

## Real Estate Perspective

By Loretta A. Hall



### KEEP THAT OLD HOME AS RENTAL PROPERTY (THERE ARE MANY ADVANTAGES)

Lets say you are buying a new home, which should be completed soon. But you are undecided if you should sell your old home or keep it as a rental. Since you don't need cash from the sale for your down payment, keep the old home as property. Yes, that's right, rental property!

If your old home is presumably near the new home, you should be able to easily manage the rental property. But if you were moving out of town I would strongly recommend selling your old residence because of difficulties of long distance rental management. If you were to sell your current home, you will be able to defer your profit tax if your replacement principal residence costs at least as much as your old home's sale price. However, to avoid profit tax, Internal Revenue Code 1034 requires that the old principal residence must be sold within 24 months before or after the purpose of your new home. If you were to go this route, you could use the tax-deferred cash from the sale as you wish, since it does not have to be reinvested in the replacement home. But my friend, the way in which I see it is by converting your old home to rental status could be much more advantageous than selling the home. Especially if it's in an excellent location, which is likely to appreciate in future market value. If the rent will at least pay the expenses, and there is no pressing need for cash—I would keep my hard earned real estate and allow it to work (\$\$\$) for me.

You will be able to depreciate the lower of your old home's adjusted cost basis or it's market value on the date of conversion. The result should be tax-sheltered rental income plus, under current tax law, if your annual income is under 100,000 you can deduct up to \$25,000 of rental property tax losses against your ordinary income, such as job salary, dividends and interest. Since you can never own too much real estate, of course, unless your financial evaluation reveals an obvious reason to sell, you will probably be better off keeping your old home as a rental property.

For additional information on rental property and tax-shelter, please contact a tax advisor for full details concerning your special needs. Send all comments and letters to the REAL ESTATE PROSPECTIVE c/o LAS VEGAS SENTINEL VOICE NEWSPAPER.

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# BUSINESS

## SCORE REPORTS INCREASE IN SMALL BUSINESS START-UPS

Score, the Service Corps Of Retired Executives, reports strong activity in the Las Vegas area for small business start-ups. The tight lending policies and slower business conditions have not deterred many people from opening new businesses.

Our workshop held at UNLV, Community College, Internal

Revenue Service, Nellis AFB, and the Showboat Hotel were attended by 628 clients. The subjects covered were: How to Start a Business, Cash Flow Projections, Pricing Your Product for Success, and Marketing for Small Business.

For our program of "one-on-one" counseling, we had 357

clients who were either starting a business or having difficulty in operating their businesses. Our telephone contacts doubled over 1991 six month figures, to 1814 contacts.

With the Las Vegas market anticipating growth, Score is expanding the programs available to our clients. We will intro-

duce workshops in record keeping and how to prepare a business plan. We also have expanded our staff of volunteers with the addition of business owners of CPA firms, accounting firms and an individual who started a small business and expanded it to 110 franchises before retiring.

## MOTHER OF SIX GETS FIRST BUY FREEDOM BUSINESS LOAN

The first Buy Freedom 900 Network business loan guarantee recipient is Ms. Maxine Wilcox, a 52-year-old mother of six from Sacramento, California.

The \$8,000 loan from the United Bank of Philadelphia, that city's only Black-owned bank, will enable Ms. Wilcox's bridal dress business to hire two of her daughters who are currently on public assistance.

Twelve banks in Sacramento and the regional Small Business Administration (SBA) refused her a loan.

"Thousands of talented, but capital-poor people fall between the cracks because of this kind of oversight. This kind of bureaucratic discrimination against the poor and the resulting social and economic damage emphatically makes the case for self-reliance," said journalist Tony Brown, the creator of the self-help network.

The Buy Freedom 900 Network Business Loan Guarantee Program is a part of that self-help effort, designed specifically to aid businesses.

This program will use the profits from calls to the Self-Help Directory (1-900-976-6670) to support loan guarantees to start small businesses and create self-

employment.

The charge for calls to 1-900-976-6670, \$1.99 for the first minute and 99 cents for each additional minute, will be placed on the callers monthly phone bill.

Approximately 50 cents of each \$3 phone call will be set aside for loan guarantees.

"We hope you will tell your friends to call and support our

self-help businesses, therefore helping our loan program," Brown said.

If you call and press extension 4120, you will here this mother of six, who is supported by a monthly Social Security disability payment, describe her new business, offer you a discount and tell you how Wedding Creations provides expensive wedding gowns so inexpensively

that the average person can afford a wedding.

"We do hope you will support Maxine Wilcox and other loan guarantee recipients. If you do, we can break the cycle of poverty and chart a course of success for thousands of needy families and provide a gateway into the world of business for motivated young people," Brown believes.



ANNOUNCING AMERICA'S FIRST SELF HELP PHONE NETWORK— The first Buy Freedom 900 Network business loan guarantee was awarded to Maxine Wilcox (center) of Wedding Creations in Sacramento, California. Tony Brown (left), journalist and PBS commentator, made the award when he announced that his self-help telephone network was operational. Congratulating Wilcox and Brown was AT&T executive Richard Moore who supervised the development of the network's use of AT&T's sophisticated technology.



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