

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

MONEY TO BUY OR FIX UP YOUR HOME

Half Price Houses for Teachers

Uncle Sam has a new program that makes it possible for schoolteachers to buy a house at a bargain price—if it's in the right neighborhood. The neighborhood has to be one the governments calls a specially designated revitalization area.

Here's how it works. The Department of Housing and Urban Development (HUD) has plenty of houses it has acquired through mortgage defaults. Through its Teacher Next Door program, it offers them to teachers at 50 percent of the appraised value. Teacher Next Door will offer an estimated 8,000 to 10,000 single-family houses, townhouses and condominiums every year.

To make properties even more affordable, HUD will reduce the down payment to just \$100 if a teacher purchases a new home with an FHA-insured mortgage. And HUD can help you pay for improvements on your Teacher Next Door home if necessary through a rehab loan program – 203(k) – purchase and rehabilitate a home.

Generally, homes must be located in the school district in which the teacher is employed. New York City is an exception.

Revitalization Areas

Most of the homes in this program are in specially designated revitalization areas. These are HUD-designated neighborhoods in need of economic and community development, where there is already a strong commitment by the local governments, and that offer significant opportunities for local economic growth. There are over 700 revitalization areas across the country.

For more information, or to find the number of the HUD office in your area, call 1-800-569-4287 or go to the website

www.hud.gov/offices/hsg/sfh/reo/tnd/tnd.cfm.

Phoenix Field Office
One N. Central Ave., Suite 600
Phoenix, AZ 85004
1-602-379-7100

Tucson Field Office
160 North Stone Ave.
Tucson, AZ 85701
1-520-670-6000

Half Price Houses for Police Officers

Uncle Sam has a program for police officers similar to the homes for teachers program. It's called the Officer Next Door program. If you are a police officer it does for you what the above program does for teachers. It offers HUD-owned, single family homes to law enforcement officers at a 50 percent discount. Its goal is to prevent crime and promote neighborhood safety by encouraging law enforcement officers to become homeowners and residents in economically distressed communities. Under the program, HUD offers homes located in designated revitalization areas, typically in low-and moderate-income neighborhoods. There are over 700 revitalization areas across the country. Homes offered for sale in the program were previously insured through the FHA and then foreclosed. HUD also reduces the down payment requirement to just \$100 if the home is purchased with an FHA insured mortgage. Officers must live in the property as their sole residence for at least three years after purchase. After the 3 years, the officer can sell the property for whatever the value is and keep any profits.

For more information, call 1-800-569-4287, or go to the website
www.hud.gov/offices/hsg/sfh/reo/ond/ond.cfm.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Money to Buy or Fix up a Home

You can get money to buy a home or fix up the home you are already living in from four basic sources—local and county governments, state government, federal government, and non-profit organizations. Each of these is also likely to have money for investors. However, non-profit organizations and the local and state sources are more likely to have money for the first-time home buyer or for someone who has not owned a home in the last few years. Fix up money is also available at these sources. Be sure you search for all your local programs. Call your local housing authority or economic development commission. These may be difficult to find because they may go under various names, but search all possible categories in the Yellow Pages or Internet. The kinds of programs available vary. Some offer grants for down payments and closing costs; others offer low interest loans, 0 percent interest loans, or loans you don't have to pay back as long as you agree to live in the home a certain number of years. There is also housing money for people with bad credit. Some areas offer free courses on how to successfully purchase a home and once you complete the course; they give you a \$1,000 grant to use towards buying a home. And if you can't pay your mortgage, there are even federally supported non-profit groups that will help you work it out with your mortgage bank and even pay your mortgage while you get your life back together. The government wants you to be a homeowner.

Homeownership Vouchers to Buy a Home

If you wish to purchase your first home but need help meeting the monthly mortgage and other homeownership expenses, there is a federal program that will help you. It's called the Homeownership Voucher Program. Housing choice vouchers are administered locally by public housing agencies (PHAs). The PHAs receive

federal funds from HUD to administer the voucher program.

What families are eligible to apply for homeownership vouchers?

Families must meet these requirements:

Must be a first time homeowner or cooperative member, have no family member who has owned or had ownership interest in their residence for at least three years.

Except for cooperative members, no member of the family has any ownership interest in any residential property.

Minimum income requirement: Except in the case of disabled families, the qualified annual income of the adult family members who will own the home must not be less than the Federal minimum hourly wage multiplied by 2,000 hours (currently \$10,300). For disabled families, the qualified annual income of the adult family members who will own the home must not be less than the monthly Federal SSI benefit for an individual living alone multiplied by 12 (currently \$6,768). Except in the case of an elderly or disabled family, welfare assistance is not counted in determining whether the family meets the minimum income requirement.

Employment requirement: Except in the case of elderly and disable families, one or more adults in the family who will own the home is currently employed on a full-time basis and has been continuously employed on a full-time basis for at least one year before commencement of homeownership assistance.

Homeownership counseling: The family must attend and satisfactorily complete a pre-assistance homeownership and housing counseling program.

What are monthly homeownership expenses?

Monthly homeownership expenses include:

1. Mortgage principal and interest,
2. Mortgage insurance premium,
3. Real estate taxes and homeowner insurance,

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

4. Allowance for utilities,
5. Allowance for routine maintenance costs,
6. Allowance for major repairs and replacements,
7. Principal and interest on debt to finance major repairs and replacements for the home.

How much financial assistance is provided in each voucher?

For purposes of calculating the amount of financial assistance to be provided, the monthly tenant payment is generally 30 percent of the family's adjusted monthly income.

What do I have to pay each month?

You have to pay at least the total tenant payment (approximately 30 percent of adjusted monthly income). However, if you purchase a home that has monthly expenses higher than those covered by the total of the financial assistance provided by the voucher together with the tenant payment (30 percent of income), any additional amount will have to be paid by the family. To keep families from purchasing a home that will result in a payment the family cannot afford, there may be affordability limits for the program.

How long can a family receive assistance under this program?

There is no time limit for an elderly household or a disabled family. For all other families, there is a mandatory term limit of 15 years if the initial mortgage incurred to finance purchase of the home has a term that is 20 years or longer, and for all other cases the maximum term of homeownership assistance is 10 years.

Who can I talk to to obtain additional information about this program?

You can call your local government's Public Housing Agency. For a list of these agencies, go to www.hud.gov/offices/pih/pha/contacts/index.cfm.

The Government Will Help Pay Your Mortgage

If you have been laid off or are facing unemployment, you can keep your home—if you know the right steps to take. HUD, the FHA, the Department of Veterans Affairs, the Department of Labor, state governments and the mortgage industry have worked together to produce important basic information—and key links to local groups and organizations—that can help you get through difficult times without losing your home.

There are now various state programs that will make your mortgage payments for you when you get into financial trouble. For example, Pennsylvania law, 35 P.S. § 1680.401 et seq., the "Homeowners' Emergency Mortgage Assistance Program," states it will provide "mortgage assistance payments to homeowners who are in danger of losing their homes through foreclosure and through no fault of their own and who have a reasonable prospect of resuming mortgage payments within the prescribed time frame."

One of the best ways to find out if there are such programs in your area is to contact the local HUD approved Housing Counseling agencies. To find your closest agency, contact your state housing office, the Housing Counseling Center locator at 1-888-466-3487;

www.hud.gov/offices/hsg/sfh/econ/econ.cfm; or Housing Counseling Clearinghouse, PO Box 9057, Gaithersburg MD 20898; 1-800-217-6970. If your local agency doesn't have money to pay your mortgage, they will certainly help you work out other arrangements with your mortgage company.

Let Uncle Sam Cosign A Loan To Buy Or Fix Up Your Home

HUD and the Rural Housing Service (RHS) of the U.S. Department of Agriculture offer loan guarantees to lending agencies around the country. A loan guarantee assures the lending

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

agency that the government will pay for the loan if you can't.

In addition, the RHS provides a number of homeownership opportunities to rural Americans as well as programs for home renovation and repair. RHS also makes financing available to elderly, disabled, or low-income rural residents of multi-unit housing buildings to ensure they are able to make rent payments. The following is a listing of RHS programs which might be of interest to you if you're thinking of buying or renovating a home, or looking to receive rental assistance: Direct Loan Program; Direct Loan & Grant Income Limits; Area Loan Limits' Loan Guarantee Program; Guaranteed Loan Income Limits; Mutual Self-Help Housing Program; Home Repair and Preservation; Homes for Sale.

One such program, called the Section 502 Program, is a direct loan program that provides loans to lower income families to buy, build, repair, renovate, or relocate their home. To investigate the programs available in your area, contact your local HUD office listed in the blue pages of your telephone book, or HUD, 451 7th Street SW, Washington DC 20410; 1-202-708-1112; 1-800-245-2691; www.hud.gov.

To find your local RHS, look in the blue pages of your telephone book, or contact Single Family Housing Programs, USDA RHS, Room 5037, South Building, 14th St. and Independence Ave. SW, Washington DC 20250; 1-202-720-4323; www.rurdev.usda.gov/rhs/index/html. In addition, you can contact your state housing office.

Free Repairs, Fuel and Weatherization for Incomes Up To \$50,000

If you need help paying your heating bills, need money to make your house more energy efficient, or need funds for urgent repairs, and fall within certain incomes, call your local federally-funded

Community Action Agency. There are roughly one thousand of them around the country to help neighborhoods. They will also come out and check if your home or apartment needs to be more energy efficient. To find an agency near you, contact National Association of Community Action Agencies, 1100 17th St. NW, Suite 500, Washington DC 20036; 1-202-265-7546; www.comcon.org.

The purchase of a house that needs repair is often a catch-22 situation, because the bank won't lend the money to buy the house until the repairs are complete, and the repairs can't be done until the house has been purchased. HUD's 203(k) program can help you with this quagmire and allow you to purchase or refinance property plus include in the loan the cost of making the repairs and improvements. The FHA insured 203(k) loan is provided. There is a minimum \$5,000 requirement for the eligible improvements on the existing structure on the property.

In addition, your local utility can provide you with or refer you to other programs in your area that will analyze your energy usage, recommend energy saving measures, provide fuel and utility assistance to retain or restore service, establish payment discounts based on income and usage, or establish affordable payment plans if you are behind in your payments. Contact your local utility company to take advantage of these services.

Free Room Air Conditioners

A few summers ago, the U.S. Department of Energy started a program to help low-income residents in eight southern states cope with the summer's intense heat wave. The Department of Energy worked with major manufacturers of room air conditioners to make more than 53,000 units available to local Weatherization Assistance Program agencies at a reduced price. The local agencies installed the units in eligible low-income family homes. The eight states most severely

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

affected by the extreme heat were: AL, AR, GA, LA, MS, SC, TN, and TX.

If there is another sweltering heat wave next summer, these Weatherization Assistance Program agencies may again make free air conditioners available, as well as fans and other home energy efficiency improvements.

If interested, contact the state office that administers the program. If the following states, the numbers to call are:

AL 1-334-242-4909	AR 1-501-682-8715
LA 1-225-342-2288	MS 1-800-421-0762
TN 1-615-313-4764	TX 1-877-399-8939

The Energy Department's Energy Efficiency Clearinghouse at 1-800-DOE-3732 can also provide information on a variety of energy saving products and practices.

Money for Seniors and the Disabled To Buy Or Fix Up A Home

Various federal, state and local housing agencies offer housing-related help to the disabled and elderly. Minneapolis, for example, offers home repair grants of \$10,000 to people with disabilities who have incomes under \$18,000. Houston offers \$5,000 fix up money for the elderly and disabled in their Emergency Repair Program. Nebraska has a special low interest loan program to help people with disabilities buy a home. The RHS of the USDA offers special grants through their Section 504 program of up to \$7,500 if you're over 62, and need to fix up your home.

Programs vary from state to state and city to city, and many have eligibility requirements. Contact your city government, your county governments, and your local community development office to learn about local programs. If you have trouble locating your local community development office, contact the National Association of Housing and

Redevelopment Officials, 630 I Street NW, Washington DC 20001; 1-202-289-3500; 1-877-866-2476; www.hanro.org, or Information Center, Office of Community Planning and Development, PO Box 7189, Gaithersburg MD 20898; 1-800-998-9999; www.comcon.org.

To find your local RHS, look in the blue pages of your telephone book, or contact Single Family Housing Programs, USDA RHS, Room 5037, South Building, 14th St. and Independence Ave. SW, Washington DC 20250; 1-202-720-4323; www.rurdev.usda.gov/rhs/index/html. In addition you can contact your state housing office.

Slash \$86,000 and 6 Years Off Your Mortgage

Rather than refinancing your mortgage, here's an inexpensive way to slash your mortgage. Simply switch to a biweekly half-payment plan. With a 7% mortgage, you can cut \$86,000 and 6 years off a standard 30 year loan. That's because most of what you pay on your mortgage is interest, so you may be paying \$290,000 interest on a \$250,000 loan.

To create your own biweekly mortgage, simply divide your monthly mortgage payment in half and pay that amount every two weeks. You'll be making 26 biweekly payments, equaling 13 months' worth of payments in 12 months' time. This could easily knock \$62,000 off your total payments. The beauty of this technique is that you'll be writing checks that are only half the size of your normal monthly payment rather than paying a huge check all at once.

You'll have to first notify your mortgage holder that you would like to make biweekly payments of half the current monthly payments. Send the mortgage holder a letter stating that you wish to amend your agreement to include the option of biweekly payments. State that any biweekly payments

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

should be credited on the day received, if received before noon, otherwise on the next business day.

Add that failure to make a scheduled biweekly payment will not adversely affect your account so long as the entire monthly payment is made on time. This gives you extra flexibility in case you have a tough month.

Free Money for Down Payment and Closing

Various local agencies and organizations provide housing help for needy individuals. Local groups are best suited to helping such individuals because they understand the unique characteristics of their communities. For example, Houston has a program that offers \$4,000 in down-payment and closing costs through their First-Time Homebuyers Program. Iowa offers up to \$2,750 in grants for a down payment. You can earn up to \$65,000 a year and still be eligible for the money in their Down Payment/Closing Cost Grant Program. Many cities, like Minneapolis, offer interest-free loans, called Equity Participation Loans, for up to 10 percent of the home's cost. you pay back the money when you sell the house. Programs vary from state to state and city to city.

Contact your city government, your county governments, and your local community development office to learn about local programs. If you have trouble locating your local community development office, contact the National Association of Housing and Redevelopment Officials, 630 I Street NW, Washington DC 20001; 1-202-289-3500; 1-877-866-2476; www.hanro.org, or Information Center, Office of Community Planning and Development, PO Box 7189, Gaithersburg MD 20898; 1-800-998-9999; www.comcon.org.

Financial Help for First-Time Home Buyers

To help with high housing prices that are pricing many first-time home buyers out of the market, there are local programs that can help you. They aid with down payment assistance and low-rate loan programs. Here's where to look.

