

ET CETERA

Gifts aid purchase of homes

Associated Press

NEW YORK — Parents often are more able than they realize to help their children own houses. And in doing so, the parents might even obtain tax deductions at the time in life when they need them most.

The techniques involve creative use of income and gift tax laws and a measure of parental charity.

The simplest way involves a gift of part or all of the downpayment, that chunk of money that young couples often find impossible to save.

Each parent can give a child as much as \$10,000 a year without paying any gift tax. The resulting \$20,000 gift is more than enough to qualify for a mortgage on the typical new single-family house.

If more cash is needed, the same gifts can be given to the child's spouse, for a total of \$40,000, which in many areas will buy the house itself rather than just a mortgage on it.

Where does the money come? From the equity residing in the parents' home. The sharp rise in that equity — a consequence of years of inflation, especially in housing prices — is the very reason young people find it difficult to buy.

The argument is both moral and economic: Parents who purchased houses 20 years ago benefited enormously from price increases, but in many instances they did very little to earn those increases.

In fact, it is often claimed that the reckless borrowing by that generation, individually and collectively, caused the inflation that priced youngsters out of the market. It is also believed that parents have a duty to "return" the equity.

Parents who borrow on the equity in their homes receive tax deductions for the interest they pay. And the money they give their children is free of gift taxes and is tax-free income for the children.

Many variations of the theme exist, some of them described in the tax reports published by Prentice-Hall, the publishing company.

Slouch

By Jim Earle



"Can we knock off this April Fool celebration pretty soon?"

High court to rehear dispute

Associated Press

WASHINGTON — The U.S. Supreme Court said Monday it wanted to rehear arguments in a Texas dispute over the authority of communities to exclude group homes for the retarded from residential neighborhoods.

The justices heard arguments in the case, which could yield a decision of great importance to the legal rights of the mentally retarded, on March 18. But Justice Lewis F. Powell did not participate in the session because he had not yet returned to work after an operation.

Monday, the court ordered the lawyers involved in the Cleburne case to return on April 23 to reargue the case.

The court's decision could mean that the eight justices were closely divided in trying to decide how state and federal courts must scrutinize any law treating the mentally retarded differently from other people.

Hero: saving lives part of the job

Associated Press

SAN ANTONIO — Firefighter Ron Hernandez says he's no hero — saving three lives in the past five weeks is just part of his job.

"I just happened to be at the right place at the right time," said the 32-year-old firefighter, who has been dubbed "Super Ron" by his coworkers.

Hernandez laughed Tuesday about his nickname, describing it as "a little agitation from the boys. It's all in fun. Kind of hard to live it down."

The firefighter's latest heroics came Sunday night when he rescued a woman from a would-be rapist.

Hernandez said he was at work when he looked out a window and noticed a girl running up and down the street.

"At first I didn't think much," he said. "Then I saw a car chasing her. When I heard her scream, I went downstairs and got my partner."

Hernandez said he and Victor Bernal ran to a church parking lot near the fire station, where the assailant had tackled the woman and was beating her. Hernandez said he pulled the man off the woman.

The man then fled the scene, the firefighter said.

On Feb. 23, Hernandez pulled a 19-year-old blind man from a burning home. The firefighter was hospitalized for four hours with smoke inhalation after the rescue.

A week later, he was attending the birthday party of a friend's daughter when he was called on to save a choking child. The 3-year-old boy choked on cookies and cake and was unconscious, Hernandez said. He performed the Heimlich maneuver on the child and cleared his throat, reviving him.

The rescues have won Hernandez two letters of commendation from the San Antonio fire chief.

Highway closes, era ends

Associated Press

OKLAHOMA CITY — U.S. 66, famed in song and story and once known as the Main Street of America, soon will be seen no more in Oklahoma, the state Transportation Commission decided Monday.

Travelers instead will find themselves on Oklahoma 66 or, where multi-lane highways have duplicated the former U.S. 66 route, on a freeway designated only by its interstate number.

"It's a matter of cost," said Monty C. Murphy, deputy director of the Transportation Department. "We have one interchange where there are 30 U.S. 66 signs."

Murphy said the historic 2,500-mile U.S. 66 route from Chicago to Los Angeles mostly has been replaced by the interstate system. He said the designation has been eliminated through Illinois, most of Missouri and California.

"At a recent national highway

meeting, we agreed to cooperate with the states of Arizona, New Mexico, Texas, Kansas and Missouri to eliminate the unnecessary route duplication and sign maintenance cost on the interstate system," Murphy said.

He said the six states will submit the plan to eliminate U.S. 66 at a June meeting of the American Association of State Highway and Transportation Officials.

"If that is approved, that will be the end," he said.

Commissioner J.E. Carter of Lawton called it "the demise of an era."

"It evokes a lot of memories," Carter said. "It's sad."

The commission approved Murphy's proposal that four signs would be erected along the old U.S. 66 route to denote its historical significance.

The highway was the major east-west route from the nation's midsection to California in the days of the Depression and the Dust Bowl.

Lawmakers fast as group

Associated Press

ST. PAUL, Minn. — A group of Democratic legislators fasted for a second day Tuesday to rally support for a bill stalled in the Republican-controlled House that would halt all farm foreclosures in the state for one year.

Twenty-six lawmakers, all members of the Democratic-Farmer-Labor Party, signed a pledge to fast, maintain a vigil or support those who are fasting until the full House votes on the measure a third time Thursday.

"It's a symbolic attempt to show people who are living in uncertainty and real economic insecurity that there are people who care," said state Rep. Todd Otis. "I realize it's a symbolic thing."

The fasting lawmakers set up a ta-

ble outside the House chambers and at least three were staffing the table for three-hour shifts around the clock.

The state Senate, where DFLers have a 42-25 majority, has twice passed legislation to impose a moratorium on farm mortgage foreclosures. But the bill was overwhelmingly defeated by a committee in the House, where the Republicans hold a 69-65 majority.

Two unsuccessful attempts have been made on the House floor to override the committee action and bring the bill up for a vote by the full House. The last procedural vote ran strictly along party lines.

Otis, 39, said he has taken only water and vitamin pills since joining the fast Monday, after about 200 farmers visited the Capitol to round up support for the moratorium.

Independent-Republicans argue that Democrats are playing politics.

"The DFL feels they are going to use this in the next election," said House Majority Leader Connie Lev. "They are calling for as many votes as possible ... to that end."

She said Republicans care about the plight of farm families who are losing their farms because they can't pay their debts.

"I don't think anybody is unympathetic to anybody who is against the wall, so to speak. It's heart-rending to find people in that kind of a situation," Levi said.

But she said most Republicans believe a moratorium will help only a small minority of farmers. It will hurt most of them, she said, because bankers will be more reluctant to make loans if they lose their legal ability to liquidate collateral.

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