

Agriculturally Speaking

By RUSSELL C. KING
County Extension Chairman



The 1984 federal tax legislation requires that taxpayers substantiate the business use of certain listed property with adequate contemporaneous records. Passenger automobiles are included as listed property.

The definition of a passenger automobile includes any four-wheeled vehicle designed for highway use and weighing 6,000 pounds or less. Light-duty trucks may be defined as passenger automobiles.

If a business deduction is to be claimed for any passenger automobile, the taxpayer is required to keep adequate contemporary records. This requirement became effective January 1, 1985.

The "adequate contemporary records" rule can be satisfied by keeping a log or diary for each vehicle with the content including the following information:

- Date of use of property.
- Purpose for which vehicle was used.
- Name of user of vehicle.
- Number of miles recorded.

Information for each use of the listed property should be recorded.

A round trip to purchase farm supplies, or feed cattle, can be considered a single use. Therefore, the mileage for a round trip could be accounted for by a single entry.

Here are examples of record keeping entries:

January 2, 1985, to anywhere, N. C., purchased tractor parts, Joe Smith, 22 miles.

January 3, 1985, farm use: feeding cattle, 4 miles.

January 4, 1985, to anywhere, N. C., delivered feeder cattle, John Brown—hired hand, 15 miles; to anywhere, N. C. purchased feed, Joe Smith, 40 miles.

Taxpayers should have recorded the vehicle mileage on January 1, 1985. They are required to keep records on all business use. Then on December 31, 1985, they should record the ending mileage of the vehicle. These figures can then be used to substantiate the business mileage.

Adequate contemporaneous records are required for all passenger autos. This includes vehicles that are used entirely for business purposes.

For more information, call me at the Warren County Agricultural Extension Service.

Miss Gilliam Is Speaker At Three Point Meeting

By C. WANDA SEWARD
Reporter

Miss Rosiland Gilliam spoke to the Three Point Youth Development 4-H Club at their recent meeting. Her program was on Dr. Martin Luther King, Jr., and all the good he did for the black people. Miss Gilliam also listed some of the restrictions which were on black people before Dr. King helped them. In closing she left

us with a thought which originated in one of Dr. King's speeches, "Be all you can be in life."

Thirteen club members and seven adult leaders were present. Three new members attending were: Torina Alston; Antonio Alston and Nolan Davis. We welcomed them to our club.

The meeting was called to order by our new president, Edward Seward.

The meeting was closed with the members repeating the 4-H Motto, "To Make The Best Better."

The refreshments were served by Mrs. Mary Francis Alston and Mrs. Gwendolyn Crews.

Lake Gaston Club Has Meet

By TANYA KIMBLE
Saturday, Jan. 19, the Lake Gaston 4-H meeting was called to order by President Latashua Logan.

The group is planning to have a recreation center located at Macon's Grave. The recreation center will consist of a softball field and cabins.

Herbert Hawkins was selected chairman of the recreation center and we hope with his support goals for this project will soon be achieved.

Selections for the refreshment and program committees were made.

Those on the refreshment committee are: Patricia Hawkins, Eddie Fitts, and Bobby Carter.

Those on the program committee are Janice Harrison, James Weaver, Harold Freeman, and Angie Carter.

New Horizon Club Gathers

The New Horizon 4-H Club of Jerusalem Baptist Church held their January meeting recently with President Stephina Jones presiding.

The guest speaker was Warren County Sheriff's Deputy Thomas McCaffity.

McCaffity showed two films on drug abuse.

He explained to the group the dangers of drug abuse and urged them to say no if offered illegal drugs.

The club closed with the motto.

The next meeting will be Feb. 14.

Only Two Are Present

By MICHELLE MEADOR

Due to severe weather, there were only two members attending the January 20 meeting of the Oine Road 4-H Club.

After the meeting was called to order, a new name was selected out of many good names suggested. It was the Saddlebred 4-H Club.

A club calendar was distributed to all attending. It listed club activities through March 31.

Members discussed

4-H camps and pamphlets were passed out containing information about the camps.

The club talked about different types of fundraisers to raise money for future field trips. Also, a decision was made to have a booth at this year's Warren County fair.

Tentative plans have been made to attend the Northwest District All-Breed 4-H horse sale at Flintrock Farms on Feb. 3.

For Better Living

Shop Around For Best Financial Deal, Agent Advises

By MARGARET J. WOODS

Associate Home Economics Extension Agent

Any potential housing consumer should shop around for the best financing deal available. Reading through the advertisements in the business section of the local newspaper will help identify what the banks or savings and loan associations are offering in the way of mortgage terms. The next step would be to talk with several and ask the following nine questions:

1) How much of a home's purchase will the bank finance? Some lenders will finance 90 to 95 percent of a primary residence but only 80 to 90 percent of a second home. This means a 5-10 percent down payment or even 20 percent. Private mortgage insurance may be required if the lender is financing more than 80 percent of the home's purchase price because the bank stands to lose more if the borrower is unable to make payments. In addition to a one-time premium payment of 1/2 to 1 percent of the amount of the mortgage, there will be an annual premium of 25 percent of the entire loan on a monthly basis until the mortgage balance has been reduced to 75 to 80 percent of the appraised value of the property.

2) How many points does the loan carry? A point is 1 percent of the amount of the loan and is payable at the time of closing. Most lenders charge from 2 to 5 points, which on a \$60,000 loan would vary from \$1,200 to \$3,000.

3) Is there a limit to how much the interest rate on an ARM can change? Find out if there is a "cap" that limits how much the interest rate or monthly payments can rise from one adjustment period to another.

4) How high can monthly payments go? This is a very important question. The loan should have a lifetime cap. Find out!

5) Could the mortgage principal ever increase?

This may sound impossible, but could happen if the loan has a monthly payment cap. If interest rates exceed the rate being paid, the difference could be added to the principal balance. This is called negative amortization and means that with every payment the mortgage gets bigger—not smaller.

6) What index does the bank use to calculate mortgage rates? Every bank relies on one or more interest-rate gauges to determine its gauges, or indices, are commonly used, most often Treasury bills, and the bank's interest rate goes up and down with the gauge it follows. While it's good to know what index a bank uses, even more important is its markup, the 1 to 4 percent above the index which covers the cost to the bank and provides it the profit on the loan. Even 1 percent can make an impact on monthly payments. Once again, the best way to compare differences among ARMs is to look at how much will be paid yearly—or at each adjustment period—assuming the interest rates may rise steadily.

7) Would the terms of the loan, as explained today, be the same when the loan application is approved? Loan applications can take six to eight weeks to process, during that time, economic conditions or a bank's funds availability can change. The result: a borrower may not be able to get the amount of finan-

cing applied for or the interest rate quoted originally. The only safeguard is if the bank puts the date of the effective terms in a letter to the borrower along with the application form.

8) Is the loan assumable? Many mortgages are assumable, which can be an advantage when it comes to selling a home. If the loan's assumable, the bank is obligated to continue to finance the house at the current interest rate if sold to a qualified buyer.

9) What are the closing costs? In addition to points, there are other expenses which fall due at the sale's closing and can add up to more than \$2,000. These can include the title transfer taxes, title search (or attorney's fees), credit report costs, recording fees, prepaid homeowners insurance premiums and private mortgages insurance.

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