Aid from Cities and States Nationwide

Don't assume you earn too much money to qualify. In San Francisco, a person earning up to \$66,500 is eligible for down payment aid, while another program offers low-interest loans to those earning as much as \$113,000. Income limits and program availability vary widely by locale. Consumers can expect to see assistance programs with higher income limits in cities where home prices have skyrocketed.

Generally, the difficulty of getting into a house has little to do with the median price in any given area and everything to do with how that median price compares to median salary levels. Homeownership costs are at high levels and increasing faster than wages are increasing. Lower interest rates don't automatically solve that problem. Thus, there's a growing need for affordable housing, and homebuyer assistance programs, which can provide substantial help.

No-Down Loans, Help With Monthly Payments

1. Freddie Mac offers a product called Lease Purchased Plus through lenders in certain areas, providing a 95 percent loan-to-value mortgage paid off with lease payments in lieu of a down payment for up to 39 months.
2. Freddie Mac also offers a no down payment loan through Wells Fargo Bank, called the National Homeownership Program, to residents earning up to 120 percent of an area's median income.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

3. And Freddie Mac provided no-interest-bearing housing contracts through participating lenders, aimed at observant Muslims, forbidden under Islamic law to pay interest. Under that program, the financial institution and the buyer become joint owners in the property. Over a term of 10 to 30 years, the buyer purchases the institution's equity interest by making monthly payments. The buyer also pays a fair market rent to the institution.

4. Fannie Mae offers a SmartCommute product, which lets lenders consider homebuyers' savings from commuting to public transportation (vs. driving) to be counted as income.

5. And through Fannie Mae, participating lenders can offer My Community Mortgage, which lets borrowers earning up to 1-00 percent (in some cases 115 percent) of median income into houses for as little as \$500 down.

More lenders are considering alternative employment histories, including regular cash income, and credit histories when reviewing borrowers' applications. They can assemble a record of online payment of utilities, or rent, things that would normally not show up on a credit report but that can be constructed to prove the borrower has a good track record of repaying debt.

States and local programs: Local governments often sell mortgage revenue bonds to finance low-interest mortgages, and agencies like United Way and others offer Individual Development Accounts which encourage buyers to save for a down payment by offering a matching grant for a set period of saving. You start saving money, as little as \$20 to \$100 a month, but if you commit to saving and within five years you decide to buy a home, there is the opportunity for a 5-to-1 return on what you saved.

Still, many of the aid programs offered by lenders are limited to the conforming loan amount, \$330,700 in 2004, set by Fannie Mae and Freddie

Mac. In some cities, the conforming loan amount is lower than the median home price.

In California, the average household can't afford to buy a median-priced home because not enough housing units are being built to meet the growth in households each year. Until more affordable housing is built, potential buyers need to search out financial aid. The problem is, it's not always easy to find. There are thousands of programs. People know, in general, about just a few of them.

Do your homework: To find all the various programs, stop by your city's housing department and ask about homebuyers' assistance programs offered by the mayor's office or any other local housing authority. Check out any income limits, and ask about rules requiring borrowers to buy homes in certain neighborhoods. Then go to your county's housing office and ask the same questions.

Talking to your local and county offices should do the trick as most federal and state funds are available locally.

Additional resources: Consumer credit counseling agencies sometimes offer information on assistance programs, and education workshops, some of which are required for eligibility to some programs.

1. Go to the National Council of State Housing Agencies website, ncsha.org, and click "contact your state Housing Finance Agency for housing help."

2. Go to the Fannie Mae and Freddie Mac websites for more information about become a homeowner; FannieMae.com, FreddieMac.com.

3. The Consumer Credit Counseling Service of San Francisco helps prospective homebuyers nationwide. Try their toll-free number (800-777-PLAN), or visit their website at HousingEducation.org.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

4. While HUD does not offer loans directly to consumers, go to their site to find out more about the various assistance loans they offer through participating lenders.

5. Finally, look for a Realtor who specializes in home buying assistance programs, and call lenders to see what types of loan programs they offer.

Your State Will Help Pay Your Property Tax

If you are a senior, or disabled, chances are your state has a property or homestead tax exemption that can help you save on taxes on your home. A homestead exemption removes part of the value of your property for taxation so it lowers your taxes. For example, if your home is valued at \$100,000 and you qualify for a \$10,000 exemption, you pay taxes on your home as if it was worth only \$90,000.

What kinds of homestead exemptions are available? Generally, exemptions fall into three categories:

- School taxes
- County taxes
- Optional exemptions

Homestead cap: An additional homestead exemption you may be entitled to is the homestead cap which limits increases in appraised value. With homes in many areas appreciating at more than 10 percent per year, the cap can provide substantial tax savings. The cap prevents any tax increase on your home's value due to inflation. Any taxing unit, including a school district, city, county or special district, may offer exemptions. The programs vary from state to state so contact your state or local tax office to see what they offer.

Arizona Department of Revenue
1600 West Monroe Street
Phoenix, AZ 85007
1-602-255-3381

Get \$20,000 Free Down Payment Money

A network of non-profit down payment assistance charities has sprung up to give money to home buyers for down payments—up to 10 percent of the home's cost. This enables people to buy houses without putting their own money down, even when down payments are required. If you can qualify for a mortgage through a lender and the only problem is putting up the down payment, that's where these gift programs can help. Here's how it works: A nonprofit gives money to a home buyer for a down payment. The money doesn't have to be prepaid. At closing or soon after, the home's seller contributes an equal sum to the nonprofit, plus an administrative fee of usually around 1 percent of the house price. The buyer gets a house without incurring the cost of a down payment.

Non-profits include:

The Nehemiah Program (1-877-634-3642;
www.getdownpayment.com/)

The AmeriDream Charity (1-866-263-7437;
www.ameridream.org/)

Partners in Charity (1-800-705-8350;
www.partnersincharity.org/)

Neighborhood Gold (1-888-627-3025;
www.neighborhoodgold.com/)

Housing Action Resource Trust (1-888-820-HART;
<http://www.hartprogram.com/>)

Home Buyers Assistance Foundation (1-770-521-2114;
www.hbaf.org/)

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Save \$450 a Month on Your Mortgage

When you're applying for credit—whether it's a credit card, a car loan, a personal loan or a mortgage—lenders will want to know your credit risk level—your “FICO” score. This credit score influences the credit that's available to you, and the score, set by the big three credit bureaus (Experian, Trans Union, and Equifax) is generally between 600 and 800 and determines the interest rate you will be paying when you get a mortgage. And if your score is poor you end up really paying the price. For example, a consumer scoring 600 pays about \$450 more a months on a \$225,000 mortgage, or almost \$162,000 over the life of a 30-year fixed-rate mortgage versus someone having an 800+ score. And even if you generally have a high score, one late payment can lower it sharply. One late payment could push an 800 down to 640, putting you into a different pool of consumers with increased credit risk.

Given the degree to which credit score affects your financial life, here are important moves you can make to push your score higher.

1. Keep revolving-account balances low: As well as paying bills on time and catching up on past-due accounts, keep your account balances low, and don't open a whole lot of credit lines. Many people get hit because they have too high balances to their credit limit; keeping balances at 30 percent of your credit limit will help your score.

2. Pay down a home-equity line of credit: Home-equity lines of credit are considered revolving credit. Paying down your \$50,000 equity line could raise your credit score by 60 points.

3. Make sure lenders are reporting your credit-card limits: Some of your score is based on revolving debt outstanding compared with the total amount of credit available, or your debt-to-credit-limit ratio. If your debt nudges up against your

credit limit, your score will fall. But some lenders don't report your credit limit in order to make you look a little bit worse to any other creditor. You're thus less likely to get competing offers. Complain to your credit card company, telling them you don't like their fooling with the system to hurt your credit score.

4. Consider credit re-scoring through a mortgage lender: If shopping for a mortgage, consider asking for a credit re-scoring to get erroneous or negative information off your report quickly. You can go to a lender who will submit your documentation and proper proof to one of the big three credit bureaus. This process is a quick means of dealing with tax liens or collection accounts that erroneously show up as unpaid, as long as you have official documentation and are applying for a mortgage.

5. Request good credit history on your report: Student loans and other debt you have repaid are often not reported to the three credit agencies, potentially reducing your score. Ask your lender to report it, or you can write to the credit bureau directly, stating, “I have this account. Please add this to my credit file.”

6. Ask about the date of last activity: A creditor may report your payment of an old debt as new account activity, harming your score because new actions are weighed more heavily than older transactions. Your effort to take care of long overdue accounts may push old, negative information to the forefront of your credit report. So if you pay a five-year-old debt and they change the day of last activity to the day you paid it, then this five-year-old collection becomes a new collection. Ask creditors and credit bureaus to refrain from updating the date for old debt.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

7. Don't close old accounts: Closing an old account that's in good standing could harm your score by shortening your credit history. This decreases your average account age, which is one of the factors that go into determining your credit score. Closing that account also reduces your available credit, making your debt-to-limit-ration higher, thus negatively affecting your credit score. Plus, there's no guarantee the closed account will disappear from your report. If you must close an account, close the more recent ones before you close the older ones—part of what the credit bureaus look at is the length of the history.

8. Don't open too many credit lines: Experts recommend no more than three or four open credit lines. But credit scoring is never that simple. Here's why: Say you and your friend both have been managing credit for just one year and the only difference in your credit reports is you have six accounts and he has three. It's likely your higher number of accounts will pull your score down relative to his score because people who open a lot of credit lines very early in their credit lives are statistically more likely to have credit problems in the next 24 months. But 30 years later, and both of you perfect, on-time bill payers? Now your six accounts could improve your score compared with your friend's score, because statistically your master of six accounts makes you a better credit risk than someone who has successfully managed just three accounts over 30 years.

It's important to check your score six months or so before a major purchase, such as a car or home loan. This gives you time to make sure your credit report information is right, correct it if it's not, and improve your score if necessary. In general, any time you are applying for credit, taking out a new loan or changing your credit mix is a good time to check your FICO score. To order a copy of your FICO report, go to MyFico.com.

HELP PAYING BILLS

Supplemental Security Income (SSI)

Supplemental Security Income is a federal program that provides money to low-income people who are aged, blind or disabled. You may be able to get SSI even if you don't qualify for Social Security disability or retirement benefits. The basic monthly federal payment rate is \$552 for an individual and \$829 for a couple. The amount of SSI you will get depends on your situation. If you have no income, you will get the maximum payment, which is much higher than public assistance. If you have some income, your payments will depend upon the amount of your income.

Not all income is counted against SSI payments. \$20 of earned or unearned income (other than income based on need that is funded partially or totally by the Federal Government or by a nongovernmental agency) may be excluded per month. Additionally, \$65 per month of earned income plus one-half of the earnings above \$65 is disregarded.

In addition, some types of income are excluded, e.g., certain home energy and support and maintenance assistance, food stamps, most federally funded housing assistance, state assistance based on need, one-third of child support payments, and income received infrequently or irregularly.

Even if you qualify for very little SSI, it is helpful to get SSI because then you will also get full medical assistance coverage, entitling you to full health care benefits. If you do get SSI, you can also get food stamps and other benefits.

Resource Limitations

You can get SSI even though you own some property. You can have resources (assets), including cash, of up to \$2,000 (\$3,000 if you are married and your spouse is also eligible for SSI).

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Certain resources are not counted toward this limit. Important examples of assets not counted are your home, most household goods, and in most cases, your car.

State Supplements

Most states provide optional supplements to help persons meet needs not fully covered by federal SSI payments. For example, Alaska, a very generous state, pays a monthly supplement of \$362 for an individual and \$528 for a couple on top of the federal contribution. Wyoming, in contrast, pays only \$9.70 and \$24.60.

Each state determines whether it will make a payment, to whom, and in what amount. These supplements, paid on a regular monthly basis, are intended to cover such items as food, shelter, clothing, utilities, and other daily necessities determined by the individual states.

Some states provide optional supplementary payments to all persons eligible for SSI benefits. Others may limit them to certain SSI recipients such as the blind or residents of domiciliary care facilities, or they may extend payments to persons ineligible for SSI because of excess income.

For additional information, contact your local Social Security office.

Interim Emergency Assistance

If you are in need and not yet collecting SSI, you may be able to get emergency assistance. You'll have to go to your nearest Social Security office to apply for SSI. Then, the Social Security Administration may give you a check during the period that your application for SSI is pending. The same holds if you were previously collecting SSI benefits and they were suspended or terminated; you can reapply and perhaps get an emergency check.

Get a Free \$4,204 from the IRS

If you are a low- or moderate-income worker with children, you may be eligible for a check from the IRS, even if you paid no tax. This federal benefit, called the Earned Income Tax Credit (EITC), is given to working poor and near-poor families to help boost the incomes of families seeking to work their way out of poverty. Families having more than one child and earning less than \$34,692 can receive a credit of as much as \$4,204. If you earned less than \$14,551, you may receive as much as \$2,547 (if you have one qualifying child).

The EITC is a refundable credit, which means that if the amount of your EITC credit is larger than your income tax liability, your family receives a refund check for the difference from the IRS. In effect, this is a wage supplement that allows families to take full advantage of the credit even if they owe little or nothing in federal income taxes. The exact benefit that an eligible family receives is determined by his or her earnings and the number of children in the family.

How to Apply

You must claim the credit when you file your income tax form. If you think you are eligible and have at least one child, you don't have to wait until after you file your income tax return to receive your tax savings. Qualified taxpayers can receive part of the credit as an addition to their paychecks throughout the year. According to the program manager of the IRS's National Program for the EITC, nearly 6 million people who are eligible to claim an EITC do not apply. So be sure you contact your local IRS office for full details.

How much will you get?

The website www.cbpp.org/eic2004/eitcchoose has a calculator that estimates how much you will get. Begin by clicking on the link that best describes your household. Then enter your earnings and it will give you your estimate.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

State Earned Income Tax Credits

In addition to the federal government, many of the states also offer such checks. State amounts typically are based on the federal amount. These states include: CO, IL, IA, KS, ME, MD, MA, MN, NJ, NY, OR, RI, VT, and WI. The District of Columbia and Montgomery County, MD have a similar credit. To apply in most states, you must file for the federal EITC and then apply for your state's EITC, generally by submitting a special form when filing your state income tax.

Cash Assistance

If you have a financial emergency, you may qualify for direct assistance provided through a variety of resources in your community. If you are in search of assistance for yourself or someone you know, you should look in the community services section of your local telephone directory. You should find these pages in the front of your directory and should look for listings for American Red Cross, Catholic Charities or Catholic Social Services, the Salvation Army, United Way Information and Referral, and other non-profit service providers.

Emergency Food And Shelter

The United Way's "Emergency Food/Shelter National Board Program" provides funding to support local agencies that help people in need of emergency assistance. Program funds are used to provide the following examples of eligible services:

1. One month's rent or mortgage
2. One month's utility bill
3. Food bought at a food bank or grocery store
4. Per diem allowance for night of lodging.

