

Real Estate Perspective

By Loretta A. Hall



NEW FHA & VA RULES IMPROVED FOR 1993

For years, the best programs available to entry-level buyers have been the mortgage plans backed by the federal government. Requiring little down and with liberal qualification standards, FHA 7 VA financing have been used to acquire millions of homes nationwide.

For 1993, the good news is that FHA and VA programs have gotten better. The FHA program has seen three important changes.

First, the single-family home limit in high-cost areas has risen from \$124,750 to \$151,725.

Second, FHA has changed its down payment requirements from a complex set of calculations to a simple formula: 3 percent of the first \$25,000.00 borrowed, 5 percent of the next \$100,000.00 and 10 percent of everything from \$125,000.00 to \$151,725.

Third, new FHA rules allow borrowers to capitalize 100 percent of most closing costs. Combine closing cost financing, low down payments, liberal qualification standards, and increased loan amounts, the FHA program makes the overwhelm-

ing majority of homes affordable.

Within the VA program, two changes have evolved which should interest Las Vegas buyers and owners. VA financing has traditionally been restricted to fixed-rate mortgages. Now says the VA, it will back ARMS (Adjustable Rate Mortgages) for a three year test period, providing such loans conform to VA standards.

Another change parallels the effort to increase participation in national guard and reserve units. Under a new VA program, guard and reserve personnel with six years of service will now qualify for VA financing, a big inducement. Since VA loans for as much as \$184,000.00 are available to qualify individuals with no money down, the expansion of the VA program is certain to increase national guard and reserve enlistments.

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 Avenue, Las Vegas, Nevada 89104.

BUSINESS

MONEY MANAGEMENT UNDERSTANDING FINANCIAL STATEMENTS

Financial statements, included in a company's annual report, are the primary way a business communicates its financial position and the results of its operations. According to the Nevada Society of CPAs, a basic understanding of financial statements can be valuable for making financial decisions.

The Balance Sheet

Two of the most important financial statements are the balance sheet and income statement. A balance sheet is a report that shows the assets, liabilities, and equity of a company at a particular moment in time usually the last business day of the month, quarter, or year. Essentially, a balance sheet reveals what a company owns, what it owes, and the amount of money the owners have invested in it.

A typical balance sheet lists assets on one side in decreasing order of liquidity. Liabilities are listed on the other side in the order in which they must be repaid. Owners' equity is shown below liabilities.

Assets are usually classified into three categories: current assets, fixed assets and intangible assets. Current assets include cash, marketable securities, accounts receivable, inventories and other amounts that

are expected to be turned into cash, generally within a year. Fixed assets represent more durable items that are used by the business in the course of carrying out its operations, such as machinery. Some balance sheets refer to this category as property, plant, and equipment. Patents, copyrights, trademarks, and goodwill fit into the category of intangible assets.

Liabilities are divided into two classes. Current liabilities include all debts that are due within the coming year. Long-term lia-

bilities are obligations that are payable more than one year after the balance sheet date.

Owners' equity, sometimes called shareholder equity, is the amount of money investors have put into the firm, plus any profits earned by the business that have not been paid out in dividends (retained earnings).

A balance sheet is always dated as of a particular date, i.e., December 31, 1992. An income statement, on the other hand, reports on the results of the company's business activities for

a certain period of time. It might be dated "For year ending December 31, 1992" or "January 1 through March 31, 1993."

The income statement, sometimes called the profit and loss statement, shows how much the company made or lost during the period covered by the statement. It reports the amounts received from selling goods and services, as well as the costs and expenses of running the business. The result is a net profit or net loss, the proverbial (See Money Mgt, Page 10)

FINANCIAL REPORT GET LIBERATED FROM TAXES!!

By Fred T. Snyder

A breakdown of the type of taxes we pay and the amount of "working days" it takes to pay this bill will show that "income tax obligations" take the longest to pay off; an average of 40 days.

Other types of taxes and their pay-off time follows:

Income Taxes, 40 Days; Social Security Insurance Tax, 38 Days; Sales & Excise Tax, 17 Days; Property/other Business Tax, 16 Days; Corporate Profits Tax, 10 Days; Other Tax, 2 Days.

Because the tax on which you can have the greatest effect is income tax, it makes the most sense to reduce the amount of tax you pay on your investment income. Purchasing tax free municipal bonds can be a simple and safe way to accomplish this task. The income derived from municipal bonds is federally tax free, and usually free from state income tax if issued within the state of residence. That means you can shorten the length of time you work for the government, federal and state, because less investment dollars earned will be dedicated to paying taxes. More of what you earn can be used for further investment,

savings, recreation, etc.

While it appears that today's tax rates are at historical lows, it is virtually safe to say that federal tax rates are going up and will surely be higher than 1992's 28% and 31% brackets. In addition, state taxes, be it income, sales and use or other taxes, will most likely be higher in 1993 as well. Even though this year's tax freedom day is the same day as last year, the potential for increased tax rates will cause this day to come later and later in the future. So, on a personal level, individuals can and should take measures to effect a change in what they pay in income taxes, particularly on their investments. We believe the easiest and safest way to do

FUNDING WORKSHOP OFFERED AT THE LAS VEGAS LIBRARY

A funding workshop and hands-on orientation on how to use private, corporate and federal funding information housed at the Las Vegas Library, 833 Las Vegas Blvd., is being offered in the library's programming room May 19, 10 a.m. to 12 p.m., with Clark County Librarian and Foundation Collection



FRED T. SNYDER

that is by purchasing tax free municipal bonds, since a typical week usually has 5 days of work and only two for play, why not work as many of those 5 day weeks for yourself and not the government! Fred Snyder is an investment advisor for Union Equity Partners.

Developer Vlasta Honsa.

The workshop is designed to help organizations and non-profit groups with private, corporate and federal funding. Call 382-3493 to pre-register, as the workshop is limited.

The foundation collection is an unusual and special library feature on funding resources in the Southern Nevada area, created by librarian Vlasta Honsa. It includes directories, computer databases, indexes, periodicals, reports and pamphlets on all aspects of fundraising, grants and proposal writing.

A workshop is also being planned for May. For more information call Vlasta Honsa at the Clark County Library, (702) 733-7810.

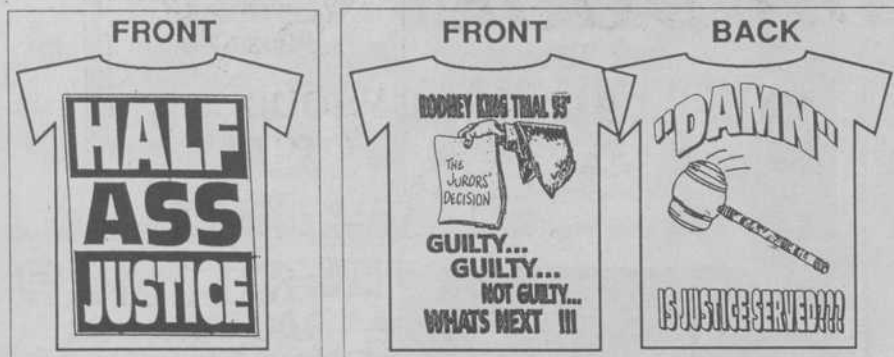
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