makes it against the law for the landlord to rent the premises in defective condition. This theory holds that the landlord should not benefit economically from the illegal act.

Q. What is a constructive eviction?

A. Constructive eviction means the property is in such poor condition that the tenant really cannot live there. For example, there is no water, no electricity, no heat, or there is a seriously leaking roof in danger of collapse.

The tenant has to serve notice on the landlord of the conditions but there is usually not a minimum time period before the tenant can vacate. The tenant must actually move out in order to argue constructive eviction. If constructive eviction applies, the tenant will not be responsible for paying the rent.

Q. What is material noncompliance?

A. Material (that is, substantial) noncompliance means the premises don't meet the minimum standards of the local or state housing code. The concept is similar to the standard of the implied warranty of habitability invented by the Uniform Residential Landlord and Tenant Ordinance.
(more on page 9)

Other Lease Termination by Landlords

Q. Does the landlord need a reason to terminate the lease at the expiration of the term?

A. The landlord does not need a reason to terminate the lease unless the lease requires a written notice or provides for automatic renewal. However, the nonrenewal of the lease my be governed by a security of tenure law or a retaliatory conduct law, which are discussed below in this section.

Q. How does the landlord terminate the lease at the expiration of the term?

A. It depends upon the type of lease.

If there is an oral lease with month-to-month tenancy, the landlord ends it by serving a written notice of the same length. For example, the notice must give the tenant thirty days to vacate if rent is paid monthly, and seven days if it is paid weekly, although some states have different rules. Most cities or states require that this notice be delivered personally to the tenant, although some permit delivery by mail.

If there is a written lease with a specific duration or term, the lease automatically ends on the last day of the term. However, some municipal ordinances require a 30-day written notice to the tenant before the end of the term. Without

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such a notice the tenant does not know whether the landlord wants to renew the lease or not. It is always a good idea for the landlord and tenant to discuss the matter well before the term ends.

Sidebar: FORCING A TENANT OUT

A landlord can terminate the lease and force the tenant out for good cause. The most common causes are nonpayment of rent, damage to the premises, and violation of the rules and regulations of the lease. The most common violations are disturbing the neighboring tenants with noise, possession of pets, and occupancy by persons who are not named on the lease. Often the landlord must give the tenant a short period in which to correct the problem before evection action begins.

Q. Can the landlord terminate the lease because the tenant is paying reduced rent?

A. If the tenant is paying reduced rent because of the landlord's breach of the implied warranty of habitability or violation of the housing code, the landlord may not have the right to terminate the lease. A retaliatory conduct law may prohibit such a termination.

The landlord cannot evict the tenant; only a court can do that.

Q. What kinds of actions by the tenant are protected from landlord retaliation?

A. The landlord may not retaliate if the tenant exercises any right or remedy under the law. These rights include complaining to the government agency responsible for code enforcement, complaining to the landlord about code violations and the failure to make repairs, and organizing or joining a tenants union.

Q. What kinds of conduct by the landlord does the law consider retaliatory?

A. Landlord-tenant laws define four actions as retaliatory: eviction action or the threat of it, nonrenewal of the lease, increasing the rent, and decreasing the services.

Q. How does the tenant prove that the landlord's conduct was retaliatory?

A. The tenant does not have to prove it. The law assumes that the conduct was retaliatory if it followed the tenant's protected actions within a specified period of time, sometimes as long as six months. The landlord has the burden to prove some other valid motive in terminating the lease. The tenant can further assure legal protection by keeping a log of events and communications pertaining to the landlord's conduct.

Q. How does the landlord terminate the lease for cause?

A. For nonpayment of rent the landlord can serve a written notice threatening to terminate the lease unless the tenant pays the past due rent within a certain number of days (depending upon the area, from three to ten days). If the rent is paid, the tenant may remain.

For violation of the rules and regulations of the lease or damage to the premises, the landlord can serve a written notice terminating the tenancy after a certain number of days (from ten to thirty days, depending upon the area). Some localities, but not all, provide that the tenant may remain if the violation ends, for example, getting rid of a forbidden pet or repairing the damage to the premises.

Q. What does all this emphasis on written notices mean to the landlord?

A. In every jurisdiction the law imposes specific statutory obligations on the landlord as to the method of termination of leases. If the landlord fails to give the written notice where required or if the notice is not properly written or not properly served on the tenant, the landlord will not have the right to terminate the tenancy. When the landlord goes to court, it is already too late to correct any deficiencies in the written notice.

Besides hiring an attorney to advise on the entire procedure, the landlord can get standardized termination forms from stationery stores, the local apartment association, or the Board of Realtors. Landlords should use these forms and fill in every blank space accurately to be sure that they follow the law.