The following United Way website lists thousands of local agencies it funds that you can contact for assistance:

www.efsp.unitedway.org/EFSP/WC.DLL?EFSP~FundedStates. Or contact the Emergency Food/Shelter National Board Program at 701 N.

Fairfax St., Suite 310, Alexandria VA 22314, 1-703-706-9660.

Millionaires Who Help Persons In Need!

There are a number of millionaires and other philanthropic individuals who have set up private charitable foundations that may give money to persons in need. The reason they do it, whether out of feeling of guilt, to honor a loved one, or to save on taxes, is not important. What is important is the help they give to persons in need. Each has its own eligibility requirements and qualifications so contact the ones you feel might meet your needs.

Emma J. Adams Memorial Fund, Inc.

860 Park Ave.

New York, NY 10021

Welfare assistance, primarily through institutions, to the elderly and indigent gentlewomen in the New York City metro area.

Dorothy Ames Trust

c/o Key Trust Co. of Maine

PO Box 1054

Augusta ME 04330

Aid to hearing-impaired children

William Babcock Memorial Endowment

305 San Anselmo Ave., Ste. 219

San Anselmo CA 94960

1-415-453-0901

Assistance for medical costs to residents of Marin County, CA who lack the financial resources to pay for exceptional medical, surgical, and hospital expenses not covered by insurance or other community agencies.

The James Gordon Bennett Memorial

c/o New York News

220 E. 42 St.

New York, NY 10017

Pecuniary aid to needy journalists who have been employees for ten or more years on a daily

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

newspaper in NYC. Acceptance is based on need as is to be used for "the physical needs of persons who, by reason of old age, accident or bodily infirmity, or through lack of means, are unable to care for themselves."

Ingeborg A. Biondo Memorial Trust

605 Pennsylvania Ave.
Matamoras PA 18336
1-914-856-4484

Grants to orphaned and physically, mentally, and emotionally handicapped individuals.

Ina Calkins Board

c/o Bank of America
14 W. Tenth St.
Kansas City MO 64141
1-816-979-7481

Welfare assistance to elderly needy residents of Kansas City, MO.

The Elizabeth Church Clarke Testamentary Trust/Fund Foundation

c/o U.S. Bank, NA
PO Box 3168 Trust Division
Portland OR 97208

Grants to individuals for medical assistance and bodily rehabilitation. Recipients must be Oregon residents.

Maxwell M. Corpening, Jr. Memorial Foundation

PO Box 2400
Marion NC 28752

Grants to needy residents of McDowell County, NC, for rent, medicine and other necessities.

Josiah H. Danforth Memorial Fund

8 Freemont St.
Gloversville NY 12078
1-518-725-0653

Grants for residents of Fulton County, NY, for medical assistance.

George W. Davenport Charitable Trust

c/o Fleet Investment Mgt.
MA SP M21 TRU
One Monarch Pl.
Springfield MA 01144

Financial assistance to needy elderly who live in Bernardston, Leyden, or Greenfield MA.

The de Kay Foundation

c/o Chase Manhattan Bank
270 Park Ave., 21st Floor
New York, NY 10017

Financial assistance to needy elderly persons "of culture or refined heritage" in NY, NJ, and CT.

Sarah W. Devens Trust

c/o Rice, Heard & Bigelow
50 Congress St., Ste. 1025
Boston Ma 02109

Financial assistance for elderly women living in MA.

Alfred I. duPont Foundation

1650 Prudential Dr. Ste. 400
Jacksonville FL 32207

Financial assistance to the elderly indigent who live in the southeastern US who are in a very distressed situation and require health, economic, or educational assistance.

Blanche Fisher Foundation

7912 SW 35 Ave., Ste. 7
Portland OR 97219
1-503-246-4941

Grants for needy OR residents who are physically disabled.

Zachary and Elizabeth Fisher Armed Services Foundation

c/o Fisher Bros.
299 Park Ave
New York, NY 10017

Aid to individuals whose spouses or parents served in the U.S. Armed Services.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

C.E. Gibbs Memorial Fund Trust

c/o Honesdale National Bank
733 Main St.
Honesdale PA 18431
1-717-253-3355

Financial assistance to persons who are or were employed in the publishing or periodical distribution industry.

Addison H. Gibson Foundation

One PPG Place, Ste. 2230
Pittsburgh PA 15222
1-412-261-1611

Hospital and medical costs for self-supporting residents of western PA who have correctable medical conditions but cannot afford the necessary treatment. Applicant must be referred by medical professional.

Gilmore Foundation

c/o Old Kent Bank
300 Old Kent Bank Building
Grand Rapids MI 49503

Financial assistance to extremely low-income residents of the Kalamazoo MI area who cannot care for themselves due to physical limitation or old age.

Gore Family Memorial Foundation

c/o SunTrust Bank
501 East Las Olas Blvd.
Fort Lauderdale FL 33301

Grants to needy residents of Broward County, FL with medical expenses, housing and transportation costs.

Marion D. and Maxine C. Hanks Foundation, Inc.

8 E. Broadway, Ste. 405
Salt Lake City UT 84111
1-801-364-7705

Grants and support for medical expenses to needy individuals.

Teresa F. Hughes Trust

c/o Pacific Century Trust
PO Box 3170 Honolulu HI 96802
1-808-566-5570

Assistance to Hawaiian children who are orphans, neglected, abused, or born out-of-wedlock, and indigent or infirmed adults over age 50. Applicant should be recommended by a professional in the community.

Mary J. Hutchins Foundation

45 John Street
New York NY 10038

Welfare assistance to indigent people in the NYC metro area.

William B. Lake Foundation

C/o First Union National Bank
Broad and Walnut Streets
Philadelphia PA 19109

Assistance to Philadelphia-area residents suffering for diseases of the respiratory tract or pulmonary disease.

George A. Laughlin Trust

c/o WesBanco, Trust Dept.
1 Bank Plaza
Wheeling WV 26003
1-304-234-9400

Interest-free loans to Ohio County WV residents with three or more children to purchase homes.

Pearle Vision Foundation

2534 Royal Lane
Dallas TX 75229
1-972-277-5993

Financial assistance for eye surgery, treatment, and low vision equipment.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Edwin Phillips Foundation

Fleet Investment Management, Charitable Unit
75 State St., MA BO F07 B
Boston MA 02109
Medical and living expenses to financially needy
blind residents of Peoria County IL.

Katharine C. Pierce Trust

c/o State Street Corp.
PO Box 351 M-3
Boston MA 02101
Financial relief for needy, deserving "gentlewomen"
in reduced circumstances so that "their lives may
be made more comfortable".

Fannie B. Pratt Trust

c/o Dane & Howe
45 School St., 4th Floor
Boston MA 02108
1-716-227-3600
Assistance to financially needy widows in Boston

The Presser Foundation

c/o Institutional Services
Presser Place
Bryn Mawr PA 19010
1-610-525-4797
Emergency aid to music teachers in need.

Agnes C. Robinson Trust

c/o Crestar Bank, Trust Tax Services
PO Box 27385
Richmond VA 23261
1-202-879-6339
Financial aid to needy persons in the metro Wash.
DC area.

Jasper H. Sheadle Trust

c/o Key Trust Co., Trust Tax Dept.
800 Superior Ave., 4th Floor
Cleveland OH 44114
Payments to American-born elderly couples or
women living in Cuyahoga or Mahoning counties,
OH.

Fred B. Sieber Foundation

17820 Lee Ave.
Redington Shores FL 33708
Grants for general welfare and medical expenses.

Otto Sussman Trust

PO Box 1374
Flushing NY 11370
Assistance to residents of NY, NJ, OK and PA in
need because of death or illness in their family or
some other unfortunate circumstance.

Anna Emory Warfield Memorial Fund

c/o Anne S. deMuth
PO Box 674
Riderwood MD 21139
1-410-494-0808
Relief assistance to aged, dependent women in
the Baltimore area.

Carrie Welch Trust

Rt. 5, Box 240
Walla Walla WA 99362
Aid to needy or worthy aged individuals living in
WA with preference to the Walla Walla area.

Werner Wilhelm Charitable Foundation

32300 Northwestern Hwy., Ste. 200
Farmington Hill MI 48331
General welfare assistance to needy individuals.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Do You Have Unclaimed Property Held By States?

Billions of dollars in cash and property go unclaimed every year, sitting idly in state government offices, waiting to be accounted for. Most commonly these lost assets consist of bank accounts, payroll checks, utility deposits and the contents of safe deposit boxes. Some states have car titles and deeds to homes, as well as expensive jewelry and art.

The wares typically end up in the hands of the state when people move to another state and forget to close bank accounts or neglect to leave a forwarding address so that important documents from banks, insurance companies, investment companies and other organizations can be sent to them.

The result? Money gets lost in the shuffle and, if it goes unclaimed for one year to five years, ends up in the files of the state's Department of Revenue or similar office. The state serves as custodian of this money until the rightful owner claims it.

With a little determination, a phone book and the use of public records, the average person can find these hidden treasures easily—without using a lawyer or paying a company to find it. There is no time limit for residents to make a claim, and no fee is charged.

How to find out what is due you:

First, make a list of every state you have lived in and all the jobs you have held. Make another list of deceased relatives, including their SS numbers and birth dates. Usually, all that is needed to claim a deceased person's property is proof of relationship, such as a birth certificate or a marriage license. Then contact the state unclaimed property office. Repeat the process for every state where you or your deceased relatives lived.

Retirement benefits. Review your list of previous jobs. Did you work at a company for at least five years? If so, you could be entitled to retirement benefits. Call the company to inquire.

Pensions. If you worked for a company that went bankrupt, don't assume your pension is lost. A federal agency, the Pension Benefit Guarantee Corp., insures millions of individual pensions. Contact it at Pension Search Program, 1200 K St., NW, Washington DC 20005 or call 1-202-326-4000.

Union benefits. If you worked at a union job for more than five years, you may be vested in a pension plan and have a small life insurance policy. Check with the local or regional office of the union where you worked.

Life insurance benefits. More than 25 percent of life insurance policies that are sold go uncollected, according to industry experts. Search a deceased relative's canceled checks for the name of an insurance company or agent.

Frequent-flier miles. Most airlines allow an heir to claim a deceased relative's frequent-flier miles, but some have a three-year limitation. Check credit card statements or the deceased relative's travel agent for an account number.

State agencies that help you find unclaimed money:

Many of the states have gotten together to make it easy for you to search for assets the states hold. Fill out one form at the website www.missingmoney.com to search for missing money. They will provide the address of the appropriate state office.

AZ Department of Revenue, Unclaimed Property Unit
PO Box 29026
Site Code 9026
Phoenix AZ 85038-9026
1-602-364-0380

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Community Action Agencies

Community Action Agencies (CAAs) are nonprofit private and public organizations established under the Economic Opportunity Act of 1964 to fight America's War on Poverty. CAAs help people to help themselves in achieving self-sufficiency. CAAs are a primary source of support for the more than 34.5 million people who are living in poverty in the U.S.

Today there are approximately 1,000 such CAAs around the country receiving funds from the US Government's Community Services Block Grants to offer weatherization and utility assistance, rental assistance, education, counseling, life skills, employment, training, food packages, vouchers, transportation, furnishings, recreation, emergency services, information and referral services.

To locate an agency serving your area, contact Community Action Partnership, 1100 17th St. NW, Suite 500, Washington DC 20036; 202-265-7546 or visit their website at www.communityactionpartnership.com/about/links/map.asp.

Temporary Cash Assistance for Needy Families

Temporary Assistance for Needy Families (TANF) is the new, major federal welfare program. It provides a monthly cash grant and medical care to families with children who have experienced a sudden drop in income due to the loss of a spouse or job. The amount of the monthly grant depends on the number of people in your family and any income or savings you have. Contact the director of your state's Health and Human Resources Department, or contact your local Adult & Family Services or Department of Human Resources Office located in the blue pages of your telephone book. Or write to the Office of Family Assistance, Administration for Children and Families, 370 L'Enfant Promenade SW, Washington DC 20447

Arizona Department of Economic Services
PO Box 6123, Site Code 010A
Phoenix AZ 85005
1-602-654-5678

Free Food

If you meet income eligibility rules, you may qualify for participation in the federal Food Stamp Program. The program helps low-income people buy the food they need for good health. You may be able to get food stamps if you work for low wages, or are unemployed or work part time, or receive welfare or disabled and live on a small income, or are homeless. The maximum monthly benefit is roughly \$149 for a single person and \$499 for a family of four.

State public assistance agencies run the program through their local offices. The amount of food stamps you can get is based on the U.S. Department of Agriculture's Thrifty Food Plan, which is an estimate of how much it costs to buy food to prepare nutritious, low-cost meals for your household. This estimate is changed every year to keep pace with food prices.

In the Food Stamp Program, a household is normally a group of people who live together and buy food and prepare meals together. If your household passes the program's eligibility tests, the amount of food stamps you get will depend on the number of people in your household and on how much monthly income is left after certain expenses are subtracted.

For most households, food stamps are only part of their food budgets; they must spend some of their own cash along with their food stamps in order to buy enough food for a month.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

For more information or to apply for food stamps, you should contact your local food stamp office. It is probably listed under "Human Resources," "Social Services," or "Food Stamps" in the state or local government pages of the telephone directory. You may also call your state's food stamp hotline for information on the program. To find that number, call the Food Stamp hot line at 1-800-221-5689.

Applying For Food Stamps:

The food stamp office will give you an application form on the same day you ask for one. You may ask for it in person, over the phone, or by mail. You can also ask someone else to get one for you. The office will accept the form on the same day you turn it in, even if they cannot interview you on that day.

Fill in your name, address, telephone number, and as much other information as you can on the form, and sign it. Take or send the form to the office as soon as possible. You can also mail the form to the food stamp office. (Some states may let you fax or e-mail your application form to the office.) A food stamp worker can help you fill out the rest of the form during your interview. If you qualify for food stamps, you will get them no later than 30 days from the date the office got your application. If your household has little or no money and needs help right away, let the food stamp office know—you may be able to get food stamps within 7 days.

Free Medicare

Uncle Sam has a Medicare program for certain low-income persons. It's called the Qualified Medicare Beneficiary Programs (QMB) and if you are enrolled in the program it pays all or some of your Medicare premiums, coinsurance and deductibles. The federal government funds the program. It awards funds to State Medicaid programs which then may pay some or all of the Medicare expenses for you if you are elderly and poor, or disabled and poor. What this means is

that, depending on your income and the value of the things you own, you will not have to pay as much out of your pocket and could save hundreds if not thousands of dollars each year.

