BUSINESS

FINANCIAL REPORT

HOUSEHOLD ASSET SHIFTS

By Fred Snyder

Mutual Funds appeared in the United States in 1893 with the Boston Personal Property Trust. It was followed in 1904 by the Railway and Light Securities Company. Both were closed-end Companies, however, the latter was converted in 1954 to an open-end investment Company and changed it's name to Colonial Fund and today is still operating.

In 1924 came Massachusetts Investors Trust, then in the same year came State Street Investment Corp. They were followed in 1925 by Incorporated Investors who is now Putnam Investors Fund.

By 1929 there were 19 open-end funds with about $140 million invested. Growth of the Mutual Funds were very slow during the 1930's, and by 1940 the combined assets of Mutual Funds were still less than $500 million.

Assets in Mutual Funds tripled between 1940-1946, and tripled again by the end of 1952. By the end of 1967 assets zoomed to around $40 billion. Currently we now have over 3000 mutual funds with combined assets of around $1.25 trillion.

From 1980 to the second quarter of 1992, U.S. investors made major shifts from bank deposits and CD's into Mutual Funds and Bonds, according to recently released Federal Reserve Data. Holdings of individual stocks also fell.

Bank deposits and CD's fell from 48% of households' liquid assets in 1980 to only 37% in the second quarter of 1992; stock holdings went from 35% to 28%. The money went into Mutual Funds (4% of assets in 1980 to 16% in 1992) and U.S. Government and Municipal Bonds (11% to 16%.)

Corporate Bond holdings held steady at 2%. Liquid Financial Assets of U.S. investors grew from $3.2 trillion to $7.9 trillion over the period.

The shifts caused institutional investors to become the largest holders of stocks in 1992. Institutions, which include Mutual

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Funds, foreign investors, insurance companies, and both private and public pension funds, held 50.3% of U.S. Equities in the second quarter, with households holding the rest.

"Since year-end 1990, of the almost 3 percentage points gained in equity holdings by institutions, more than two-thirds was by Mutual Funds," note Securities Industry Association researchers Jeffrey Schaefer and Grace Toto in the recent report. Although institutional trading activity has long surpassed that of individuals, this is the first time in history that institutions have held the majority of shares. Mutual Funds increased their ownership of outstanding shares from 2.7% in 1980 to 8.8% in 1992's second quarter.

Household ownership of the outstanding supply of stock declined 20 percentage points from 1980 to the second quarter of '92, but the slack was picked up equally by Mutual Funds, Public Pensions and Private Pensions, the SIA says.

Adjusting the holding figures to account for individuals' ownership of Mutual Funds, households still own about 56% of common stock outstanding, the report says.

The SIA notes that the shift toward Greater Institutional holdings has been in place since at least 1965 when institutions held about 15% of U.S. equities.

The dramatic increase of Mutual Funds and fund ownership by individuals is directly related to the success the industry has experienced in providing above average returns as well as safety. Do you own Mutual Funds?

Fred Snyer is an investment advisor for Union Equity Partners.

Real Estate Perspective

By Loretta A. Hall

KNOW YOUR RIGHTS IN A LOAN TRANSFER

Just a little something you should know....the company that collects payments on a mortgage loan is said to "service" the loan, even if it doesn't actually own the loan. Servicing of the loan may be transferred, sold or assigned to another party at any time. Example, you have been paying your mortgage loan to the same company for many years... with surprise you began receiving your mortgage loan payment notices from another mortgage company informing you that they are now servicing your loan.

The 1990 Mortgage Servicing Transfer Act regulates how a homeowner must be informed of such transfers if this happens to you or anyone you know. If the servicing of a mortgage loan is transferred in any way after closing, the borrower must be notified in writing by the new and original servicers within 15 days of the effective transfer. The notices must include this information:

The date the first payment is due to the new servicer and the date the old servicer will stop collecting payments.

The name, address and toll-free or collect-call phone number of the new servicer.

The name and toll-free or collect-call phone number of an employee of the new servicer.

You must also be informed of any effect the transfer has on mortgage life, disability or other optional insurance, and what the borrower must do to continue coverage.

The new servicer may not impose a late fee within 60 days of the transfer if the borrower makes a payment to the old servicer before the first payment to the new servicer is due. Original lenders of government-related loans also must provide a statement on the likelihood a borrower's servicing will be transferred. A borrower's written correspondence for loan information must be acknowledged within 20 working days and responded to within 60 days. Penalties for noncompliance include damages and a class-action penalty of up to $500,000. Know your rights and continue to be acknowledgeable and informed consumers.

As always, please contact a professional for all your REAL ESTATE NEEDS or write to me c/o REAL ESTATE PERSPECTIVE, Las Vegas Sentinel Voice Newspaper, 1201 South Eastern Ave., Las Vegas, NV 89104.

THE BANK OF AMERICA NEVADA EARNS "OUTSTANDING" CRA RATING

Bank of America Nevada has earned an "outstanding" rating for it's compliance with the Community Reinvestment Act (CRA). The rating is issued by the Federal Reserve Bank and is the highest possible CRA rating a financial institution can achieve.

This is the third year in a row that the Bank of America Nevada and it's predecessor, Valley Bank of Nevada, has received an outstanding rating. Regulatory agencies examine all U.S. banks and thrifts for compliance with the Community Reinvestment Act and assign one of four ratings, which include: outstanding, needs improvement; and substantial non-compliance. The Community Reinvestment Act was enacted by Congress in 1977 to encourage financial institutions to identify and help meet the credit needs of the communities they serve. "The excellent ascertainment efforts to the community are consistent with the community credit needs," the Federal Reserve Bank said in it's CRA review of the bank.

"We're excited about this rating because it reflects our strong commitment to community reinvestment and community development," said the Bank of America Nevada Chairman Richard A. Etter. "In 1992, we implemented a number of loan products that are designed to better meet the mortgage, installment and small business lending needs of low-to-moderate income individuals throughout Nevada." Bank of America's Neighborhood Advantage program is a mortgage loan product that greatly enhances a low-income person's ability to purchase a home. Some of the features of this loan include: down payments as low as 5 percent; a more lenient debt-to-income ratio; and more flexible qualifying guidelines.

The bank also launched the BASIC (Bank of America Special

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