

BUSINESS

FINANCIAL REPORT

A Good Yield is Hard to Find

With rates on interest bearing instruments at long-time lows, I sense a real hunger on the part of investors to find yield and a willingness to try new approaches to reaping investment income. Being sympathetic to this need for higher income, I have a few suggestions for finding it while maintaining a reasonable aversion to risk associated with any market investment. Before presenting some options for higher yields, there are some characteristics common to all bonds which must be mentioned.

The order of importance is the decision of each individual investor based on their goals

and objectives.

Bonds are a debt obligation of the issuing company, and is only as good as that company's ability to pay its debts, therefore all bonds have default risk. Next is liquidity, how quickly can you sell your bond if the need for cash arises. When selecting bonds for your investment portfolio there are five factors which will help you with your decision.

1) There are a few companies which rate the quality of bonds. High yield bonds have average ratings of "B" or better. I would not recommend bonds rated "C" or below.

2) Bonds will have different maturity dates. Most of the high

yield bonds have 10 to 20 year maturity, but because of the liquidity of the market, you do not have to hold your investment to final maturity. There is also a period where the issuing company has the right to redeem your bond early.

3) The coupon rate is the stated rate of interest you receive. Coupon rates tend to be in the 9-12% range for taxable bonds and 6-8% for tax-free high yield municipal bonds.

4) The face value for all bonds is \$1000.00. Prices do fluctuate and the current market price could be higher or lower than \$1000.00.

All of the above factors will affect the current yield and have an impact on the total return you

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receive from your bonds.

High yield bonds should be used to diversify investments and increase investment results. The bonds listed below can be used to meet that need.

Caesars World - 8.87%

Centel Corp. - 9.5%

Quantum Chemical - 13%

MGM Grand Hotel - 11.75%

Fred Snyder is an investment advisor for Union Equity Partners.

Real Estate Perspective

By Loretta A. Hall



NEW RULES ON HOME SETTLEMENT COULD ALTER AND THREATEN BUYING, BORROWING PROCESS

Home buyers and sellers are virtually unaware of it, but a bitter struggle is shaping up across the country over who walks away with the bulk of the money from the settlement table. At stake are billions of dollars a year in closing costs, insurance commissions and financing charges.

Independent title companies, escrow agents and attorneys have controlled the majority share of this lucrative business for decades. The odds are strong that if you've ever bought or sold a house, the escrow closing or settlement process was orchestrated by one of these three independent types of closing service providers.

The business of home buying and mortgage borrowing could undergo major structural changes because of new government regulations governing the real estate settlement process. The new federal regulations that went into effect December 2, 1992 threaten to shake the traditional system to its foundations. The new rules open the entire home sale, financing and settlement process to greater involvement by affiliated companies, especially those with direct tie-ins to real estate brokers. Many large and medium sized real estate firms are now likely to create, buy or invest in title and escrow settlement agencies, mortgage banking operations, homeowners' hazard insurance brokerage and other services traditionally provided by independent, unaffiliated companies.

An example of what could possibly happen with this new regulation, a local office of a large real estate company may receive cash bonuses or other compensation for in-house re-

ferreds was questionable, if not banned outright.

The new rules expressly allow "employees to be paid for referrals among affiliated business entities. The rules also require written disclosures to the consumer of any business links between the brokerage firm and any mortgage, title, insurance, escrow or other service provider involved in the transaction. In addition, they require that consumers be informed that they have triggered outrage among independent settlement service providers.

Some say the new regulation will force thousands of small businesses to close down by giving control of financing and closing process to the very large realty companies.

If real estate companies have title insurance, mortgage finance and settlement subsidiaries, well who do you think is going to get the homebuyer's business?? Everybody knows that buyers basically accept the advice of their realty agent on financing and settlement, where others feel there'll be no real competition and not constraint on pricing of services and the costs to the consumer could rise by hundreds of dollars per settlement because of the new rules. However, major real estate firms think the settlement issue has been overblown.

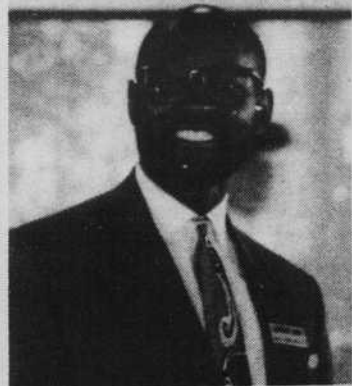
HUD officials conducted a regulatory impact analysis before issuing the new rules that concluded there will be no substantial impact on small businesses such as settlement and title agencies. HUD also cited estimates that savings on administrative and marketing costs through the use of affiliated networks of title insurance, financing and settlement service organizations could cut the cost of the average home settlement by 10 percent, which could result in savings to you the consumer.

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.

PLANNING TO START A NEW BUSINESS?

Learn about licenses, permits, legal forms of business, cash flow and many more requirements. Experienced men and women of the Service Corps of Retired Executives (SCORE) of the SBA, will conduct workshops on Tuesday, January 26th and Thursday, February 11th at the Showboat Hotel from 8:30 A.M. to 12:00 noon. For reservations, \$20.00 per person, call SCORE today at 388-6104.

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ity to offer assistance to people exploring a career with the Federal Government. This phase of the service is designed to assist people with entry level, white collar, and blue collar positions based on the applicant's education, work experience, interests, and desired salary. Most people are unaware that federal jobs, hiring across educational levels and especially encouraging of minority groups, are even available. A.V.E. offers a proprietary computer database of Federal Government employment information that is guaranteed to match every job applicant to at least five current opening with the Federal Government. The Federal Government matching service specializes in job listings obtained from the Federal Government, as well as over 200 Federal Agencies. THE SERVICE OFFERED IS NOT AFFILIATED WITH THE U.S. GOVERNMENT.

(See *Affair Variations*, Page 7)

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