Eligibility: You must be entitled to Medicare, and your income must be at or below the national poverty level. Income includes, but is not limited to, Social Security benefits, pensions and wages, certain interest payments and dividends. In addition, your total financial resources (such as bank accounts, stocks and bonds) and assets must be below certain maximums. However, the home you live in, one automobile, home furnishings, personal jewelry and burial plots usually do not count as resources.

Financial information: The program covers all costs you would normally have to pay yourself if you are single with an income less than \$716 gross per month and non-exempt resources under \$4,000. It covers a husband and wife with less than \$968 in gross income and less than \$6,000 in non-exempt resources. You would only have to cover medical supplies and services not covered by Medicare, like routine physicals, dental care, hearing aids and eyeglasses.

The program also helps if you have slightly higher earnings. Your State will pay your Medicare Part B premium for you (putting an extra \$55 a month in your social security check) for individuals earning up to \$940 and couples earning up to \$1,266, with the same resource limits mentioned above. For more information, contact the Health Care Financing Administration, 7500 Security Boulevard, Baltimore MD 21244; 1-410-786-3000. Apply at a state, county, or local medical assistance office (not a federal office). You can get the telephone number for your medical assistance office by calling HCFA's Medicare Hotline at 1-800-638-6833. Give the operator the name of your state and county and explain that you want the telephone number of the nearest office that can help you file for assistance under the Qualified Medicare Beneficiary Program.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

\$\$\$ To Pay Energy Bills

If you can't afford to pay your home energy bill, the federal Low Income Home Energy Assistance Program (LIHEAP) may be able to help keep you. The program partially pays the cost of your electricity, fuel oil, gas, coal, wood, kerosene, propane, or other fuel source. Grant amounts are based on your income, type of residence, and the type of fuel that is used. To be eligible for assistance you must meet resource and income guidelines and have attempted to keep your utility bills current but had unforeseen circumstances that created the crisis.

LIHEAP operates through programs in each of the 50 states, and these local programs determine if your household's income qualifies for the program. You may be able to get one or more of the following types of assistance: bill payment assistance; energy crisis assistance; and weatherization and energy-related home repairs. For more information about LIHEAP and where to apply, you can call the National Energy Assistance Referral at 1-866-674-6327, for the information necessary to contact your state's LIHEAP office.

LIHEAP Coordinator,
Community Services Administration
AZ DES
1789 W. Jefferson, Site Code 086Z
Phoenix, AZ 85007
1-800-582-5706

Free Hospital Care

If you're part of a family of four with an income within certain guidelines, you qualify for free or reduced-cost hospital care. That's because the federal Hill-Burton Law, which gives hospitals and other health facilities money for construction and modernization, mandates that in return, the facilities that receive these funds must provide a specific amount of free or below-cost health care to eligible persons.

Many hospitals, nursing homes and clinics operate under this act and give health care to people who can't afford it. These Hill-Burton assisted facilities must post signs in the Admissions Office, Business Office and Emergency Room that says "NOTICE: Medial Care for Those Who Cannot Afford to Pay."

When can you apply? At any time—before or after you receive care. You can even apply after a bill has been sent to a collection agency. Apply at the facility's Admissions Office or Business Office.

For information: For information or locations of facilities in your geographic area, write to: Director, Division of Facilities Compliance and Recovery, 5600 Fishers Lane Room 10C-16, Rockville MD 20857. Or call the 24-hour toll-free HOTLINE number: 1-800-638-0742. Online you'll find a directory of over 1,000 facilities for each state at hrsa.gov/osp/dfcr/obtain/hbstates.htm.

Free Prescriptions

Many people have difficulty affording health care, including prescription medicines. A number of patient assistance programs provide help to patients who lack prescription drug coverage and earn less than 200% of the federal poverty level (approx. \$19,000 for an individual or \$31,000 for a family of three). The Partnership for Prescription Assistance brings together America's pharmaceutical companies, doctors, patient advocacy organizations and civic groups to help

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

low-income, uninsured patients get free or nearly free brand-name medicines. It gives you a single point of access to more than 275 public and private patient assistance programs, including more than 150 programs offered by pharmaceutical companies.

Its mission is to increase awareness of and enrollment in existing patient assistance programs for those who may be eligible. Patients will be directed to the public or private patient assistance programs most likely to meet their needs. It helps low-income, uninsured patients enroll in more than 50 company patient assistance programs.; access more than 1,200 medicines for free or at low cost; find out how to contact government programs for which they qualify such as Medicaid, Medicare, or the State Children's Health Ins. Program.

While each participating patient assistance program has its own timeline, the companies are committed to getting free or nearly free prescription medicines to eligible patients as quickly as possible. Depending on the program, the prescription medicines are either sent to the doctor's office or sent to the patient's home. Some patient assistance programs send you a pharmacy card in the mail you can use to get your free or nearly free medicines at your local pharmacy.

Here's what to do:

1. Go to www.pparx.org.
2. Answer a few simple questions (make sure you know the names of the medicines you take).
3. Based on your answers, you will be shown a list of programs you may be eligible for.
4. Simply select a program and fill out an application.

More Free Prescriptions

Can't afford prescription medicine? Here's another program that may help you out. The Medicine Program is a privately sponsored program

established by volunteers to alleviate the plight of patients who cannot afford their prescription medicine is available if you qualify. If you do not have insurance or a government program that pays for your outpatient prescription medicines and the high cost of our medicine causes you a financial hardship, you may qualify to enroll. If you are approved and enrolled, your medication will be sent to your doctor and he will dispense it to you. If the program's sponsor approves your application, you will receive your medication at no charge.

Medicine at no cost: The Medicine Program is for persons who do not have coverage either through insurance or government subsidies for outpatient prescription drugs, and who cannot afford medicine at retail prices. These programs are available nationwide to help people of all ages. Individuals with family incomes ranging from below the national poverty level up to \$60,000 annually can qualify. Those applicants normally qualifying at the highest income limits are generally AIDS, transplant or cancer patients in need of very expensive drugs.

Request a brochure and application from the Medicine Program, PO Box 515, Doniphan MO 63935-0515; 1-573-996-7300; themedicineprogram.com.

Get Paid To Care For Your Grandchild, Niece, Or Nephew

If you are caring full time for the child of a relative—a grandchild, niece or nephew, cousin, sibling, perhaps even a friend or neighbor's child—you may be able to get "Kinship Foster Care Payments" to help you out. Kinship foster care payments may include money for food, clothing, shelter, daily supervision, school supplies, personal needs of the child, medical care, dental care, incidentals, social services and supportive services such as counseling. And you may qualify for other government services.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Most states have programs of subsidized guardianship to help with such relatives who are willing to care for children in their families. Through these programs, the state provides the families with a monthly payment and allows them to make all major decisions about the children. Subsidies are in the form of monthly payments that may be based on your income or on the income of the family whose child you are caring for. If the child comes from a poor family (also defined as welfare eligible), or if you yourself are poor, you may receive a larger stipend.

Foster caregivers usually get more than welfare recipients, and are not subject to time limitations. In MD, for example, a child being cared for by a relative licensed as a foster caregiver would have received \$535 to \$550 a month for care in 1996. A similar child in the same state being cared for by a welfare-assisted relative would have received only \$165 a month for a basic child-only grant. These differences become even greater when there are multiple siblings in care; the welfare payment is prorated on a declining scale when there are multiple children, whereas foster care payments per child remain constant regardless of the number of children in the household. Two children living in MD with relatives licensed by the foster care system would have received \$1,070 to \$1,100 a month, but two children financed by that state's Aid to Families with Dependent Children (AFDC) program in 1996 would have received \$292 a month. For the nation as a whole, caregivers usually receive about \$500 a month per child.

Caregivers should contact their local Department of Social Services or public assistance office to learn about programs for which they or the children qualify.

MONEY TO START OR GROW A BUSINESS

Get \$100,000 Down-Payment Money to Buy a Farm or Ranch

The Farm Service Agency (FSA) of the USDA has a loan program that assists beginning farmers and ranchers to purchase a farm or ranch. It also has a program geared toward helping socially disadvantaged applicants—women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans and Pacific Islanders—to buy and operate family-size farms and ranches.

FSA loans can be used to purchase land, livestock, equipment, feed, seed, and supplies. Funds can also be used to construct buildings or make farm improvements.

Loans are for up to 40% of purchase price or appraised value, whichever is lower (up to \$250,000). Applicant must make a cash down payment of at least 10% of the purchase price.

Applications for FSA direct loan programs are made through FSA's local offices. These are listed in telephone directories under US Government, Dept. of Agriculture, Farm Service Agency. Further information is available from local USDA Service Centers or on the FSA website www.fsa.usda.gov.

Business Money from the Federal Government

The federal Small Business Administration licenses specialized lenders called Small Business Investment Companies (SBICs) to lend money to

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

small businesses. These investment companies have their own private capital and may borrow additional funds from an SBA-sponsored trust at favorable rates. They typically lend to early-stage companies with good sales and earnings, or companies about to turn the corner toward profitability.

These privately owned and operated SBICs charge interest, but in addition, many look for some kind of equity compensation in the companies they finance. This equity compensation is usually in the form of stock, as well as options or warrants that allow the holder to buy stock at predetermined prices for a predetermined period of time. The range of funds typically available is \$150,000 to \$5 million. There are also specialized SBICs that provide assistance solely to small businesses owned by socially or economically disadvantaged persons.

Only firms defined by SBA as small are eligible for SBIC financing. The SBA defines a company as small when its net worth is \$18.0 million or less, and its average net (after tax) income for the preceding two years does not exceed \$6.0 million.

For a directory of thousands of certified SBICs, go to www.sba.gov/gopher/Local-Information/Small-Business-Investment-Companies/.

Money for Businesses in Small Towns

There is so much money available from various government programs and agencies. The problem is finding out about these sources. For example, the USDA Rural Development Agency has a number of rural loans and grant programs you can take advantage of in order to start or expand a business in a small town.

Business and Industry Guaranteed Loans

This program guarantees loans made by conventional lenders to help maintain or establish

private business and industry enterprises that create employment opportunities. Limited to communities of 50,000 populations or less. Eligible types of businesses include manufacturing, retailing, wholesale and service businesses. The maximum guarantee is 80 percent for loans of \$5 million or less.

Business and Industry Direct Loan Program

The purpose of the Business and Industry Direct Loan Program is to improve, develop, or finance business, industry, and employment, and improve the economic and environmental climate in rural communities. Loan purposes include purchase and expansion of land, equipment, buildings, and working capital. Limited to communities of 50,000 population or less, eligible types of business include manufacturing, retailing, wholesale and service businesses. The maximum guarantee is 80 percent for loans of \$10 million or less.

Intermediary Relending Program

This program finances business facilities projects in rural areas. Loans are made to intermediaries who establish a revolving loan fund. Intermediaries then lend these funds to ultimate recipients for business facilities. Intermediaries' maximum loan is \$150,000 or 75 percent of project cost, whichever is less. This program is limited to communities of 25,000 populations or less.

Rural Business Enterprise Grants

Grants made by USDA Rural Development to public bodies and not for profit entities to support the development of small and emerging business enterprises in rural areas. It is limited to communities with a 50,000 population or less. Loan funds may be used by private business enterprises for all sorts of purposes, including the following: acquisition and development of land, construction, conversion, enlargement, repairs; loans for startup costs and working capital; training, when necessary, in connection with technical assistance.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Rural Economic Development Loans

These loans promote projects that will result in increased economic productivity in rural area thereby leading to a higher level of income for rural citizens. The purpose is to encourage economic development in rural areas and job creation projects and promote financially viable projects.

For Information or To Apply

To get information and application forms, contact your state office of the USDA Rural Development Agency office. Check you phone book or go to the website www.rurdev.usda.gov/recd_map.html.

Money for Women to Go Into Business

Almost every state has a Women's Business Center dedicated to helping women begin or run their own businesses. These offices provide a variety of services including, in many cases, microloans and other assistance to get business capital. For example, the WOMEN\$Finances Resource Center of Alaska provides seed money for women-owned small businesses. And the Urban League of Greater New Orleans Women's Business Resource Center arranges microloans.

For a directory of such state and local offices and a description of what they can do for you, go to the Small Business Administration Women's Business Center site at www.onlinewbc.gov/wbc.pdf. Here are the Arizona centers.

Self-Employment Loan Fund, Inc.
1601 N. 7th Street, Suite 340
Phoenix AZ 85006
1-602-340-8834

Tucson-Pima County Women's Business Center
10 E. Broadway, Ste 201, PO Box 42108
Tucson AZ 85701
1-520-620-1241 ext.111

Money for Businesses in Low-Income Areas

The federal government has a Small Business Administration program called the New Markets Venture Capital Program (NMVC Program) that is designed to promote economic development and the creation of wealth and job opportunities in low-income geographic areas and among individuals living in such areas. The NMVC companies are private investment companies that lend funds to qualifying businesses.

For example, Adena Ventures is a newly capitalized \$34 million venture capital enterprise, which was formed to provide equity and operational assistance to qualifying businesses in central Appalachia. Its mission is to generate market-rate returns for investors while promoting shared and sustainable economic development throughout its target region. It invests between 4200,000 and \$2 million in companies with strong management teams, high growth potential and defensible market positions.

Here are the NMVC Companies and the areas each serves:

Adena Ventures, L.P.
143 Technology & Enterprise Bldg. Ohio Univ.
Athens OH 45701
Contact: Lynn Gellermann, 1-740-597-1470
Website: www.adenaventures.com
Targeted Low Income Areas: OH, WV, MD

New Markets Growth Fund
2518 Van Hunching Hall
College Park, MD 20742
Contact: Mark Grovic, 1-301-405-9499
Website: www.newmarketsfund.com
Targeted Low Income Areas: MD, DC

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

CEI Community Ventures Fund, LLC
2 Portland Fish Pier, Suite 201
Portland ME 04101
Contact: Michael Gurau, 1-207-772-5356
Website: <http://www.ceicommunityventures.com>
Targeted Low Income Areas: ME, NH, VT

Murex Investments I, L.P.
4700 Wissahickon Ave., Suite 126
Philadelphia PA 19144
Contact: Joel Steiker, 1-215-951-7200
Website: <http://www.murexinvests.com>
Targeted Low Income Areas: PA, NJ, DE

Penn Venture Partners, LP
132 State Street, Suite 200
Harrisburg PA 17101
Contact: Gene R. Peck, 1-717-236-2300
Website: <http://www.pennventures.com>
Targeted Low Income Area: PA

Southern Appalachian Fund, LP
PO Box 1738
London KY 40743
Contact: Ray Moncrief, 1-606-864-5175
Website: <http://www.southappfund.com>
Targeted Low Income Areas: KY, TN, GA, AL, MS

For more information, call the nearest SBA office. It's in the phone book with the United States government listings.

