

The Landlord Report

from Realty Management Associates, Inc.

Make the Most of Your Investment

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For most landlords, rental property is for investment and tax-saving advantages. However, it is important to take advantage of *all* the deductions available to you and it is very easy to overlook items you can use.

Review your expenditures *carefully* for any missed deductions; be sure to *consult and question* your tax person on what items you may be able to use. It is certainly not too late for the 2007 tax year and now is a great time to think about organizing for 2008.

Did you buy or sell in 2007, or are you anticipating transactions in 2008? Make a copy of your closing papers for your tax person to review for important deductions such as the ones listed below:

- Amortization of points and other loan costs on investment loans
- Assumption fees for taking over a mortgage
- Exchange fees for 1031 exchanges of your properties
- Insurance, taxes and utilities paid during escrow (these can easily be overlooked)

The following are common taxable items for investments.

- Mortgage interest (not the payment) on the loan for the rental property.
- Homeowner association dues for the investment property
- Property taxes for the investment property
- Insurance for the investment property - including fire, theft, flood, landlord liability, and any worker's compensation policies
- Casualty losses - rental property damaged or destroyed by a sudden accident (such as flood, hurricane, or fire) could be a tax deduction. How much property damage and what your insurance policy covers determine what you can deduct on all or part of the damage (casualty loss).
- Depreciation - depending on whether you have residential or commercial property, you can depreciate the value of your rental property over a number of years and deduct it from the total taxable income. Check with your tax person or the IRS on whether you can use depreciation as a deduction.
- Professional fees related to your rental property – attorney, accountant, etc.
- All property management costs – management fees, leasing, or other related fees
- Repairs and maintenance related to your rental property
- Utility payments paid by you for your rental property – whether during a vacancy or while occupied
- Bank maintenance, late charges and service fees related to your rental property
- The IRS does make some allowances for home

(Continued on page 2)



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**Have a
 Wonderful
 & Bountiful
 Thanksgiving!**



(Continued from page 1)

businesses and travel, but it is important to research this carefully to meet their requirements – consult a professional.

- Marketing expense paid by you when your rental property is on the market for rent.
- Marketing incentives - sometimes the rental market dictates using incentives to lure tenants into properties. Did you use them in 2007? You could also be contemplating them for 2008 to offset vacancy losses. These expenditures are also deductible. Some examples are providing cable/satellite installation, free memberships in a local establishment, renters' insurance paid by the owner, or gifts such as a free turkey at Thanksgiving or a holiday ham.

There are many items to consider. If you have *any* expenditure that is a result of owning your rental property, keep a detailed list, and discuss it with your tax person or government agency. You want to use all expenses possible, but at the same time, you want to show both state and federal authorities reasonable and valid deductions.

Have a Happy Thanksgiving and make your investment work for you. 🏠

OUR SERVICES

Thinking of Buying or Selling?

If you are thinking of buying or selling in our area, we can assist you. Just call, and we will have an agent contact you to help you with your Real Estate needs. There is no obligation and no pressure. Check out property values today!

Referrals are Rewarding

Know someone who is looking for management services in our area? Refer them to us and we will “reward” you. We value your business and would like to show our appreciation to you.

Looking for Management Elsewhere?

You, or someone you know, may need a property manager in other states. Because of our proud affiliation with NARPM, The National Association of Residential Property Managers, we have contacts throughout the country and may be able to assist you.



Keep Your Insurance Updated

Many things can happen - flood, fire, extreme heat, severe storms, and more! It is important to check your insurance yearly so you have the best coverage possible for your property and that it is current. Review it now with your insurance agent before a disaster or emergency occurs.