

When it comes to tax breaks, there's no place like home

If you are looking for reasons to celebrate Thanksgiving Day, look no further than your own four walls. D-tailing the tax breaks for which homeowners can be thankful could take hours than a turkey takes to defrost. From the day you sign your mortgage papers to the day you take down the "For Sale" sign, your house can make your life less taxing, says the North Carolina Association of CPAs.

Real estate taxes may add to the cost of owning a home, but they can also help reduce the amount of income tax you owe. Generally, you can deduct any real estate tax charged against your property. Owners of cooperatives may deduct a proportionate share of real estate taxes.

The value of interest

The deduction for consumer interest may be down and almost out, but the itemized deduction for home mortgage interest remains largely untouched. In fact, you may deduct interest on loans of up to \$1 million as long as you use the funds to construct, purchase, or improve a principal or second residence.

You can also deduct interest on home equity loans of up to \$100,000, providing the loan doesn't exceed the difference between your home's fair market value and the amount owed on it. Just remember that a home equity loan is, in fact, a mortgage; each withdrawal from an equity loan increases the amount of

obligation held against your home.

Rental property

If you rent your second home for less than 15 days, the income is yours—tax-free. On the other hand, if you stay at your second home less than 15 days a year, or less than 10 percent of the time it is rented, your home is deemed a rental and you will have to report any income by deducting a portion of the mortgage interest, the property tax, and the home's depreciation.

In addition, you can deduct a portion of such operating expenses as utilities, fire and liability insurance, repairs, advertising costs, and even maid service.

Be aware that, under tax law, any net losses you incur while operating a rental are "passive losses." Unfortunately, this usually means that you may deduct them only from "passive income." But here's the good news. If you actively participate in renting the property, and your adjusted gross income (AGI) is \$100,000 or less, you can deduct rental losses of up to \$25,000 from

your regular income. For owners with AGI over \$100,000, the \$25,000 active rental loss allowance is reduced by 50 cents for every dollar of income above \$100,000.

There's no business like home business

If you run a business out of your home, you have a few other reasons to smile. First, you may be able to depreciate your home office. Second, you can generally write off part of your various operating expenses, including utilities, for the office portion of your home. You can even deduct a portion of the cost of a home-security system.

As a general rule, to take a tax deduction for a home-based business, you must use the space exclusively and regularly as the principal place of business, or as a place where you frequently meet or deal with your clients, customers, or patients. Deductions for business use of the home are allowed only to the extent of the taxpayer's net income from the business—that is, gross income less deductions attributable to the business. The net effect of

this limitation is that home-office deductions may not be used to create or increase a net loss from the business conducted in the home.

Stop taxes from gaining on you

The house you bought for \$60,000 years ago is about to sell for \$250,000. You don't know if you should celebrate or get ready to foot the tax bill.

Break out the champagne. As long as the cost of the new residence equals or exceeds the selling price of the old house, the tax on the gain is deferred. If you spend less than the old house's selling price, however, the excess amount may be taxable income. And remember that the new house must be purchased within two years before or two years after the sale of your primary home.

A special break exists for older taxpayers. If you are age 55 or older, you may exclude up to \$125,000 on the sale of your home. Let's say you sell the quaint home you purchased for \$45,000 back in 1958 for \$270,000, for a gain of

\$225,000. You can roll \$100,000 of the profit into a new home and pocket the remaining \$125,000—and owe absolutely not taxes on the gain from selling your home. But be warned: this is a one-time only exclusion—per individual or per couple. Use it too soon or at the wrong time, you may regret it later.

It pays to be charitable

Here's a new angle on converting your home into a handsome deduction. Contribution a "remainder interest" in your home to your favorite charity and take a substantial tax deduction in the year that you make the gift. A "remainder interest" means that you agree to allow the charity to take title and possession after you and your spouse pass away. While either of you are alive, you can continue to live in the house rent-free.

Remember, your home may be your castle, but it can also be your tax break. CPAs advise you to proceed cautiously whenever making decisions that may affect your tax liability.

Creative artistic people's society

C.A.P.S. (Creative Artistic People's Society) Craft Show to benefit heat for the elderly in Pasquotank County through Social Services will be held at Knobbs Creek Recreation Center December 3, from 10 a.m. to 7 p.m. Crafters from NC and Va. with country crafts, wood, cross stitch and florals.

The Janice Craigs - Dance and Cloggin Club will be in charge of kitchen food served.

For information, call Bessie Gregory at 1-804-853-3352.

Free admission to Knobbs Creek Recreation Center.

Perquimans students win scholarship

A Perquimans County student, Edward Earl (Tripp) Brown, III, was awarded a scholarship to be used in his studies at North Carolina State University for the 1988-89 academic year.

Brown, son of Jean Ashley, Hertford, and Edward Earl Brown, Jr., Burgaw, was awarded the Moorman Company Fund Scholarship.

This scholarship was established by the Moorman Company Fund in Quincy, Illinois. It is awarded to incoming freshman based on character and scholarship.

Brown, a freshman, is majoring in agriculture and animal science.



Richard Blair, portrayed by John Carson, gets the draw on the evil villain Egbert Van Horne, portrayed by Ed Allen, during a recent performance of "Curse You, Jack Dalton!" for the Holiday Island Civic Club's dinner theater. This was the second performance of the play by the local community theater group, the Perquimans Playhouse.