Business Funds from the Small Business Administration

If you want to get capital for your business, and your collateral doesn't meet the standards of a conventional loan offered by a bank, the U.S. Department of Commerce has established several basic loan programs through the SBA. Sometimes the SBA provides direct loans, but most of its programs involve loans made by private lenders but guaranteed by the SBA. About \$10 billion in guaranteed loans are generated annually through the SBA.

How It Works

Ask your bank if it is a participating SBA lender. If it is, complete the application forms and submit them to your bank. If it is not, contact the SBA for a list of participating lenders and get the application form from the lender. It will probably take you a few weeks to complete the application and assemble to required records. You'll need a business plan, personal tax returns for the past three years, a personal financial statement, and resumes for key personnel, a 20 to 30 percent down payment, and assets you can use as collateral.

The bank will conduct its own credit analysis, and if satisfied, will forward the loan package to the SBA. SBA processing time can be as fast as 24 to 36 hours.

The SBA will guarantee up to 90 percent of loans of \$150,000 or less and up to 85 percent of loans greater than that amount. Interest rates vary and are negotiable between borrower and lender, but they range from prime plus 2.75 percent for loans with a maturity of less than seven years, to prime plus 4.25 percent for low-documentation loans for less than seven years and less than \$25,000.

For more information, call the nearest SBA office. It's in the phone book with the United States government listings.

Micro-Loans for Small Businesses

Quite often, traditional sources of financing are unavailable to small business owners who are just starting out. But through the SBA's MicroLoan Program, you can apply for small loans up to \$35,000 available to start-ups, newly established, or growing small business concerns. Under this program, the SBA makes funds available to nonprofit community based lenders (intermediaries), which, in turn, make loans to eligible borrowers. The average loan is for about \$10,500. Applications are submitted to the local

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

intermediary and all credit decisions are made on the local level.

Fees, Interest Rates, and Terms

The maximum term is six years. However, loan terms vary according to the size of the loan, the planned use of funds, the requirements of the intermediary lender, and the needs of the small business borrower. Interest rates vary, depending upon the intermediary lender and costs charged the intermediary by the US Treasury.

Guarantees

Each intermediary lender has its own lending and credit requirements. However, business owners should be aware that intermediaries generally require some type of collateral, and the personal guarantee of the business owner. Each intermediary is required to provide business based training and technical assistance to its microborrowers. Individuals and small businesses applying for microloan financing may be required to fulfill training and/or planning requirements before a loan application is considered.

Prestamos CDFI, LLC
1112 E. Buckeye Rd.
Phoenix AZ 85034
1-602-252-0483

PPEP Housing Development Co /
Micro Ind. Credit Rural Org.
901 E. 46th Street
Tucson AZ 85713

Self-Employment Loan Fund, Inc.
1601 B, 7th St., Suite 340
Phoenix AZ 85006

Microbusiness Advancement Center of Southern
Arizona
10 E. Broadway, Suite 210
Tucson AZ 85701
1-520-620-1241

For more information, call the nearest SBA office. It's in the phone book with the United States government listings.

Most Popular SBA Program: 7(a) Loans

7(a) loans are the most basic and most used type loan of SBA's business loan programs. The loans are provided by lenders who are called participants because they participate with SBA in the 7(a) program. Most American banks participate. There are also some non-bank lenders who participate with SBA in the 7(a) program which expands the availability of lenders making loans under SBA guidelines.

7(a) loans are available only on a guaranty basis, provided by lenders who choose to structure the loans by SBA's requirements and who apply and receive a guaranty from SBA on a portion of this loan. The SBA does not fully guaranty 7(1) loans. The lender and SBA share the risk that a borrower will not be able to repay the loan in full.

Under the guaranty concept, commercial lenders make and administer the loans. The business applies to a lender for their financing and the lender decides if it will make the loan internally or if the application has some weaknesses which, in their opinion, will require an SBA guaranty if the loan is to be made. The guaranty which SBA provides assures the lender that in the event the borrower does not repay their obligation and a payment default occurs, the government will reimburse the lender for its loss, up to the percentage of the SBA's guaranty. Under this program, the borrower remains obligated for the full amount due.

The key concept of the 7(a) loan program is that the loan actually comes from a commercial lender, not the government. If the lender is not willing to provide the loan, even if they may be able to get an SBA guaranty, the Agency cannot force the

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

lender change their mind. Neither can SBA make the loan by itself because the Agency does not have any money to lend. Therefore it is paramount that all applicants positively approach the lender for a loan, and that they know the lender's criteria and requirements as well as those of the SBA. In order to obtain positive consideration for an SBA supported loan, the applicant must be both eligible and creditworthy.

1,800 Sources of Money for Your Business

Are you on the hunt for venture capital to start or grow your business? Venture Capital Funds are investment firms or mutual funds that invest in companies that usually are in their initial start-up modes, but also invest in companies at various stages of their business life-cycle. Venture capital can facilitate the growth of promising small companies and the development and introduction of new products and technologies into the marketplace. The investments made by venture capitalists may be categorized by the stage at which the financing is supplied:

Seed Finance: generally, a small amount of capital (seed capital) provided to the entrepreneur to prove his idea. This may support product development or idea development.

Start Up Financing: When venture capitalists provide venture funds to companies for product development. This kind of venture financing is provided to start up companies that have been in business just a short time but have not yet sold or offered their products in the market.

First Stage Finance: When venture capitalists offer funds to companies which exhausted their initial capital and need funds to commence commercial manufacturing and sales.

Expansion Financing Venture Funding: This venture finance includes working capital for the

initial expansion, funds for either a major expansion or the development of an improved product.

The first three can be referred to as early stage venture financing and the fourth as later stage venture financing.

For a comprehensive list of 1,800 venture capital firms, go to the website www.vfinance.com/ and then click on the link "1,800 Venture Capital Firms". Then just click on any firm for more details. The venture capital firms listed include the top names in the industry, including: Acacia, Benchmark Capital, Battery Ventures, Kleiner Perkins, Chase Capital, CMGI, Draper Fisher Jurvetson, JP Morgan, Morgan Stanley, Sequoia Capital, TL Ventures, and Vulcan.

Get Cash or a Loan for Your Business

If you are interested in starting or expanding a business, or investing in commercial real estate, consider doing so in older sections of cities and towns. Why? Because there are thousands of government backed development programs throughout the country that will provide grants, low-cost loans and energy and tax incentives if you invest in these geographic regions. Taking advantage of these programs could be worth hundreds of thousands of dollars to you. In fact the author of this book just received over \$100,000 in cash from two such programs.

There are numerous programs that want to help. To locate programs in your area, contact agencies like the local Chamber of Commerce, your state, city, and/or county economic development commission, local government Internet sites, etc. Look in your local phone directory for organizations whose names begin with your city or state, followed by words such as empowerment, nonprofit, finance, community investment, enterprise zone, discovery fund, capital access,

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

initiative, economic development, industrial development. Look for the same types of names on the Internet.

The SBA offers a variety of financing programs to small businesses, typically in the form of loan guarantees. Contact the SBA Answer Desk or your local bank for additional information. Phone 1-800-ASK-SBA or check out their website at www.sba.gov.

\$750,000 for Your Business

Found that perfect building, buy your banker says you need 30 percent down? Can't afford 30 percent? Plus pay for renovations and legal and professional costs and still have enough working capital left over for the expansion? Well, a 504 Certified Development Company can help you by making you a loan to buy that building through the SBA 504 loan program. There is only a 10 percent down payment by you. It is the first federal financing tool to recognize the importance of small businesses in the job creation process through their physical plant expansions. The loans are long term and provide a low fixed interest rate. The SBA 504 loan program can even finance the machinery you need to buy.

Here's how it works: Small business, inherently unable to tap into the long-term capital market, can do so with the 504 loan. The 504 Certified Development Company (504 CDC) Program of the US SBA makes loans available to growing businesses with long-term, fixed-rate financing for major fixed assets through SBA CDCs. CDCs are local public/private partnerships organized as non-profit community based corporations that provide 504 financing to local small companies. Loans can be used to acquire land, buildings, machinery and equipment; and for building, modernizing, renovating or restoring existing facilities and sites. A CDC is a nonprofit corporation set up to contribute to the economic development of its community. CDCs work with the SBA and private-

sector lenders to provide financing to small businesses. There are about 270 CDCs. Each CDC covers a specific geographic area.

Although the total size of projects using CDC financing is unlimited, the maximum amount of CDC participation in any individual project is usually \$750,000. Typical projects range in size from \$500,000 to \$2 million with the average project totaling \$1 million.

For more information: Local CDCs can be identified by contacting your local Chamber of Commerce or economic development authority in your city, county, or state government. You may also call any SBA District Office for assistance in locating a CDC. Check the telephone directory under US Government for the nearest SBA office or call the SBA Answer Desk at 1-800-ASK-SBA.

Count Me in Loans for Women

"Count Me In for Women's Economic Independence" is a national non-profit micro-ender that champions the cause of women's economic self-sufficiency by providing access to business loans, consultation and education. It raises money from women to be loaned to women—using a unique women friendly credit scoring system to make loans of \$500-\$10,000 to women across the US who have nowhere to turn for that all-important first business loan. Dedicated to helping women who are starting businesses to support themselves and their families, Count Me In makes small loans to women of all ages, races, and religious groups. Your first loan must be \$5,000 or less. Each time you repay a loan in full, you are eligible to borrow again. Loans can be used for working capital, purchase of inventory or equipments, marketing materials for a sales event, or other uses that will help your business generate cash.

The interest rates on a Count Me In loan range from 8 to 15 percent. The rate will be adjusted to reflect your credit history, the risk of the business,

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

and your prior experience. Rates will be established as part of the loan decision and will be set for the term or life of the loan. Terms for a CMI loan will be from 6 months to 84 months, depending on the amount of your loan. All first loans must be repaid within 18 months or less.

Contact Count Me In at 240 Central Park South, Suite 7H, New York, NY 10019; 1-212-245-1245. You can apply online at <http://www.count-me-in.org/loanapps/instructions.html>.

AUTOMOBILE MONEY

Getting a Free or Low-Cost Automobile

If you need an automobile in order to work—either to commute to your job, or to use in the course of your work—or for some other important reason, there are a number of charitable organizations that make cars available at no cost or low cost to struggling families. Generally, these charity cars programs provide a used vehicle that has been refurbished to insure safety and reliability. In addition, several states have started car donation programs as a way of improving mobility and self-sufficiency for people who are transitioning from welfare to work. Often charities actually run the programs, but according to criteria set up by the government. These programs match cars that have been donated to charity for an income tax write-off to welfare recipients. The cars range from outright gifts to no or low interest loans for vehicle purchase.

In a typical program, vehicles are registered and titled in the recipient's name; however, the charity retains a lien on each car for at least a year. Recipients must be employed within 30 days of receiving the car and stay employed during the period of the lien. Recipients must maintain car insurance.

An example of such a program is Wheels to Work, in North Carolina. It is a public-private partnership program involving representatives of the Forsyth County Dept. of Social Services, Goodwill Industries, and a local car dealership. Goodwill receives donations of cars in good condition from county government agencies and private citizens. Minimal repairs are made to ensure each car's roadworthiness for two years. The title to the car is immediately transferred to the Wheels to Work recipient; however, Goodwill holds a lien on the car for twelve months. The recipients pay a \$50 a month program fee. At the end of the 12-month period, if all requirements have been met, the lien is removed and the recipient owns the car free and clear.

Who Can Apply

Families that may be eligible for such cars include the medically needy, victims of natural disasters, families transitioning from public assistance to work, families living in transitional living shelters, the working poor, victims of domestic abuse.

A number of states also lend money to help welfare recipients purchase cars, including Kansas (up to \$5,000) and Michigan (up to \$1,200). In Nebraska, the state will purchase a vehicle costing up to \$2,000 for any TANF recipient who becomes employed. Other states provide low or no interest loans for car purchases. Fond du Lac County, Wisconsin, offers no interest "job access loans", which can be used for cars, tools, uniforms, and other work-related equipment. The maximum is \$1,600. Recipients repay the loans through a combination of cash and community service. For information on these programs contact your local Department of Social Services.

Goodwill Arizona Wheels to Work
1620 E. Polk St.
Phoenix AZ 85006
1-602-254-2222

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Goodwill Arizona Wheels to Work
4622 W. Indian School Rd. Suite D-7
Phoenix AZ 85031
1-602-245-9545

Goodwill Arizona Wheels to Work
1940 E. Silverlake, Suite 308
Tucson AZ 85713
1-520-622-7173

Goodwill Arizona Wheels to Work
423 N. Florence St.
Casa Grande AZ 85222
1-520-836-0073

Goodwill Arizona Wheels to Work
820 E. Fry Blvd.
Sierra Vista AZ 85635
1-520-459-7026

Goodwill Arizona Wheels to Work
813 Hancock Rd.
Bullhead City AZ 86442
1-520-758-7265

Also, you can contact your local social services (welfare) office to see if they sponsor or know of any “wheels to work” –type programs in your community.

Drive a New Car For Free

How would you like to drive a car that is provided to you free? Or get paid up to \$3,200 a month to drive it? Here’s the deal—you agree to drive a car that advertises some company’s product or service. Since you do the advertising, you get paid for your services or you get a car to drive. The advertising company wraps your car in a vinyl film that contains an attractive graphic ad that promotes its client company’s product or service. For example, the ad might promote a bank’s checking account or a new restaurant in town. The company offering the product or service pays the

advertising company, and the advertising company pays you.

The amount you get paid, or whether you get a new car, depends primarily on two factors: The number of miles you drive per month; Where you drive. You’ll more likely be paid more and have a better chance at a free car if you drive lots of miles and drive in a heavily populated and high traffic area.

If you only drive back and forth to school in the suburbs or to church on Sundays, you probably won’t qualify for this kind of program.

Who Qualifies

You have to be at least 18 years old, have a driver’s license, and have a good driving record. You pay for insurance and, in some cases, for maintenance. New cars aren’t always available and you may not be able to choose the make/model of your choice. You may or may not be able to select the ad that goes on your car or the duration that the ad stays on the car. Of course, if you don’t like the ad program, you can turn it down and wait for a better one.

The car belongs to the advertising company, not you. At the end of the agreement, which could be as much as five years, you give the car back. Competition for these cars is heavy, outstripping demand in many cases. Therefore, you have to be well qualified and patient in your attempt to land one of these deals. But, don’t forget, it’s for a free car.

How to Get In On It

There are many advertising companies, in many different locations that use this form of advertising. Some companies only advertise in a specific city or advertise certain types of products. Some provide new cars; others only pay you to advertise using your own car. Some do full-car wraps, others only do spot ads. Therefore, the best way to find the companies that would work best for you, where you live and drive, is to subscribe to an information

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

directory of such companies. There's a one-time subscription charge, usually about \$30, and usually with a money-back guarantee. With the list of advertising companies and contact information, it's up to you to apply for their program.

