

# The Paley Rothman Blog

Paley Rothman shares this library of resources with clients and friends of the firm to help them stay ahead of legal and business developments and trends. Here, you will find helpful tips and tools written by our employees.

## **CLARIFICATION ISSUED FOR TAX SAVINGS ON NET RENTAL INCOME FOR PASS-THROUGH ENTITIES AND INDIVIDUALS**

If you have rental income that you report on your personal tax return, be sure to review these new guidelines with your tax advisor to see if you qualify for deductions against that income.

## **NEW HVCRE RULES MAY ALLOW BORROWERS TO REDUCE BORROWING EXPENSES**

New HVCRE rules may allow borrowers to reduce borrowing expense and free up cash.

## **WHAT?! LANDLORD LOSES \$2.5 MILLION IN RENT FROM DEFAULTING TENANT**

Your tenant is delinquent in rent payments and in default, possibly due to financial trouble. As landlord, you want to declare him in default, terminate the lease and seek payment of accrued past and recovery of future rent for the remainder of the term. Your lease remedies for default terms provide for a cumulative and disjunctive shopping list of lessor's rights allowing recovery of the premises by re-entry, re-letting, termination of the defaulting lessee's lease AND recovery of past due rent and future rent for the balance of the lease term.

## **UNLICENSED ADVISOR COSTS BROKER ITS COMMISSION**

In April of this year, Jones Lang LaSalle Americas, Inc. ("JLL"), one of the world's largest commercial real estate brokerages, learned the hard way that one employee's lack of a real estate broker's or salesperson's license can cost millions of dollars. JLL's fate presents a cautionary tale for brokerages that use the services of unlicensed professionals in connection with leasing and sales transactions.

## **REAL ESTATE TAX RELIEF FOR HOMEOWNERS**

On May 15, 2014, the Governor of Maryland signed legislation that affords homestead tax credits for principal residences that are owned in the name of a trust. To qualify for the tax credit, the settlor, grantor or beneficiary of the trust cannot pay rent or other remuneration to live in the dwelling and legal title to the dwelling must be held in the name of the trust or the trustees.