BUSINESS

Time to evaluate whether to swap some bonds

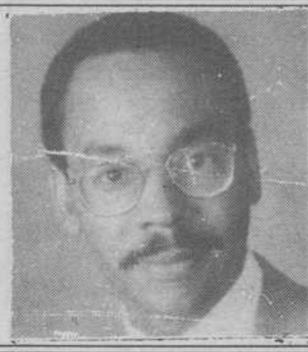
Special to Sentinel-Voice

Rising interest rates usually spell bad news for bond investors who get hit with losses on securities they may have bought only months earlier. If you own a bond whose value has declined since you purchased it, you don't have to sit tight and receive face value when your bonds mature. Now may be a good opportunity to review your bond portfolio and maybe even create a better one by swapping some of your bonds for new ones.

Bond swapping is a simple investment technique that entails selling a bond you currently own and using the sale proceed to purchase a different bond. One reason for swapping bonds is to save on taxes. By selling a bond for less than you originally paid for it and realizing a loss of principal, you can establish a tax-deductible loss. However, you should be careful not to swap a tax-deferred account such as a 401(K) or an individual retirement account. If you decide to swap, make sure and move fast before interest rates change and eliminates the opportunity for a tax loss.

Financial Report

By Fred T. Snyder



You can swap practically any investment, but fixed-income securities such as bonds are ideal. That's because most fixed-income sectors have ample supply, so it's easy to find two securities that are similar in price, interest rate, credit quality and maturity. It's more difficult to find two stocks with some of the same characteristics and that will perform the same way bonds do in rising or falling markets.

Besides establishing a tax loss, investors also swap bonds for a variety of other reasons, including to reflect a change in their investing goals, to receive more income and to reduce risk.

Before you begin swapping away, there are a few points to consider. You should take into account more than just the tax-consequences when you're retired, have little income, small losses or do not need a tax loss, it may be best to sit tightly and wait for your bonds to pay face value when you redeem them at maturity.

When considering a bond swap, try to avoid the wash-sale rule, which prohibits you from deducting a capital loss by selling a security and repurchasing essentially the same security within 30 days before or after the sale.

To make a bond swap work, you'll have to switch to a bond with a substantially different issuer, coupon or maturity. The bond must be different in 2 or 3 of these characteristics.

A final consideration is timing. If your bonds have lost value because interest rates have risen, you don't have to wait until the end of the year to swap them. Many investors wait to swap bonds late in the year only to find that replacement bonds are more difficult to locate then they were earlier in the year.

Bond swapping may be beneficial to your portfolio, or you might receive greater benefits by holding out and waiting for your bonds to mature. A financial consultant may help you evaluate your portfolio and decide whether bond swapping is right for you.

Rehabilitate your home using an FHA 203K loan

Special to Sentinel-Voice

The purchase of a house that needs repair is often a catch-22 situation because that bank won't lend the money to buy the house until the repairs are complete, and the repairs can't be done until the loan has closed.

Well there's funds available for those handyman specials and fixer-uppers without the hassle of the normal catch-22 problem. It's the FHA's 203K Loan Program. It can help you. It allows you to purchase or refinance a property and include in the loan the cost of making the repairs and improvements. The FHA insured 203K loan is provided through approved mortgage lenders. Most lenders in our community are approved mortgage lenders and can assist you.

Real Estate Perspective

By Loretta Arrington

Licensed Real Estate Broker

The 203K loan is presently available only to persons wanting to occupy the home. The down payment requirement is approximately 5% of the acquisition costs of the property. There is a minimum $5,000 requirement for eligible improvements on any 203K property.

Here are a few steps to take if you would like to improve your house using the 203K Rehabilitation Mortgage Program. Locate a fixer-upper and execute a sales contract after performing a feasibility analysis of the property with a real estate agent. The contract should state that the buyer is applying for a 203K mortgage and that the contract is contingent on loan approval based on additional required repairs by FHA or the lender.

Select an FHA-approved 203K lender and arrange for a detailed proposal showing the scope of work to be done, including a detailed cost estimate on each repair or improvement to the property. Meet with the contractor and plan reviewer to ensure that the detailed proposal and cost estimate are acceptable.

An appraisal is performed to determine the maximum amount of the mortgage. If you pass the lender's credit-approval test, the loan closes for an amount that will cover the purchase or refinance cost of the property, the remodeling costs and the allowable closing costs. The amount of the loan will also include a contingency reserve of 10% to 20% of the total remodeling costs that is used to cover any extra work not included in the original proposal.

At closing, the seller of the property is paid off and the remaining funds are placed in an escrow account by the lender to pay for the repairs and improvements during the rehabilitation period. The mortgage payments and remodeling begin after the loan closes. You may be eligible to include up to six mortgage payments in the cost of rehabilitation if the property can not be occupied during construction, however, this may not exceed the time required to complete the rehabilitation. For specific information on the FHA 203K Loan Program, call your lender. They would be happy to help!

As always, please contact a licensed real estate professional for all your real estate needs or write to me c/o Real Estate Perspective, Las Vegas Sentinel-Voice Newspaper, 900 East Charleston Blvd., Las Vegas,Nevada 89104.

Loretta Arrington, Owner/Broker, Arrington & Associates Realty Group and a Member of the National Association of Realtors.

White flight: The changing face of U.S. farmers

Emory Curtis
Special to Sentinel-Voice

As one of the vanishing breed of living African-Americans born and raised on a small farm, I pay attention to them when driving in the country and am drawn to news about the problems farmers have making ends meet.

Those difficulties have driven many African-American families away from farming over the past 50 years. That is also why the percentage of farms being run by White men is steadily dropping. White children don't want to farm and if their parents don't sell them, they will as soon as they inherit them.

Of course, a lot has changed within the farming industry since my days in south Texas where my parents scraped a living from a dry-land farm and raised six boys and two girls. To be competitive now it takes a lot more costly equipment, more financing, and more technical knowledge about plants, animals, bugs and marketing.

Farming is risky business. Even when everything is done correctly, the wrong weather at the wrong time can make harvesting costs exceed what the crop will bring in. Conversely, those elements can combine to produce a bumper crop, but if the market is oversaturated the crop won't pay the cost of producing it.

That is happening now in the Midwest. Soybean farmers have had three record crops in a row, but the prices — about $4 a bushel — is the lowest in 25 years. That's less than the production cost for most farmers.

Hog farmers have it worse. Last year pork prices for producers fell to $8 per hundredweight. That is their lowest level since the Great Depression. That's about a third of what it costs to bring the pig to market today.

On some products where the economy of scale favors large operations, factory farms are taking over.

For instance, five years ago, Iowa family pig farmers had about 500 sows that produced about 20 pigs a year. The farmer took those pigs to market themselves. Factory farms — with about 16,000 sows that produce about 320,000 pigs a year — are taking over from the smaller farms which are mostly raising pigs on contract for them.

Farms with specialty products can often beat the large operations. However, to do that, they must be willing to work harder for less. That's why there is an increase in the number of small farms operated by immigrants: a few Dutch, a lot of Hispanics and plenty of Asians.

What they have in common is that they have seen tough times themselves, in their own lives. Scraping out a living from the ground is what they had to do where they came from. Also, in the main, their experiences have been that depending on government to help is of no avail.

From coast to coast, Mexican immigrant workers are buying small farms. The 1997 Census of Agriculture showed that Hispanic-run

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