Q. What can the landlord do if the tenant doesn't move after the lease is terminated?

A. The landlord has to take the tenant to eviction court. The landlord cannot evict the tenant; only a court can do that.

Sidebar: CHANGING THE LOCKS

Most people have heard stories of landlords changing the locks or shutting off the water or electricity to force a tenant out. That sort of thing is illegal.

In fact, some jurisdictions consider such action a criminal offense. Unless the tenant is allowed back in, the landlord could be arrested. The law might also provide a process by which the tenant could sue the landlord for monetary damages and attorney's fees for an unlawful interruption of the occupancy. (cont. page 7)

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Q. How long does the eviction process take?

A. After the notice period expires, the landlord may file a lawsuit alleging forcible entry and unlawful detainer. The court will assign the case for trial as a "summary" or quick proceeding. Assuming proper service of the summons and complaint on the tenant, the court will render judgment after a default proceeding or trial. The trial may be scheduled as soon as two weeks after the suit is filed. In some states, the judge can order eviction immediately at the end of the trial.

But customarily the court gives the tenant time to move out, usually one to four weeks. If the tenant remains after that period, the landlord has to hire the sheriff or marshal to carry out a forcible eviction. That will take several weeks more. Further delays are possible if the tenant files a motion for more time or objects to the court determination.

Thus, the eviction process from the end of the notice period can take from five weeks to three months. And that assumes there are no delays.

> The landlord must have the sheriff or other proper authority carry out the physical eviction.

Q. What can delay the judgment?

A. Many things. First, the landlord must hire the sheriff, a licensed process server or an attorney to serve the summons and the complaint on the tenant. If that agent is unable to serve the papers properly, the trial cannot go forward on the scheduled date and the landlord has to try again. In some jurisdictions the landlord's agent may "nail and mail" the summons and complaint (that is, post the papers on the tenant's front door and then mail copies to the tenant). In some other areas the landlord has to employ an agent to serve the papers the first time but may "nail and mail" the second time.

The trial may be delayed by procedural matters, such as problems with the landlord's termination notice or problems with the method of service of that notice or of the court summons and complaint. Or the tenant may request certain procedural rights, such as pretrial investigation of the facts or a jury trial.

Action may also be delayed if the tenant has substantive defenses against the eviction, such as the landlord's violation of the implied warranty of habitability, discrimination, or retaliation.

Q. What happens if the tenant does not show up in court?

A. If the tenant does not respond properly to the lawsuit or show up in court, the judge will issue a default judgment in favor of the landlord. This is what happens in most eviction suits. It is obviously not in the tenant's interest to fail to appear.

Q. What kind of judgment may the court enter in an eviction case?

A. If the court rules in favor of the landlord, it may require the tenant simply to vacate the premises or to vacate and pay back rent, damages, court costs, and, in a few places, the landlord's attorney's fees.

Q. Can the landlord take the tenant's possessions or physically throw the tenant out after the court allows evection?

A. No. The landlord must have the sheriff or other proper authority carry out the physical eviction. Only the court can evict a tenant, and the purpose of the court proceedings is to prevent the landlord from "self-help" evictions. If the court issues a judgment for unpaid rent, the landlord must use the normal debt-collection procedures, which may include partial wage garnishment and attachment of bank accounts.

Q. Is any of the tenant's property protected from seizure?

A. Yes. All jurisdictions exempt some property from seizure by creditors, but they vary greatly in specifying which property is exempt. States may exempt used cars of low value, household furnishings, clothing, tools or equipment used in the tenant's business, and most of the tenant's wages.

Q. Does the tenant owe rent after the termination of the lease and being evicted?

A. The landlord and the court may terminate the right of the tenant to occupy the premises. However, in many areas the tenant can still be held liable for the payment of rent if the lease provides for it. But it is unusual for the landlord to sue the tenant a second time if the reason for the first lawsuit was nonpayment of rent.

Other Leases Termination by Tenants

Q. If the tenant moves out before the expiration of the lease, is the lease terminated?

A. No. The lease does not terminate just because the tenant moves out. The lease is a contract in which the tenant promises to pay the landlord for the right to possess the premises whether the tenant actually lives there or not.

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Q. How can the tenant terminate the legal obligation of the lease?

A. There are three ways for the tenant to get out of the rental obligation: termination for legal misconduct by the landlord, replacement in the premises by a new tenant, or agreement between the landlord and tenant.

Failure to maintain the premises may constitute legal misconduct. Local laws may provide for termination of the lease if the landlord violates other provisions of the law, such as by abusing access to the premises or failing to disclose code violations cited by the municipality.

If another tenant replaces the existing tenant, the first tenant can avoid the rental obligation. The landlord cannot legally collect from the original tenant if the replacement tenant pays the full rent.

Obviously, the landlord and tenant can end the tenancy by mutual agreement. This simple approach is often overlooked.