Here are companies that publish free-car directories. Subscribing with more than one company might be somewhat beneficial but, generally, it should be expected that one company's directory will be much like another's.

The Free Car

www.thefreecar.com/car/index/jsp

This site includes a "Car Finder" that lets you see if there are advertisers in your area before you buy the service. They also have a money-back guarantee and a nice free bonus product.

Free Car Source

www.freecarsource.com/?hop=leasekit

This company has an excellent "Frequently Asked Questions" section, a nice Hints & Tips service feature, and a money-back guarantee.

Free Cash to Drive an 'Alternative Fuel' Car

Growing concerns about the environment and the nation's increasing dependence on imported oil has led the federal government and some state governments to enact programs that encourage alternate fuel use—electricity, natural gas, methane. These programs give monetary and tax incentives to promote the purchase of "Alternate Fuel Vehicles". Arizona provides a reimbursement check that can exceed half the cost of the vehicle. Last year's reimbursements were so high—\$800 million—that the Governor has called for an emergency moratorium on the program. For information contact Office of Alternative Fuel Recovery, State Capitol, West Wing, 1700 W. Washington, Suite 103, Phoenix AZ 85007, 1-602-364-3401.

For any other state, check with the state's Energy Office; the number may be found in the phone book.

Free Roadside Assistance

AAA membership costs \$50 to \$85 a year, depending on what services you select. However, you might be able to get free or low cost road service from your credit card company, your cell phone provider, car dealer, or insurer.

Credit Card Programs

American Express offers the Global Assist Plus program to holders of rewards cards. It includes free road service if you're more than 100 miles from home. If you travel much, it's a great freebie.

It applies to the Rewards Green Card, the Preferred Rewards Green Card, Rewards Gold Card, Preferred Rewards Gold Card, and Rewards Plus Gold Card.

Once you've passed that 100-mile mark, if your car breaks down, you find yourself out of gas, or you lock yourself out of your car, Global Assist Plus will help you out – for free. Jump starts, changing a flat tire and towing to the nearest adequate repair facility, if it's within 10 miles, are also included free of charge.

If you are less than 100 miles from home, you'll pay per service, currently \$88 for a tow and \$75 for a lockout. It might be a gamble to go without complete service, but you may come out ahead over, say, a three-year period with no payments to AAA.

As an added bonus, Global Assist Plus includes some extra coverage for your baggage when you fly. Carry-ons are insured up to \$1,250 and checked baggage is insured up to \$500.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Amex “Drivers Premiere” Road-Service for Large Families. If you have more than one car, and teenage drivers at home, American Express offers card members a sweeping program called Drivers Premiere. For \$84.95 per year, all cars and drivers in the family are covered for that price. It is valid everywhere, and includes towing up to 10 miles, plus the usual flat tire, lockout, jumpstart, and fuel delivery coverage. It has some interesting benefits, like “trip interruption”. Trip interruption means that if you break down more than 100 miles from home, and need to pay for hotels and food, the Drivers Premiere program will reimburse you at a rate of 4100 per day, up to \$500.

The program also offers “emergency turn by turn,” which is turn by turn direction assistance. So if you’re stuck in Houston, trying to navigate one-way streets, the service will help you get where you want to go. Other Drivers Premiere benefits include some you hope you’ll never need. Bail bondsman payment, for example, is included, but as for bail itself, you’re on your own.

MasterCard/Visa. With these credit cards, what road assistance often means is the credit card issuer has a pre-negotiated – and probably lower – rate for various services, but nothing is included except for a referral to the service. You pay for the towing.

MBNA’s Platinum MasterCard, for instance, has a road plan that only consists of a customer-service representative calling a local towing company for you. So when shopping for road assistance plans, ask if towing is included and if a tire change and emergency fuel delivery are covered. Also, check if you have to be a certain distance from home for the service to kick in, or if all 50 states are covered. Some plans cover only cars you are driving, and some also include cars in which you are a passenger. The higher your credit line is and the more spotless your credit the better the chance that you can get complete road service for free.

It’s worth looking through your credit cards and calling customer service to see if this extra benefit is already there on any of your cards, or if it can be added, before applying for a new card that includes it.

Cell Phone Road Service

Verizon Wireless offers a service very similar to AAA’s. For about \$3 a month, if you are the driver or a passenger of a car, you can get towing, a locksmith, gas, and a jumpstart and flat-tire replacement. This is cheaper than AAA’s cheapest plan. Other wireless providers offer similar deals. Sprint PCS has a similar plan for \$3 a month. And if you only want the service for, say, July while you drive the family to Disneyworld, it’s a bigger bargain because they let you start and stop by the month.

Free From The Car Dealer

If you have a new or almost-new car, road service may come with the vehicle. BMW, Saab and other luxury makers offer free road assistance.

Insurer-Provided Service

Some insurers will let you tack on road service for a low fee that’s usually much lower than AAA. Check with your carrier.

Get a Free Cadillac

As banks increase their attention on the consumer side of their business, they are going back to the decades-old strategy of giving out free gifts to new depositors. But this time, they are skipping the free toasters and instead offering bigger-ticket items, including automobiles.

One such bank, New York Community Bancorp Inc., is offering a choice of two cars for customers with large deposits. Savers who deposit a minimum of \$400,000 in a 5-year CD with a 1 percent interest rate can get a Cadillac SRX; those who deposit at least \$100,000 in a 5-year CD paying 1 percent can get a Pontiac Sunfire.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

New York Community Bancorp Inc. (1-516-683-4408 or 1-718-448-7272; www.myNYCB.com) is made of seven independent savings bank divisions with 140 branches in the New York metropolitan area. The seven banks are: Queens County Savings Bank; Roslyn Savings Bank; Richmond County Savings Bank; Roosevelt Savings Bank; First Savings Bank of New Jersey; CFS Bank; Ironbound Bank.

Drive Someone Else's Car Free

You can see America on the cheap—with a “drive-away car” service. Instead of taking a plane or train, you drive someone else's car to your cross-country destination and, once there, just drop off the keys and the car with the grateful owner. It's like having a free rental car.

The only expenses you pay out of your own pocket are food, gas and lodging. And some drive-away services will even spot you the first full tank of gas. You never know what kind of car you'll be driving, but if the car you're entrusted with is a luxury car, it makes the deal even sweeter.

Where do the cars come from?

The cars come from many different sources. They deliver cars from private individuals, fleets, movie studios, dealerships, banks, fortune 500 companies, exporters, city, state and federal governments, military, leasing companies, equipment manufacturers. For example: a corporation that transfers an executive to another part of the country will need his car driven to the new location. Or vacationers may want their cars moved south for the winter or north for the summer. Another corporation may need a car reassigned to another salesperson in a different part of the country.

Finding a Drive-Away Car

The easiest way to become a drive-away driver is to contact a company that connects drivers with

customers that need cars driven, such as these nationwide companies:

Auto Driveaway Co.
310 S. Michigan Ave., Suite 1401
Chicago IL 60604
1-800-346-2277
www.autodriveaway.com

Auto Driveaway has more than 50 offices across the US and Canada.

Schultz-International
936 Hermosa Avenue
Hermosa Beach CA 90254
1-800-677-6686
www.transportautos.com/driveaway.htm

You may be able to find a drive-away car service in your area in the Yellow Pages under “Automobiles – Transporters and Drive-away Companies”.

Before a company will approve you as a driver, you must complete an application, which includes references. You'll also need to supply a copy of your passport or driver's license.

Flexibility is the key: A driver looking to drive from Miami to LA may wind up delivering a car to Dallas, checking out the city for a few days and then picking up another car headed toward LA. Or maybe they'll sign on to deliver a car in Dallas to San Diego. Once there, they'll look for a car that needs to be driven to LA. The more time you have to travel and the more flexible you are with your destination, the more you'll be able to use a drive-away car service for your travel needs.

Once you're approved as a driver and you agree to a car and a route you'll need to shell out some cash for a refundable deposit, typically 4300 to \$400. This deposit will be returned to you after the car is delivered, safe and sound, to its owner.

Not just vacationers sign up for drive-away services. Businesspeople do, too. Give the service your destination and see what comes up.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Not every drive is going to a major metropolitan area. Some moves go out to the middle of nowhere. So take a close look at your car's destination before you sign on for a trip.

Save \$10,000 on Your Next Car

Before putting down thousands of dollars when buying your next car, ask yourself this question: Would you prefer to have a brand-new car or a late-model used car and \$25,000 in cash? That's how much you can save by buying a used car instead of the latest model. The hidden factor that makes the difference is depreciation, the steady decline in the resale value of any vehicle that you buy. When you buy a new car its value drops by 50 percent every four years, with the bulk of that depreciation occurring in the first year of ownership.

The Economics Of Buying Used

Using these typical depreciation rates, a new \$30,000 car is worth only \$22,500 after just the first year—a full 25 percent less. Over the next three years, its value will fall by another 25 percent off the original price to \$15,000. the longer you own the car beyond this, the smaller the bite taken each year by depreciation.; if you bought the same car when it was four years old for \$15,000 and resold it when it was eight, it would be worth about 47,800. so you would save almost \$8,000 over four years just on depreciation by buying used, to say nothing of added savings from insuring an older vehicle.

But that's just part of the story. Let's take a look at the difference between buying a new Lincoln Town Car and a similar 4-year-old model. The invoice price of the new model is \$40,661; the cost of the used car is about \$16,000. the table below shows you the net cost of buying new versus paying cash for a used car and investing the difference. Overall, you come out almost \$25,000 ahead.

New vs. used		
Lincoln Town Car	New	Used
Purchase price	\$40,661	\$16,000
Tax & license (8%)	\$3,253	\$1,280
Total initial cash outlay	\$17,280	\$17,280
Amount financed	\$26,634	\$0
Total finance charges*	\$3,980	\$0
Maintenance**	\$610	\$5,651
Total 4-year cost	\$48,504	\$22,931
Resale value after 4 years	\$20,310	\$8,352
Net cost after resale	\$28,194	\$14,579
\$638 monthly payments invested over 4 years at 10%	\$0	\$37,132
Cash available on your next car purchase	\$20,310	\$45,484

*48-month loan of \$26,634 at 7 percent with monthly payments of \$638 for a total of \$30,614. Despite the proliferation of 0 percent financing, many buyers simply don't qualify.

**Maintenance costs driving 15, 000 miles per year, based on normal estimates. First three years of new-car maintenance covered under warranty.

Your total net cost after four years is more than \$10,000 less for the used car. And by investing your monthly payment instead of repaying a car loan, you've saved enough to pay cash for a brand-new Lincoln, if you want. Of course, you could be unlucky enough to suffer the early failure of your transmission or need some other major repair that blows a hole in your estimated annual maintenance, though certified used car programs are a great way to combat this. Also, the 10 percent on your investment is a historical average, and can be hard to come by in a bear market like we've had for the past few years. But even cutting the annual return to 3 percent, you still come out with \$32,468 in savings after four years of investing your \$638 monthly payments. Add the \$8,352 you get from selling your used car and you end up with \$40,820 for your next car purchase—about \$20,000 more than you'd have after selling the newer model car.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Not All Cars Depreciate the Same

Bear in mind that depreciation varies with supply and demand. Some cars lose value faster than others, and this can create bargains for used car buyers. A 1998 Saturn SL2, which had an invoice cost of \$11,480 new, will cost you close to \$8,600 even with the 40,000 miles on it. But a 1998 Cadillac Sedan DeVille, which had a dealer invoice cost of \$34,646 new, can now be bought in good condition with 40,000 miles on the odometer for about \$20,000.

Check out IntelliChoice.com for a list of “best values” for new and used cars and trucks. J.D. Power also does an annual study on the most dependable older vehicles. These will give overall ratings and itemize the types of problems that different makes and models experience.

Shipping on the Web

Now that you know that used cars are the way to go, where can you look for the best deals? You can search by price, specific car make and model, or by category, such as “passenger cars” on sites like AutoTrader.com, Autobytel.com, AutoWeb.com and CarsDirect.com. Most offer detailed vehicle write-ups and classified listings you can search by geographic area. And Edmunds.com’s “True Market Value” calculator will give you an idea of what people are really paying for a specific car in your area.

Certified Used Cars

The introduction of “certified used cars” has made used car buying dramatically easier. Because these cars must pass inspections, they are usually in excellent condition. According to the J.D. Power study on dependability, the differences between certified and non-certified vehicles are especially apparent among non-luxury car makes. Twenty-five percent of non-luxury buyers of certified used cars rated their vehicle outstanding, compared with 16 percent of those who bought non-certified cars, the study said. Even better, certified cars come

with warranties, thereby eliminating one of the major worries many people have when buying used. You can check specific program requirements at IntelliChoice.com. It recently rated Honda as having the best pre-owned certification program for non-luxury cars. Jaguar was the top-scoring luxury program.

Even when not buying a certified used car, you can help eliminate unnecessary risk by running a “lemon check”. It’s offered for free by Carfax on most auto sites. A more extensive Carfax report costs \$15 (or \$20 for an unlimited amount of reports), for which you’ll need the vehicle identification number (VIN). Among other things, this will reveal whether the car was salvaged, had a history of odometer fraud or had multiple owners.

So next time you’re thinking of getting a new car, stop for a second and consider just how much you’d save purchasing an older car.

Get An Automatic \$200 Each Year

How would you like to have at least \$200 extra in your pocket every single year? This is the average amount new Geico Insurance clients save by switching from their old carrier to Geico. In fact you may save as much as 15 percent or more. The reason Geico is cheaper is that it sells directly to its customers. In fact, Geico is now the largest direct marketer, the fifth largest auto insurance company, and the tenth largest property/casualty insurer in the US. This allows it to keep costs down and your premiums low. To get a free quote, contact Geico at 1-800-861-8388, or at their website, www.geico.com/auto/sales.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

SAVINGS WINDFALLS

To live better, you need to either increase your income, or stretch how far your current income will go. To quote Ben Franklin, "A penny saved, is a penny earned". All money you save is indeed income! And small amounts can add up quite rapidly. The two key concepts are:

1. Smart savings matter.
2. Don't ignore the accumulated effect of many, many smart savings. Here are ways to pocket \$5,000, \$10,000 and more.

Zero-Interest Loans

If you are like most of us, one time or another you will probably need a loan. If you can get one from a bank or commercial lending institution, then you don't really have any problems. Sometimes, however, banks and loan companies will not lend money that you may need. The Hebrew Free Loan Society may help you. It consists of member organizations that lend interest-free money sufficient to enable people to become self-supporting member of society. Local offices of the HFL do this in a dignified way, remembering that they are concerned about the honor due each and everyone. They also make loans for college. For form information, contact the office nearest you. If you live outside of Arizona, you can call one of the numbers below to get information on an office near you.

