BUSINESS

DISPARITY IN THE MARKETPLACE: A MYTH OR REALITY?

By Diana Aird, President of Aird & Associates for Marketing, PR and Special Events Planning

A press conference was scheduled for Wednesday, June 29th to announce the results of the $500,000 Regional Economic Disparity Study, which has been conducted among local public agencies in our area since September, 1993. The purpose of the study has been to examine local government's contract awarding practices toward minority and women-owned businesses. With the proper response to the findings, the study could lay the groundwork for public entities to more assertively and fairly do business with companies owned by women and ethnic minorities. Other than that, it would only prove to be more of the same old-same old.

Interestingly, the press conference was suddenly called off, with the promise that it would be re-scheduled in the near future. Clark County Commissioner Yvonne Atkinson-Gates was quoted recently as having expressed caution against possible attempts at censoring the study. At a meeting of county commissioners, Atkinson-Gates stated,

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"If the delay was orchestrated by displeased agencies or departments who are unhappy with the public comments that they read, or who are in a state of denial, I am thoroughly disappointed. Too much effort and money has been invested to censor the report 'to protect our own hides'." Commissioner Atkinson-Gates explained afterward that her comments were meant to prevent any attempts at censorship, but that she was unaware of any. Nevertheless, the press conference to announce the results of the study has been

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MONEY MANAGEMENT

ITEMIZE YOUR HOME IMPROVEMENT COSTS

RENO —Making home improvements can do more than improve the appearance or comfort of your home. According to the Nevada Society of CPAs, spending money on certain improvements now can offer you significant tax savings later on.

REPAIR VERSUS CAPITAL IMPROVEMENTS

Tax law clearly differentiates between home repairs and "capital improvements" — the improvements that offer you tax advantages. Repairs keep or restore property to good working condition. Examples of repairs include repainting, fixing a broken window, or fixing gutters. Capital improvements, on the other hand, increase the value of your property, lengthen its life or adapt it to a different use. Examples include remodeling a kitchen or bathroom, creating a master suite, adding a fireplace, or putting aluminum siding on your home. Expenses incurred for capital improvements can be added to the basis of your residence — that is, the total amount you paid for the property. When you see your residence, the taxable gain is determined by subtracting your basis in the home from the selling price. The greater your basis, the lower your taxable profit.

Be sure to keep receipts for all your capital expenditures. This will keep you from overlooking expenses that can increase your basis and will enable you to substantiate your capital gain calculation should the IRS ever question it.

ADDING TO YOUR HOME'S VALUE

Before making a home improvement, it's wise to consider whether you'll be able to recover the cost of the improvement when you sell your home. Certain features are more valued by home buyers than others and, consequently, are more likely to add to your home's market value. Today, you're likely to recover costs for expanding a master bedroom, adding an office or study, or building a new bathroom. However, adding a greenhouse or installing a hand-laid brick walk to your front door is not likely to offer you the same payback when you sell your home.

Also, don't undertake projects that elevate your property's value above the neighborhood norm. If the houses in your community generally sell for about $100,000 and your home improvements would boost your home's value to $150,000 chances are you won't recover your costs.

FINANCING YOUR IMPROVEMENT

How you finance your improvement will affect its ultimate cost. It's wise to finance as much of the improvement as possible with cash, thereby avoiding hefty interest charges. If you can't come up with sufficient cash, consider taking out a home equity loan or borrowing against a home equity line of credit. The interest rate on such loans is usually less than that charged by banks for home improvement and other loans. What's more, except for certain high-income individuals who are subject to an overall reduction in itemized deductions, generally you can fully deduct interest paid on home equity loans. However, since you are using your home as collateral, be sure you borrow only an amount that you are capable of repaying.

Avoid using your credit card to finance home improvements. Interest rates on major bank cards are usually high and can tack on thousands of dollars to the actual cost of the improvement.

SHOPPING FOR THE BEST PRICE

Before moving ahead with a major improvement, be sure to

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Real Estate Perspective

By Loretta A. Hall

GOOD CREDIT HISTORY IS VERY IMPORTANT!

What if my credit is bad or I have no credit history? I hear this all the time. If prospective buyers have any doubts about their credit history, they should obtain a copy of their credit report through one of the credit-rating agencies listed in the phone directory or obrain one through a mortgage lender. Both services are generally free, if not the fee is very small.

If late payments or nonpayments are listed on the report, the next step is to contact the creditor, make payments if necessary and get the problems cleaned up. If the creditor will not budge, the prospective buyer should explain the situation in a letter that can be attached to the mortgage application. Institutions are often forgiving of one-time periods of poor credit that is unlikely to occur again, such as a sole period of unemployment or a divorce.

The actual credit problem, however, usually must be reconciled and the borrower must be able to demonstrate he or she now has the ability to make regular mortgage payments. Most lenders say that a history of not paying rent in a timely manner can be the most devastating credit problem for first-time home buyers.

In situations where prospective buyers have questionable credit history, they might need to take a year or two to clean up their credit.

After you have decreased the amount you owe and are able to show a two-year history of making payments on time, you may be ready to reapply for a mortgage loan and begin looking for a home to buy.

On the other hand, buyers with a lack of credit history often can compensate by showing a history of making regular rent, phone and utility bill payments. If you have a problem, take the necessary steps to improve your credit profile and don't let bad credit or the lack of no credit keep you from achieving the great American dream of home-ownership!

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.