Failure to maintain the premises may constitute legal misconduct.

Q. How is one tenant replaced by another?

A. Under common law, if there is no written lease, the tenant has the unrestricted right to transfer the leasehold to anyone else. A written lease will undoubtedly contain a provision giving the landlord the right of approval over prospective replacement tenants. Whether the landlord is acting reasonably in approving or disapproving of the replacement tenant can be an issue.

Q. Does the landlord have the duty to mitigate the rental obligation of the tenant who moves out?

A. In many places, the landlord is obligated to make a good-faith effort to find a new tenant promptly so that the old tenant can discontinue paying rent. The first tenant can also help find a new tenant.

Q. What is the difference between subleasing and reletting?

A. In reletting, the landlord signs a completely new lease with the replacement tenant and releases the original tenant from the obligation to pay rent.

In subleasing, the first tenant rents to another one. Although the subtenant now has the obligation to pay rent, the original one still remains responsible for the remainder of the lease term. Therefore, if the subtenant fails to pay, the landlord may sue the original tenant for the rent even though that tenant is no longer using the premises.

The original tenant may also be liable for damages if the subtenant breaches the lease or destroys the property.

Q. Can the tenant stay after the expiration of the lease?

A. A tenant who stays after the expiration of the lease is called a tenant at sufferance. The landlord can sue for eviction or can choose to continue accepting rent, thus renewing the lease. The renewal will be on a month-to-month basis or for another year, depending on the terms of the lease and the provisions of the law. Moreover, a provision of the lease or a statute may give the landlord the right to charge double the current rent during the withholding period.

Since the landlord has the choice of eviction or renewal, the tenant who needs to stay past the expiration of the lease should try to negotiate an agreement with the landlord and should get it in writing.

SECURITY DEPOSITS

Q. What is a security deposit?

A. It is money to protect the landlord in case the tenant damages the property or fails to pay rent. Usually the tenant pays the security deposit before moving in. The landlord may ask for any amount, but some local laws restrict the deposit to the equivalent of one or two months' rent.

Q. What does the lease say about security deposits?

A. A preprinted standard lease form will probably contain a paragraph explaining that the tenant has made the deposit to assure compliance with all the terms of the lease. The lease will also set forth the conditions under which the landlord will return the deposit to the tenant. Most leases allow the landlord to keep all or part of the deposit if the tenant owes rent upon moving out or has caused property damage beyond normal wear and tear. Some of it may also be kept to pay for cleaning the premise for the next tenant.

Q. Are deposits for cleaning, pets, parking, or garage door openers considered security deposits and, thus, refundable?

A. Yes. If the tenant performs the duties set forth in the lease, the landlord does not have a legal reason to keep the money whether the lease calls it a security deposit or not.

Q. Must landlords hold security deposits in a separate bank account apart from other assets?

A. Not unless the law imposes such a requirement. But if there is such a requirement, a landlord who fails to keep the security deposit separate from other money may owe damages to the tenant.

Sidebar: INTEREST ON DEPOSITS

(cont. page 9)

A. Most states have statutes requiring the landlord to pay interest on the security deposit. In those states, the landlord cannot avoid paying interest simply because a lease says the deposit does not earn interest.

Some landlords try to get around this by calling the security deposit "prepaid rent." But some laws say prepaid rent earns interest as well.

After the passage of the local landlord-tenant ordinance in Chicago requiring the payment of interest on security deposits, a number of landlords converted the deposits to prepaid rent for the last month of the lease. So the City Council amended the ordinance to require the payment of interest on prepaid rent.

Q. Under what conditions does the landlord owe a refund of the security deposit?

A. The landlord will owe the tenant at least a partial refund if the rent was paid in full and the cost of repairs beyond normal wear and tear.

Q. What should the tenant do if the landlord does not refund the deposit or refunds what the tenant believes is too little?

A. The tenant should first try to negotiate with the landlord, perhaps with the help of a mediator. If that fails, the tenant should take the landlord to small claims court. Many states have a special small claims court where persons can sue to collect money owed to them without the need to hire an attorney. These courts are sometimes called pro se courts (Latin for "for oneself") because the tenant, who will be the plaintiff in the lawsuit, is often required to appear without a lawyer. (In most places, the landlord may still hire an attorney.) This type of court is not as intimidating as regular court because the judge does not expect legal sophistication from the tenant.

UNIFORM RESIDENTIAL LANDLORD AND TENANT ACT

In response to the civil rights movement of the 1960's, the federal government funded a legal services project to draft a model residential landlord-tenant code. From this model code the National Conference of Commissioners on Uniform State Laws drafted the Uniform Residential Landlord and Tenant Act (URLTA) in 1972. The American Bar Association approved this act in 1974. Subsequently, most states and many municipalities passed laws based upon this act.