Phoenix Jewish free Loan
400 W. Camelback Road, Suite 114
Phoenix AZ 85013
1-602-230-7983

Hebrew Free Loan Association of Tucson
PO Box 44267
Tucson AZ 85733
1-520-326-5736

Low Cost Dental Care

A little-known source of quality, reduced-cost dental care is a university dental school clinic where you will be treated by dental students under the supervision of experienced faculty members. Generally, dental fees in dental school clinics are approximately 1/3 to 1/2 less than the fees charged by private practitioners. These low fees are offered in exchange for the additional time required to be treated by a dental or dental hygiene student under faculty supervision. Look in your local phone book for the number of dental colleges near you. You can also call state universities and community colleges to ask if the reduced-cost dental care program is available through their school, or if they might be able to refer you to a school where it is offered.

Secret Website Where You Can "Steal" Police-Seized Loot

Until recently, police auctions of seized loot were held a few times a year in poorly attended auctions in dim warehouses. Well, no more. Now some 300 police departments around the country, including the NYC Police Department, clear out their crowded property rooms online, unloading televisions, car stereo speakers, leather coats, as well as tee shirts and socks, cell phones, refrigerators—all sorts of merchandise taking up space on locked storeroom shelves.

Propertyroom.com

To participate, just go to the website propertyroom.com and register. The 300 or so police department's auction off this loot under a contract with the Property Room, a CA company that runs the website. The Property Room keeps half the proceeds from items that sell for less than \$1,000 – the vast majority of this inventory – and 25 percent from the sale of more expensive items. Buyers pay for shipping unless they choose to pick up their merchandise from warehouses in Farmingdale, Long Island, or Los Angeles.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Ironically, the website used to be named stealitback.com, which still works as a link to the auction site.

The origin of the property is unknown to the buyer and the auctioneer. The site lists seized and found items, as well as evidence no longer needed at a trial. Any claimed stolen property has already been returned to its rightful owner; only unclaimed items are for sale.

Items recently purchased on the site include new \$60 Levis for \$15, a \$50 electric range, a refrigerator with an ice dispenser, a Bell & Howell projector, a collectible "I Love Lucy" plate, motorized go-carts, even a kayak – just about every imaginable item that has been seized by police besides cars – all for virtually pennies on the dollar.

Cutting Electricity Costs

You can only cut your electric bill so much turning off lights and insulating the front door. So "demand Pricing" might be the answer to your high electric bills. Under these programs, utility companies offer special deals to customers willing to cut back their usage during peak hours. If your electric provider offers demand pricing and you successfully manage your usage under the plan, you could save a bundle.

Basically, with demand pricing, utility companies charge variable rates – higher rates per kilowatt hour during peak periods when the demand for electricity is greatest, like on summer days when everyone is running air conditioners, and less per kilowatt hour during non peak times.

Demand pricing generally is an option if you are willing to be somewhat inconvenienced. It's somewhat like long-distance telephone plans where you get lower rates for making calls at specific times of the day.

One way to save is to have two or three heat pumps and two hot water heaters which are drawing power during non-peak periods. Discuss potential savings with your utility representative.

A Nickel worth \$3 Million

The 1913 Liberty Head V nickel is to coin collectors what an important Picasso is to art collectors—one nickel is now worth roughly \$3 million. The last sale of a 1913 Liberty Head in 2001 took in \$1.85 million. This illustrates how the values of rare US coins are up—generally over 20 percent in the past two years. Experts say coin prices tend to follow the price of gold, with both rising on inflation fears.

Like art, the Liberty Head V nickel represents more than a good return to collectors. Five were thought to have been minted on the sly in 1913, when the US switched to the Buffalo nickel after 30 years of the Liberty Head. They turned up seven years later under a cloud of suspicion and have generated considerable intrigue ever since.

Still, the 1913 Liberty Head V isn't the priciest US coin. In 1999, an 1804 silver dollar sold for \$4.14 million in an auction. Two years ago, a 1933 \$20 gold piece went for \$7.59 million at an auction. A decade ago, those two coins probably would have been the only coins to have traded for more than \$1 million. Today a dozen US coins probably could go for that.

Recent Coin Sales

1933 Saint-Gaudens \$20 Double Eagle, sold in 2002 for \$7.59 million

1804 Draped Bust Silver Dollar, sold in 1999 for \$4.14 million

1913 Liberty Head V Nickel, sold in 2004 for \$3 million.

The coin market has gained momentum as the stock market stalled during the past several years. Investors, spooked by steep losses in the stock

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

market, have sought to deploy assets in other, more tangible realms, such as art, coins and houses. In some cases, recent price gains in rare coins have outpaced growth in gold prices, in part because a little buying makes a big impact in the relatively small collectible coin market, estimated at no more than \$3 billion.

But experts say that like art, coin collectors who manage the best returns are those who buy with investment as an afterthought. The objective has to be building a great collection.

There are several factors that affect a coin's value:

1. Denomination (penny, nickel, dime, etc)
2. Date
3. Mint (where minted - which mint mark, if any)
4. Grade (condition – how much detail visible)
5. Damage (cleaning, corrosion, scratches, etc)

The toughest of these is the grade. You need a good guide to go by – like the ANA Grading Standards of Photo grade books. Grading is subjective, so the grade one person feels a coin s can easily be slightly different than the grade someone else feels. The best you can do is follow the standards and be conservative. Damage to a coin can reduce its value to almost nothing, depending on the severity of it, like harsh cleaning, heavy corrosion, pitting, major scratches or graffiti, being bent, having holes or major rim damage. The amount that damage affects the value of a coin is very subjective. Once you have determined all the above factors, and have a denomination, date, mint, and grade, then you can look up your coin in a price guide. Go to www.workingmancoins.com/FAQ/index.htm for price guides.

Government Seizures & Surplus: Pennies on the Dollar

Most people have no idea of the incredible large source of riches available in the form of government surplus materials and confiscated goods. Various federal and state agencies each year sell off billions of dollars worth of items at bargain prices. You can buy merchandise for your personal use, or you can buy items at really low prices to resell for big profits.

Vehicles, office equipments, cars, boats, houses, clothing, livestock; these are among the thousands of types of goods sold at a small fraction of their value.

The government agencies sell much of this surplus because it is no longer needed. Or, as requirements change, large quantities of goods become obsolete to government specifications and are classified “surplus” and offered to the general public. Other goods are the result of seizures of ill-gotten gains from criminal acts., much of it from drug crimes—homes, airplanes, cars, boats, jewelry, businesses.

Government surplus is sold on a bid or auction basis by various agencies. Contact the following agencies for information about buying government surplus and ask to get on their mailing lists.

U.S. Marshals Service

The U.S. Marshal Service is charged with managing and selling much of the property forfeited to the Federal Government by drug traffickers and other criminals. The types of merchandise offered for sale include real estate, cars, boats, planes, jewelry.

There are more than 400 local Marshal offices. Each office auctions off merchandise confiscated in its area. To find out about the next auction in your area, you should call the local office every week or two. In addition, look for their auction

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

notices placed in local papers. In most large cities, the Marshal office is located in the local Federal Building. Here is one of the more important offices.

MAIN OFFICE: U.S. Marshal Service
Seized Assets Division
600 Army-Navy Drive
Arlington VA 22202
1-202-307-9065

U.S. Customs Service

The Customs Service auctions tremendous amounts of forfeited and confiscated merchandise—everything from cars to boats to aircraft, machinery, clothing, jewelry, furniture and more. Because it auctions so much merchandise, it has contracted with a private company to handle all auctions and sales:

E.G. & G. Dynatrend
U.S. Customs Service Sales Dept.
2300 Clarendon Blvd. Suite 705
Arlington VA 22201
1-703-351-7887

This firm holds periodic U.S. Customs auctions in cities around the country, generally in cities that are near ports or borders. Call the above number to subscribe for \$50 a year to a mailing list of items to be auctioned nationwide, or \$25 a year for a list limited to one of the U.S. Customs Service's districts. Or write to any of the district Customs Service offices to get your name placed on their mailing list for future auctions.

U.S. Department of Defense

The Department of Defense sells tremendous quantities of surplus items each year. Everything from automobiles to airplanes, office machinery, photographic equipment, furniture to apparel, chemicals to musical instruments. The Defense Reutilization Marketing Service is charges with selling this merchandise. By writing to the following address, you can get sales literature, catalogs, and purchasing information.

Defense Reutilization Marketing Service
PO Box 1370
Battle Creek MI 49016
1-800-222-DRMS

Sales are conducted by regional offices which coordinate sales in their geographic area. Contact the regional and field sales offices to get on their regional mailing lists and to get information on auctions nearest your area. In addition, each military installation in the country is required to hold at least three surplus auctions per year. To find out the date of the next auction, call the bases in your area and ask for "merchandising" or "base supply".

U.S. Postal Service

The Postal Service auctions are a great way to find bargain merchandise. All kinds of items may be offered—books, electronic equipment, apparel, cameras, jewelry, and on and on. Most of this is merchandise that was lost in the mails. Auctions are usually held regularly in each of the postal regional offices. Contact the regional dead letter facility nearest you and ask for any auction notices, catalogs, and fliers they might have. Or call your local post office and ask for information.

USPS Regional Offices:

Central Region:
USPS Dead Letter Office
180 E. Kellogg St., Room 932
St. Paul MN 55101
1-612-293-3083

Eastern Region:
USPS Claims and Inquiries
2970 Market St. Room 531-A
Philadelphia PA 19104
1-215-895-8140

Northeast Region:
USPS Dead Letter Office
380 W. 33rd Street Room 209A
New York NY 10099
1-212-330-3859

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Southern Region:
USPS Undeliverable Mail Branch
730 Great Southwest Pkwy.
Atlanta GA 30304
1-404-344-1625

Western Region:
USPS Claims and Inquiries
1300 Evans Ave. Room 293
San Francisco CA 94105
1-415-543-1826

In addition to merchandise auctions, the Postal Service sells large numbers of surplus vehicles, including vans, trucks, and jeeps. The USPS regularly upgrades its fleet of delivery vehicles so it has plenty of used vehicles for sale. Many are sold at fixed prices at the 225 post office vehicle maintenance facilities throughout the country. Their addresses are listed in the back of the zip code directories found in post offices. In addition, periodic auctions of vehicles are held in vehicle maintenance facilities in larger cities.

Other Federal Surplus Sources

General Services Admin. Fed. Supply Svc. Hotline
1-800-GSA-1313

INS Seized Vehicle Auctions
425 I Street NW
Washington DC 20536
1-202-514-4316

IRS Auction Information Hotline
1-800-829-1040

SBA Real Estate Sales Portfolio Mgmt. Division
409 3rd Street SW, 8th Floor
Washington DC 20416
1-800-827-5722

BETTER LIVING WINDFALLS

Free or Low-Cost Computers

Personal computers are more important than ever. Students need them. Small businesses need them. They're needed to get on the Internet, get the latest news, do research, and even play games. Fortunately, there are many ways to get a computer that do not take much money, so that just about everyone can get a PC.

PCs are becoming very affordable. Internet-ready PCs are available from major retailers, catalog companies, and online vendors for less than \$400 and, in some cases, even under \$300 because of heavy market competition. Some companies are giving away PCs almost free of charge in exchange for small monthly fees and/or long-term service agreements. In fact, many entry-level computer systems are now cheaper than new television sets. In addition, Internet access can be cheap, and often free. Such access is offered by advertising-supported Internet service providers so that consumers who own a PC can often sign up for Internet service for little or no additional monthly fee.

Employers are increasingly offering free or subsidized PCs to employees. Many large private-sector employers, such as Ford Motor Co., Delta Air Lines, American Airlines, and Intel Corp. offer their employees subsidized PCs and free Internet access. This new workplace benefit is likely to become more prevalent as employers compete for quality workers. Even some labor unions are providing PCs to their members.

The following organizations collect and refurbish old computers from businesses and individuals and then distribute the computers to nonprofit organizations, schools, universities, libraries, and

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

economically disadvantaged individuals. Contact them directly.

National Organizations:

National Cristina Foundation
18 Harbor Drive
Stamford CT 06902
1-203-967-8000 or 1-800-274-7846

AnotheR BytE, Inc.
319 S. San Francisco St.
Flagstaff AZ 86001
1-800-775-0712

State and Regional Organizations:

Easter Seals Technology Program
1-602-252-6061 or 1-800-626-6061

Easter Seals Computer Placement Program
903 N. 2nd Street
Phoenix AZ 85004

Kingdom On-Liners Church
Phoenix AZ
1-602-404-7415

Free Food for Senior and the Needy

The federal government makes foods available to needy seniors. Under a program called The Emergency Food Assistance Program (TEFAP), it buys food and food stuffs like meats, cereals and canned goods and ships them to the states. The states then provide the food to local organizations that either directly distribute to households or serve meals, or distribute to other local organizations that perform these functions.

How to apply: Each state sets criteria for determining what households are eligible to receive food for home consumption. Contact your state distributing agency for further assistance.

TEFAP Manager, Hunger Programs
Community Services Administration
Department of Economic Security
PO Box 6123, Site Code 086Z
Phoenix AZ 85005
1-602-542-9949

Live Rent Free As an Apartment Manager

How would you like to live rent-free plus get \$500 or so per month for a few hours work each week? Your job will be showing apartments for rent, handling tenants, collecting rent, troubleshooting general problems, and sweeping out the hallways.

A small amount of maintenance work might be required, but almost never anything you can't handle. Replacing leaky faucet washers, changing fuses, plunging a stopped-up toilet. Most real estate owners have a maintenance man or outside repairman handle major repair jobs. So the job is relatively easy.

Managers of multi-building complexes or of two or more buildings owned by one client earn appreciably more.

Check the classified Help Wanted ads under "Apartment Manager" or "Janitor". Or put in an ad of your own. Go around and ask all the local Realtors about upcoming openings which haven't yet been advertised.

A good reference book is the *Reader's Digest Home Improvement Manual*. Available in most bookstores, it should guide you through most everything you'll need to know.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

\$1,000s Free Put into Your Savings Account

You can get thousands of dollars in free money put into your savings account by taking advantage of Individual Retirement Accounts. And Individual Development Account (IDA) is a special matched savings account designed to help low-income people accumulate savings to buy a home, start a small business or pay for higher education. They're funded by Uncle Sam and private funds, and managed by community-based non-profits in each state that match money you save—giving you one or two dollars for each dollar you save.

You can save and get matched up to \$1,500 per person or \$3,000 per household. You must save a minimum of \$25 and up to a maximum of \$250 per month to receive the matching dollars.

Eligibility: Generally, persons eligible to establish IDAs include:

1. Those that are eligible for Temporary Assistance for Needy Families (TANF)
2. Those that are eligible for the Federal Earned Income Tax Credit (EITC)
3. Those whose income is less than two times the federal poverty line (approximately \$37,000 for a family of four in 2004).

Project participants may have no more than \$10,000 in net asset wealth when they enroll in a Project (not counting one automobile and a home).