Community briefs

Masonic Lodge to hold ladies night supper

Perquimans Masonic Lodge 106 AF&AM will hold their annual ladies night supper at Joe's Place on Monday, December 12, 1988 at 7:00 p.m.

All members are invited to attend.

Bookmobile schedule

The Perquimans County Bookmobile makes these stops on Friday, December 2, 1988.

Cherrix Day Care 9:45; Holiday Island Club House 11:00-1:00; Snug

Harbor 1:30-2:00; Nebling Drive (Cedar St.) 2:00-2:15; George's Store 2:30-2:45; Kirby Drive 3:15; Gladys Warren 3:30; Boyce Drive 3:45-4:00.

Stimulator controls seizures

WINSTON-SALEM — Doctors at the Bowman Gray-Baptist Hospital Medical Center Wednesday (Nov. 16) implanted a newly-developed vagal nerve stimulator in an attempt to control intractable epileptic seizures.

It was the world's first implantation of the device, called a neurocybernetic prosthesis. It was developed by Cyberonics, Inc. of Houston.

Most epileptic seizures can be controlled with medicines, said Dr. J. Kiffin Penry, professor of neurology and principal investigator of the pilot study. A few patients whose seizures cannot be controlled with drugs can be treated surgically.

But seizures in some patients can't be controlled either with drugs or surgery. It is those seizures that Penry hopes to control with the vagal nerve stimulator.

Dr. William O. Bell, assistant professor of surgery (neurosurgery), implanted the pocket-watch-sized device under the skin on the side of the chest, with a wire running from the device to the vagal nerve in the neck. The wire is attached to a coil that surrounds the vagal nerve, which runs from the brain to the internal organs.

The patient, whose name was not revealed, is in good condition. Doctors said they would begin testing the stimulator in about 21 days, after the surgical wound heals. Penry said it would take 60 to 90 days to determine whether the device reduces the number of seizures in the patient, who had been having about a seizure a day before surgery.

The device is programmable from the outside, which means that both the frequency and intensity of the electrical stimulation can be altered.

What is America looking for?

Because of the presidential campaign, attention is focusing on what America needs or what America is looking for. Is it jobs, a better farm economy, a balanced budget, a drug free society or what? What we really seem to be searching for are old fashioned values.

Melvin Maddocks who writes for the Christian Science Monitor says Americans are looking for the simple life. Says Maddocks, "Every summer vacation we city slickers project upon our country cousins the burden of neglected values. If they don't represent the opposite of Wall Street inside dealers and Washington's sleazy operators, who does?"

Maddocks concludes, however, that life is no longer simple even in the country. With that we can agree. Certainly life is not simple

Accent on Agriculture

for farmers and ranchers. The day when a farmer was pretty much self-sufficient is long past.

Maddocks' thoughts do a lot to explain why city people get nervous every time they hear the family farm is in trouble. It's because they expect the family farm to be the keeper of America's values.

Where are honesty, hard work, thrift and other virtues going to reside if not with God-fearing, family oriented farmers and ranchers.

The simple, easygoing life is gone for the most part from rural America. Its residency there was probably exaggerated anyway, but many of the virtues still do remain.

Single parenting becoming standard in North Carolina

Single parenthood is the fastest growing family lifestyle. One out of every five North Carolina households with children is now a single parent family," says Dr. Cynthia

Johnson, extension human development specialist at NCSU.

About 40 percent of single parent families in North Carolina are

headed by divorced mothers. Some 21 percent of babies are born to unwed mothers. Another 12 percent of children in single parent families are living with a widowed parent.

Legals

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
BEFORE THE CLERK
FILE NO. 88-SP-27
NOTICE OF SALE
NORTH CAROLINA
PERQUIMANS COUNTY
IN THE MATTER OF THE FORECLOSURE OF LAND CONVEYED BY THAT CERTAIN DEED OF TRUST GIVEN BY HUGH LANDIS STOVALL, III to JOHN V. MATTHEWS, JR., Trustee, in favor of FRANK E. WAFF and wife, JOAN B. WAFF recorded in Real Estate Book 112, page 418 of the Perquimans County Registry

terms thereof subject to foreclosure, and the holders of the indebtedness thereby secured having demanded a foreclosure thereof for the purpose of satisfying said indebtedness, and the Clerk of Superior Court of Perquimans County having granted permission for the foreclosure, the undersigned Trustee will offer for sale at public auction to the highest bidder for cash at the Perquimans County Courthouse in Hertford, North Carolina, at 12:00 o'clock noon on the 6th day of December, 1988, the land conveyed in said deed of trust, the same lying and being in New Hope Township, Perquimans County, N.C., described as follows: Lot 23, Section A of Little River Shores, as shown on the plat of Little River Shores Section A recorded in Plat Book 4, page 205 of the Perquimans County Public Registry and

the house and any other improvements located thereon.
The record owner of the land described above is Hugh Landis Stovall, III.

This sale will be made subject to all unpaid taxes and assessments, if any, and any prior encumbrances, liens and matters of record, if any, and the highest bidder will be required to make a cash deposit of ten (10 per cent) per cent of the bid price.

This 14th day of November, 1988

John V. Matthews, Jr.
Trustee
Nov. 24, Dec. 1

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