Q. Does the URLTA favor tenants over landlords?

A. No. URLTA provides for both landlord and tenant obligations and remedies.

Q. Are there tenants' rights not covered in URLTA?

A. Yes. URLTA does not provide for security of tenure; control over rent increases; payment of reduced rent for reduced services; freedom of speech in relationship with a landlord; appointment of a receiver to manage the building if the landlord fails to do so; payment of interest on the security deposit; separate handling of the deposit and the rent money; or condominium conversion protection for tenants.

Q. What is security of tenure?

A. Security of tenure provides that the tenant has the legal right to continue the tenancy indefinitely unless the tenant violates certain rules or regulations or the landlord has a compelling reason to reclaim possession of the premises. This provision is a major departure from the traditional concept that the landlord had the arbitrary right to terminate the lease at the end of any term. The right of the landlord to raise rent is the major area of conflict in the enforcement of security of tenure. All municipalities with rent control have security of tenure laws. New Jersey has the only statewide security of tenure law.

Sidebar: Vote for...

A landlord may be able to force you to remove a political sign from your window.

The First Amendment to the Constitution provides that the government may not abridge any citizen's right to freedom of speech, and that means political expression of any kind. But the amendment does not cover private relations, such as between a landlord and tenant. It is common for the lease to contain a clause that forbids the tenant to exhibit any sign, political or otherwise, in the window or elsewhere in the apartment without the approval of the landlord.

Q.What is condominium conversion protection for tenants?

A. During the late 1970's thousands of rental buildings were converted to condominium ownership by real estate developers. The tenants had to buy the apartments if they wanted to stay in the buildings. This was financially impossible for many tenants, and they had to move out.

Protests by tenants led to the passage of laws in many communities controlling the method of the conversion and in some cases even the right of developers to convert buildings at all. These laws' most common restriction required the developer to bring the building fully up to the standard of the local housing code. The restriction most desired by tenants was the requirement that a certain percentage of the existing tenants had to buy had the right to continue to rent in the building even if the conversion occurred. In no area, however, has legislation stopped conversions entirely. (To be cont...)

Tax Strategies for Landlords and Useful IRS Publications

Record Keeping

The better your records, the bigger the deductions you can write off on your taxes. And if you are audited, the more likely you are to be able to keep your deductions.

First, pay your bills by check, debit or credit card. That's pretty basic, and you probably do that already. However, the problem arises when you pay for something for a property repair with cash from your pocket. There's that $20 bill burning a hole in your wallet. After all, that $19.95 isn't worth writing a check or using a debit or credit card for, you say to yourself. One time won't hurt much, but once you say "just this time," you set yourself a precedent.

The reason for the check, debit or credit card is that you have both the receipt and the payment statement. First, always write on the check what it is for. Likewise, always write the check number on the receipt. If possible, use one credit card only for rental purchases. Create a system for keeping track of your receipts. It doesn't have to be complicated: an envelope for every month will work fine.

If you can't resist, and pay by cash anyway, always, always, always write the following on the receipt: the purpose, the date, the amount, the receiver.

Just as important is to create a receipt and deposit system for your rents. The IRS will retrace all your deposits if they do an audit of your return. That means they will want to know where all the money came from and will want to know what happened to all of the rents you received or they think you should have received.

In fact, if an auditor sees that you have all your records in apple-pie order and easily accounted for, he or she might just do a cursory check and then try to find someone to really pick on. It's more fun for an auditor if he or she can make someone's life truly miserable. Good records by a taxpayer make that more difficult and thus less fun for the IRS.

Car Expenses

The IRS is allowed us $.50 a mile for business driving. That's if you decide to use the mileage method for accounting for your vehicle.

"By contrast, if you deduct actual business-connected costs for your leased auto, you also must keep records of all of your actual expenses (e.g., gas, maintenance and repairs, lease expenses) and allocate expenses between (deductible) business costs and (nondeductible) personal driving costs based on mileage," explains Portland, Oregon CPA Tom Napier. "You should be aware, however, that the mileage allowance method may yield a smaller deduction than you would get by writing off the business-connected potion of your actual auto costs."

Useful IRS Publications

523:Selling Your House

527:Residential Rental Property

530:Tax Information for Homeowners

534:Depreciating Property Placed in Service Before 1987

541:Partnerships

550:Investment Income & Expenses

551:Basis of Assets

583:Starting a Business and Keeping Records

936:Home Mortgage Interest Deduction

938:Real Estate Mortgage Investment Conduits

These publications are available online at www.irs.gov or by calling 1-800-829-3676

If anyone has a topic they would like to see in the newsletter or an article that you think other members would be interested in, please contact Jodi at 810-385-2332 or by email at jgalbraith@innovativehousing.org.

Advertising Price Rates

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