

# BUSINESS

## FINANCIAL REPORT TAX ADVANTAGE INVESTMENTS

By Fred T. Snyder

Tax laws are constantly changing, and anticipated changes will make tax reduction more difficult. To reduce your tax liability there are four objectives:

1. Tax free investing
2. Tax deferral
3. Tax deductible
4. Tax credits

The first three mentioned are the most common and easily

available to all investors.

Municipal bond interest is free from federal taxation. "Muni's" can be either a general obligation bond, which is backed by the taxing power of the state or municipality, or revenue bond which is a bond issued based on a specific project. Municipals can be purchased as individual issues or municipal bond mutual funds. Mutual funds require lower initial investment and the ability

to reinvest your interest.

Tax deferral has the best advantage over all of the rest. Tax deferral allows you to postpone paying tax until sometime in the future. Every IRA and Company retirement plan offers this feature. The benefit is that as your money grows, nothing is withdrawn from the investment, because nothing is lost to taxes, your dollars compound at a faster rate.

Tax deductions have been hit hard by changes in the law. Interest paid on your home mortgage is deductible. Home equity loan interest is deductible. Retirement plans offered thru your employer can be deductible and IRA contributions still have deductibility, but there are restrictions which could reduce or eliminate that benefit.

Tax credits were very popular and have lost some of their appeal, again due to tax changes. This area suffered

### A NEW FEDERAL JOB TRAINING/EMPLOYMENT PROGRAM SAVES EMPLOYERS TRAINING COSTS

CARSON CITY — Nevada employers looking for motivated, disciplined, easily-trained workers should consider participat-



FRED T. SNYDER

many abuses in the past, and over the years Congress has moved quickly to close tax loopholes. Tax credits are available for investments in rehabilitation of historical structures, housing for seniors and low income housing projects. The minimum investment in this area can be large and the qualification levels are high.

You can be sure that we will experience more changes in the future. Some will be good, some bad. Be ready to make some adjustments. Tax avoidance is perfectly legal and beneficial for investors.

Fred Snyder is an investment advisor for Union Equity Partners.

ing in a new federal job training and employment program that reimburses up to \$12,000 for training — and offers the prospects of long-term employment to eligible events.

The Service Members Occupational Conversion and Training Act of 1992 (SMOCTA), is a joint effort of the departments of Defense, Labor, and Veterans Affairs to address the effects of downsizing of military forces now taking place.

Employers interested in participating in the SMOCTA program should contact their nearest office of the Nevada Employment Security Department (NESD) for program details, applications, and help in establishing their own SMOCTA-approved on-the-job training program.

Veterans eligible to participate in the program must have been discharged from active military service on or after Aug. 2, 1990, and served for more than 90 days, unless discharged (See Job Training, Page 7)

## Real Estate Perspective

By Loretta A. Hall



## A MORTGAGE BROKER (THE PROS AND CONS IN THIS RAPIDLY GROWING INDUSTRY)

A mortgage broker can help find you the lowest interest rate for a mortgage loan. Mortgage brokers originate one-third to one-half of all new mortgages today. In some cities this figure is higher. Mortgage brokers do business with a wide assortment of lenders, so they know the current rates, fees and lending requirements. The standard procedure when using a mortgage broker is you fill out an application, disclose your debts, income and assets. The mortgage broker verifies all information which was provided to him on your application and the next step is to get an appraisal report on the property you are interested in financing.

All the data is submitted to the lender whose mortgage suits you best. If you are turned down, the mortgage broker will press your case for you and perhaps by finding extra verification for income the bank did not want to rely on. If you are still turned down, the broker will take your application to another lender. You do not have to fill out another set of forms. Mortgage brokers are especially helpful to people with potential problems. This includes buyers who want "jumbo" loans (typically those larger than \$202,250.); the self-employed, whose income may be considered unreliable; first-time buyers without a long work history; borrowers who had credit problems in the past; marginal borrowers, whom a bank has turned down for being a little short of cash; and people who are just too busy to shop around for low mortgage rates.

Not all brokers handle FHA or VA loans. For these low or no down payment mortgages, you may have to approach mortgage lenders yourself. The ways of paying a mortgage broker are as various as the firms themselves. You will find application fee, processing fee, fee for the broker, fee for the lender and other

closing costs which typically reach 2 percent to 2.5 percent of the amount borrowed on a first mortgage. However, in general, it should not cost any more to work through a mortgage broker than it would cost you to go to the lender yourself. But prices do vary. Sometimes mortgage brokers charge more than lenders and sometimes less. On expensive homes, you may be able to negotiate a lower fee. On second mortgages and FHA loans, costs typically exceed 2 percent and sometime by a lot. Your only test of the broker's price is to call the lender and see what you would pay if you were to cut out the middle man (the mortgage broker). Also keep in mind, how much you pay up front depends on your present situation and financial state.

Usually, application fee run anywhere between three hundred to five hundred dollars, plus the cost of the appraisal and credit check. But that is all you should pay up front. The rest of the fees are normally paid when the loan is closed. It is my understanding that if the mortgage doesn't come through, your application fee should be refunded.

However, remember, like any other industry, the mortgage broker industry isn't problem free. States hear complaints about mortgage brokers who promise to refund application fees, drag their heels on applications, etc. If you decide to use a mortgage broker make sure he or she has at least two to three years of experience in originating mortgages, either in his or her own firm or working for someone else. To find a reputable mortgage broker, ask a real estate agent you trust or any of your friends who recently used the services of a mortgage broker. In addition to this, you can also call the National Association of Mortgage Brokers to obtain names of mortgage brokers in your area with proven track records. Their telephone number is (602) 992-6181. Be smart and do your homework!

As always, please contact a professional for all your real estate needs or write to me c/o REALESTATEPERSPECTIVE, Las Vegas Sentinel-Voice Newspaper, 1201 South Eastern Avenue, Las Vegas, Nevada 89104.

## LVCVA ANNOUNCES AUGUST EMPLOYEE OF THE MONTH



FRANCINE REDDEN

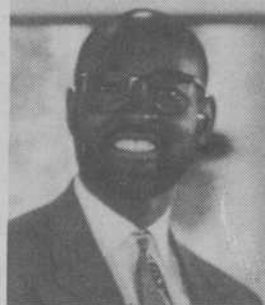
The Las Vegas Convention and Visitors Authority honored reservations operator Francine

Redden as August Employee of the Month. Recognized as always willing to "go the extra mile" for customers, Redden has been with the LVCVA since 1978.

### THE EASY WAY TO START A NEW BUSINESS

Contact SCORE, The Service Corps of Retired Executives, for the dates of a new business workshop where they will review all facts of starting a new business. Call today for dates and reservations. 388-6104.

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