

# LEARNING OBJECTIVES – SYSTEM 11

## Chapter 1 – Home Mortgage Interest Deduction – Learn About

- Mortgages that were taken out before 10/14/1987 and after 10/13/1987.
- What qualifies as a “main” home.
- Late payment charges – some deductible, some not.
- Points – Some deductible, some not. V.A. points, new rules.
- Limits on home mortgage interest deduction. Protect your client!

## Chapter 2 – Basis of Real Estate – Learn About

- Real estate taxes – not always deductible.
- Obtaining a mortgage – costs not always deductible.
- Land cost allocation – different methods.
- Uniform capitalization rules – simplified.
- Basis-surviving spouse – community property states, non-community property states. Different rules.

## Chapter 3 – Vacation Homes – Learn About

- What qualifies.
- How you may not be required to report temporary rental income.
- How to figure days of personal use.
- How to divide repair expenses.
- Limits on certain expenses.

## Chapter 4 – Residential Rental Property – Learn About

- Advance rent.
- Security deposits – when they must be included in income.
- Lease with option to buy.
- Deductible expenses for repairs – a 25 item list.
- Selling rental property – deductible expenses.

## Chapter 5 – Installment Sales – Learn About

- Automatic reporting – when required.
- Electing out – how to qualify.
- Sales at a loss.
- Gross profit percentage – how to figure.
- Repossessions – how to figure gain or loss.

## **Chapter 6 – Sale of Principal Residence – Learn About**

- Main home – what qualifies.
- Exclusion of gain – many rules.
- Reduced maximum exclusion – what qualifies.
- Ownership and use tests – many variations.
- Settlement fees – many are deductible, many are not.

## **Chapter 7 – Sales of Real Estate – Learn About**

- Easements – how to treat income received from granting an easement.
- Basis – Adjusted basis.
- Recognized gain and losses – how to treat for tax purposes.
- Involuntary conversions – time limit to replace or report income.
- Payments to relocate – includible in income?

## **Chapter 8 – Depreciation of Real Estate – Learn About**

- Land preparation costs – depreciating landscaping.
- Repairs and replacements – different rules.
- What cannot be depreciated.
- When depreciation begins and ends.
- MACRS or straight line – your choice.

## **Chapter 9 – Like-Kind Exchanges – Learn About**

- Can a loss be deducted?
- What qualifies as like-kind.
- Basis of property received.
- Exchange expense(s).
- Personal property – what type qualifies.