Real Estate Perspective

By Loretta Arrington Hall

Know the right price to offer for a home

A home may be a bargain at its full asking price. Or it might not be worth even 50% of its asking price. When buying a home, please remember the asking price is the seller's dream price, it's what the seller would like to receive. To make an intelligent purchase offer and avoid overpaying **you need to know the true market value of the house.**

Before making a purchase offer, ask the real estate agent to prepare a written comparative market analysis (CMA). This is the same form that was given to the seller at the time the house was listed for sale. It gives recent sale prices of comparable nearby homes as well as asking prices of other similar neighborhood homes currently listed for sale.

By adding or subtracting value for the pros and cons of the home under consideration, you and the agent can arrive at a reasonable purchase price offer.

Another benefit of using this method is it gives the realty agent written evidence to show the seller to justify your purchase offer. This is especially important if the asking price is vastly higher than your purchase offer. Then the agent can enthusiastically present your offer, knowing it is based on the home's true market value rather than its asking price.

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, 900 East Charleston Boulevard, Las Vegas, Nevada 89104. Fax (702) 380-8102

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BUSINESS

Savings

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of Nevada, Las Vegas graduate, are two examples of this trend.

Gray, a 36-year-old mother of one, has been going through some tough times financially ever since her husband of 18 years, an electrician, was permanently disabled.

Her spouse was earning as much as $20 an hour, so his injury more than halved the family's income. The Grays are expecting a financial settlement stemming from the accident within the next year, part of which will be used to pay for a house. In the interim, they are living paycheck-to-paycheck, she said.

About 44 percent of Gray's take-home salary pays for the rent. Another 18 percent goes toward fixed expenses like car insurance (9 percent), union dues (3 percent), cable (2 percent) and phone bills (4 percent).

The remaining 38 percent covers food (14 percent), gasoline (7 percent), utilities (7 percent) and savings expenses (6 percent), she said.

Unlike most paycheck-to-paycheck families, the 16-year Culinary union veteran said she has already vested in her pension plan, which means she can quit her job at any time and will be qualified for full benefits at retirement age.

The Grays were also able to set up an emergency fund in a savings account, which is equal to about three months of Linda's earnings, and another account for their 19-year-old son's college expenses.

He is scheduled to start classes at Fort Valley College in the spring of 1997 and is expected to qualify for financial aid when those funds are depleted after about one semester, she said.

"We're livin' pretty good. We're makin' it," Gray said.

A.G. Edwards and Sons investment broker Fred Snyder said Gray's situation is typical for most working-class black families, especially when there has been an injury to a wage earner.

"She's doing a good job of managing money. She knows where everything is going," Snyder said. But "you always need to supplement your retirement."

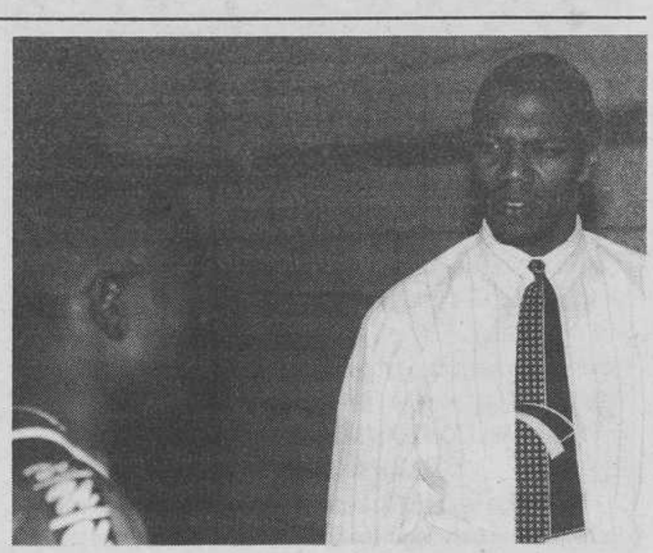
But before the family makes any financial adjustments, they need to clear up some of their unknowns, Snyder said.

Right now, it's not clear how much the husband will get from his settlement, nor is known whether he will be able to work again, he said. Any long-term planning is contingent upon these factors.

"Looking at their retirement, they're going to be pretty tight," Snyder said. "They need to put some of (the settlement income) in an annuity for themselves and let it ride."

Like Gray, 26-year-old Ramos works part time and is on a tight budget. She earns little as a session director for CBS but supplements that with earnings from a music production company, which she co-owns on the side.

Ramos has no kids but is engaged to be married. Her expenses are fairly low, because she lives at home with her mother where she contributes about 18 percent of her monthly income into a joint account to help out. Another 18 percent goes toward student loans, and 13 percent covers phone and pager bills.



Dr. Andre Denson (right) speaks with a student about the importance of putting forth an extra effort in his study habits.
Photo by Savoy/LVS-Voice

Less than five percent is stored in a savings account, and the rest is kept in cash for spending money or for business-related expenses, she said.

Ramos has been diligent about not touching the savings account even if it means she doesn't go out on the weekends.

"If after I pay bills I don't have it, I just stay home," she said. "If I don't have any money, I don't need to go out."

All in all, "I'm pretty happy with my small percentage in a savings account," she said. "Pretty soon, it's going to be a joint account where we both (she and her fiancee) can put money."

After reviewing Ramos' expenses, Snyder concluded that her situation is also typical. Many college graduates have a lot of job uncertainty and initially earn low wages, he said.

It would be best for her to keep saving until she has enough to put in an Individual Retirement Account (IRA), which can grow tax-deferred until retirement, he said.

"Assuming once she's married she would max it out (at $2,000 a year), she would have $400,000," at retirement, Snyder said.

Over the long haul, cases like Gray's and Ramos' are becoming less common as blacks become better educated and earn more money, experts said.

Cimarron-Memorial High School Assistant Principal Dr. Andre Denson has worked at the Clark County School District for nine years as a teacher and as an administrator.

The 29-year-old UNLV doctoral graduate is single. He owns a house and a car, is active in the community and enjoys traveling during his annual vacations.

He can well afford to do so. Since he started working in the district as a mathematics teacher at the old Las Vegas High School his salary has more than tripled and continues to increase annually.

As part of his benefits package, the school district pays both his health insurance and his pension fund expense. If he retires in another 30 years, as he plans to, Denson will draw about 80 percent of his highest salary for the rest of his life, he said.

His monthly budget is equally well-planned. Almost one-fifth of Denson's take-home pay goes toward taxes, 35 percent pays the mortgage expense and 20 percent goes toward food, entertainment and utilities, he said. Another 10 percent covers insurance, dry cleaning, credit cards, church donations and union and fraternity dues.

Denson also saves nine percent of his salary in a savings account and invests another nine percent in mutual funds, annuities and whole life insurance, said the self-described fiscal conservative, who began investing as soon as he started working.

"I feel I am in the right direction and am comfortable for me," he said.

Snyder agrees.

"Andre's probably one of those guys who will never touch his retirement," Snyder said.

Unlike most retirees, "Andre's income will not drop and could potentially go up," because of his investments, which should be worth more than half a million dollars at retirement, Snyder

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