Typical state program: Here's how the South Carolina program, for example, works. Through community-based organizations, qualified participants are encouraged to deposit at least \$25 a month into a special savings account (IDA) in order to save toward the purchase of a productive asset, like a home, a small business or post-secondary education. Program participants' savings deposits are matched 3:1 up to \$3,000 in order to make purchasing one of these assets a realistic goal for low- and moderate-income

families willing to save regularly for 2 years. Participants must then use their savings plus match monies to purchase an asset such as a home or car, to acquire a post-secondary education, or to start a small business.

If you are interested in applying to participate in an IDA Project, contact the project nearest you. Or contact the Corporation for Economic Development, 777 N. Capitol Street NE, Suite 800, Washington DC 20002, 1-202-408-9788.

Tucson Community Services Dept.
310 N. Commerce Park Loop
Tucson AZ 85745
1-520-791-4742

Mesa Community Action Network
635 E. Broadway
Mesa AZ 85204
1-480-833-9200 ext, 107

Get Free or Low Cost Childcare

The federal government's Child Care and Development Fund give money to states to help needy families afford daycare for their kids. The purpose is to promote family economic self-sufficiency and help children succeed in school through affordable, high-quality early care and education and after school programs. It does this by providing more than \$11 billion each year to enable low-income families to access quality child care, which in turn makes it possible for more parents to leave welfare and achieve self-sufficiency. Some 1.8 million kids receive such subsidized care each month.

The state programs serve families by issuing certificates for child care services that you can use for any legally operating child care provider.

For information about financial assistance for child care, contact the National Child Care Information Center, 243 Church Street NW, 2nd Floor, Vienna

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

VA 22180, 1-800-616-2242, <http://nccic.org>. To find out how to benefit from the Child Care and Development Fund program in your state, contact the agency that runs the program for your state.

There may also be a local child care resource/referral agency available to you that provide information on local financial assistance, funding opportunities, and child care. To find out call Child Care Aware at 1-800-424-2246 or go to www.naccrra.net/.

Arizona Department of Economic Security
Child Care Administration
1789 W. Jefferson, 801A
Phoenix AZ 85007
1-602-542-4248

CREDIT CARD AND BANKING SECRETS

Get Your Credit Report

The information in your credit report determines in large part what kind of credit—from car loans to credit cards to mortgages—you'll be able to get. Federal law gives you the right to know what consumer credit information is collected on you and you need to exercise that right.

Under the federal Fair and Accurate Credit Transactions Act, you are legally entitled to obtain your credit report from a credit reporting agency for free each year. You're able to get the report from one centralized source: Annual Credit Report Request Service, PO Box 105281, Atlanta GA 30348-5281, 1-877-322-8228, www.annualcreditreport.com/.

Of course, you can also pay to obtain a credit report anytime. The three major credit reporting

agencies, or credit bureaus, are Equifax, TransUnion, and Experian.

Equifax

<http://www.econsumer.equifax.com/consumer/forward.ehtml?forward=home>

PO Box 740241

Atlanta GA 30374

1-800-685-1111; Basic fee: \$9

TransUnion

<http://www.transunion.com/Personal/OrderOtherMethods.jsp>

Consumer Disclosure Center

PO Box 1000

Chester PA 109022

1-800-888-7213; Basic Fee: \$9

Experian

<http://www.experian.com/consumer/index.html>

National Consumer Assistance Center

PO Box 2002

Allen TX 75013

1-888-397-3742; Basic fee: \$9

Credit bureaus also offer a variety of bundled services related to your credit report. For example, Equifax and Experian presently offer a combination of your credit score and credit report for \$12.95.

The Fair Credit Reporting Act also entitles you to contact each or all of the major credit bureaus (and Innovis, a fourth credit bureau) and request them to stop sending you card solicitations and related offers. For more information call 888-5OPTOUT).

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

How to Establish Credit

We all need credit, whether to buy a car, rent an apartment, cell phone or buy on eBay. Here's how to go about establishing credit.

1. **Open a bank account.** This will not appear on your credit report, but bank account numbers are often requested on credit applications.

2. **Apply for a credit card.** To avoid being denied credit, apply only for those cards whose requirements you are likely to meet. Department store or gas credit cards are usually easier to get than Visa or MasterCard because the balances do not generally revolve. Make sure the creditor reports account activity to the credit bureaus. As the purpose of obtaining the card is to establish credit, you want to choose a card that will help you do that. If you want to get a Visa or MasterCard, ask at the bank or credit union at which you have your account.

3. **Use your credit card for purchases,** and make sure to pay the balance on time. After you have used the card responsibly for three months, you may want to apply for a Visa, MasterCard, American Express, or Discover. These cards will allow you more flexibility in charging purchases.

4. **Think about a secured card.** If you have trouble qualifying for a credit card, you may choose to apply for a secured card. Here, you are required to make a deposit in a savings account, and you get a "secured" card that has a credit limit up to this deposit.

5. **If denied credit, ask why.** If you are denied credit, you can request a free copy of your credit report to see if there is erroneous data on it, and have corrections made.

6. **Avoid missed or late payments to any creditor.**

7. **Don't overdraw your bank account.** You will be charged fees and you could damage a good reference.

8. **Avoid cash advances at all costs.** They're costly. You'll pay an upfront fee of 2 to 4 percent on the amount you withdraw. You'll be paying a high interest rate. And because there's no grace period on cash advances, the interest charges begin as soon as you take the money out of the ATM.

How to Save Up To 50% on Your Credit Card Interest!

A credit card is vital in today's economy. But some of them charge as much as 22% on unpaid balances. Trade in your high-interest cards for some of these credit card deals and you'll save as much as \$1,000 a year in interest on your outstanding balances. These cards are recommended because of their no- or low-annual fees and the low interest rates they charge for unpaid balances.

AFBA Industrial Bank
PO Box 14107
Colorado Springs CO 80914
1-800-776-2265
Card Charges: No fee
8.5% initial, prime + 2.5% after 6 months

MBNA America
PO Box 15342
Wilmington DE 19850
1-800-523-7666
Card Charges: No fee.
5.9% first 5 mo., then prime + 8.99%

American First Federal Credit Union
PO Box 9199
Ogden UT 84409
1-800-999-3961
Card charges: (1) no fee / 12.75% fixed,
Or (2) \$10 annual fee / 11.75% fixed

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Bank One Corp.
PO Box 8651
Wilmington DE 19899
1-888-221-9067
Card charges: No fee 4.9 introductory
4-6 month offer, then 9.9% - 22.9%

Bank of America
1825 E. Buckley Rd. Suite 5060
Phoenix AZ 85034
1-800-678-2632
Card charges: \$0 - \$45 annual fee
Prime + 5.9% to prime + 9.9%

First Union Corp.
1525 West WT Harris Blvd.
Charlotte NC 28262
1-704-590-2700
Card charges: no fee standard card
6.9% initial, then 13.99% after 6 months
USAA Federal Savings Bank
10750 McDermott Freeway
San Antonio TX 78288
1-210-498-4673
Card charges: no fee standard card
Prime + 3.9%

Carolina First Bank
102 S. Main St.
Greenville SC 29602
1-864-255-7900
Card charges: no fee
1.4% to 22%

Central Carolina Bank & Trust Co.
111 Corcoran ST.
Durham NC 27702
1-800-672-5795
Card charges: (1) Gold card \$20 yr / prime + 3.5%
or (2) Standard card \$29 year / prime + 2.5%

First National Bank of Omaha
PO Box 3128
Omaha NE 68103
1-402-341-0500

Card charges: No fee
5.9% first 6 months, then 13.9%

Mellon Bank
Four Station Square Suite 300
Pittsburgh PA 15219
1-412-234-5364
Card charges: No fee standard card
5.9% first 6 months, then prime + 3.9%

Commerce Bancshares
1000 Walnut St.
Kansas City MO 64106
1-800-280-0123
Card charges: Gold card \$29 year / prime + 2.9%

First Virginia Bank Inc
6400 Arlington Blvd.
Falls Church VA 22046
1-800-FVB-BANK
Card charges: No fee gold card prime +2.4%

Fifth Third Bank
38 Fountain Square Plaza Mail Drop 109051
Cincinnati OH 45263
1-888-797-5353
Card charges: \$18 year (waived 1st year)
Prime + 6%

First Union Corp.
301 S. Tyron St.
Charlotte NC 28288
1-800-377-3404
Card charges: Gold card \$39 year / prime + 2.9%

PNC Bank Corp.
300 Bellevue Pkwy.
Wilmington DE 19809
1-800-762-2273
Card charges: \$18 year (waivable 1st 6 mo. and
4.9% to 7.9%, then 12.49% to 21%.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Pay Credit Card Balance Bi-Weekly To Reduce Your Balance

Whenever you carry a balance on a credit card, the interest accumulates daily. So the sooner you get the payment to the credit card company the less interest you're going to pay. Not only can sending in your payment the day a bill arrives protect you from being slapped with a costly late fee, it can save interest. And the bigger the balance, the more interest is saved by getting that payment in days or weeks early.

Stop charging, start paying more. One way to really cut down some of that interest is to stop charging stuff on the card and send a payment every other week rather than every month. And never decreasing the payment amounts until the card is paid off.

Making a payment every two weeks will result in 26 half payments a year. This is equal to making 13 monthly payments, the equivalent of one extra monthly payment each year. Getting the payment in sooner knocks down some of that daily interest.

For example, say you have a credit card with a \$5,000 balance, a minimum monthly payment of \$100 and an annual percentage rate of 14 percent. By paying \$100 a month the card would be paid off in six years and four months with a total interest cost of \$2,547.85. But by making \$50 payments bi-weekly, the card would be paid off almost 10 months earlier—five years and 6 and a half months—saving you \$339.01 in interest.

Pay more than the minimum. If five to six years seems like a long time to pay off accredit card, consider that it would take over 25 years to pay off the card by simply sending in the ever-descending minimum payment each month, typically 2 percent to 3 percent of the card's outstanding balance. Not only would it take a quarter of a century to pay down a \$5,000 credit card balance, but it would cost \$6,332.19 in interest.

People who can manage to pay the minimum payment—but little more—should consider the bi-weekly pay-down method. Even if you continue just making minimum payments, by using this method you'll pay off the card faster and save money in interest.

But you must be financially disciplined for it to work. Using the bi-weekly method means sending a payment every other week like clockwork for years. It also means having that payment amount available every two weeks. Assuming no new charges are being added, disregard the amount due on each billing statement and keep sending that set amount.

Be sure to write the account number on each check and send the payment to the proper payment address. It's also a good idea to call the credit card company and tell them it's coming.

The system, summarized: Launch the pay-down program by, first, stop charging on the card and make the normal monthly minimum payment by the due date. Then, two weeks later, send half the amount again, and two weeks later, half again. Repeat the half payments on the two-week schedule until the balance is paid.

How to Borrow Money Interest-Free

There are a number of ways to borrow money interest-free if you take the time to operate the methods. However, one of the simplest ways is to borrow it from a bank which offers "overdraft protection". You've seen these offers by banks which extend to you a loan for the amount you overdraw your checking account. By setting up two or more (and the credit limits can go up to \$5,000 each) you can write yourself a "loan" from one bank, cover the loan with a deposit from another bank where you have overdraft checking and then repeat the process every day or two. By covering each withdrawal with another deposit, you will not be charged interest since it would take two

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

or three days for the records to catch up; by that time you've made another deposit which covered the original loan. Operated like that, you can keep the money interest free for quite some time.

How to Raise Tremendous Amounts of Capital – Up to \$1,000,000 or More

This method of raising capital consists of placing a classified ad in the business opportunities section of your Sunday newspaper. Your ad should include three magic words WILL PAY (AMOUNT) %.

Here's an example:

**WILL PAY 8% INTEREST
On small loan for a short period.
Sound collateral.
Your name and phone number.**

Advertise in the "Business Opportunities" or "Capital Wanted" section of the paper. You can raise a million dollars using this method.

How to Raise Up To \$50,000 With Your Credit Cards

In today's "credit world" virtually everyone has credit cards. Millions of Americans carry these cards with many having as many as 30. Credit limits on these cards average up to \$5,000 per card. With just your credit cards, you can get over \$15,000 in cash and merchandise.

Even hard-to-get credit cards like American Express and Carte Blanc will be easy to get once you have cards like MasterCard and Visa. Credit limits on American Express are as high as \$20,000. Combining these cards with cards like Visa and MasterCard can give you credit up to \$50,000 for 60 days with no interest.

I don't vouch for the legality of this plan, but I've been told how you can also use department store cards to gather quick cash. Simply go to the stores which issued you a card and charge some merchandise. A few days later return the merchandise for a merchandise credit slip instead of crediting your account. This slip can be used for future purchases and is as good as cash in that particular store. Now you can sell these credit slips to your friends and neighbors for a 10 percent discount. Since this money is to be used for an investment, you should make sure the investment will pay higher than 10 percent. Again, if you began this plan right after your monthly billing notice, you will have use of the money for 60 days at no interest from the department store.

With American Express and Carte Blanc cards, you can charge merchandise such as gold coins and turn around and sell it at a discount to your friends, neighbors, etc. with enough cards, you can quickly turn any amount of discounted "merchandise" into cash.

MONEY FOR COLLEGE

Get A Brand-Name Degree At A Reduced Price

You don't have to pay full price to get your child a first-rate college degree. Typical costs for one year of college can come to \$40,000 or more. But there are ways to reduce these costs.

Loans, scholarships, part-time employment and grants can help. But the biggest savings can be realized through the concept of credit transfer. The student attends a community or public college her first two years, and then transfers to a more prestigious school, applying her credits toward that school's degree.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

For example, a year at Montclair State University in New Jersey for an in-state student who commutes from home is \$5,168. If a student does well enough to transfer to Cornell University, a full year toward a Cornell degree would cost \$42,100. Two years at Montclair would save the student \$73,864.

If the technique of transferring credits is appealing, you should know your alternatives and how to avoid problems that can crop up:

Going the Community College route. Credits from a two-year community program can reduce the cost of a prestigious degree. Some students start at a community college and then move on to the four-year school. Others can attend the prestigious school full time, then add on credits at a community college during the summer. Start by finding out what sort of relationship a community college may have with a four-year institution. Many schools have articulation agreements—these designate certain courses that the four-year school will accept from a community college and guarantee admission once the student completes the two-year program. Other schools have what are known as collaborative agreements with community colleges whereby, while they designate courses that will be accepted in transfer, they don't guarantee admission.

Public State Universities. Another cost-cutting option is to start at a state school, then move those credits to the school of your choice. Like community colleges, students can either start out full time then transfer, or augment a more expensive school's program with credits earned in the summer. And, while often not as inexpensive as community colleges, the savings can be substantial.

Canadian Universities. This is another option that broadens your cost-cutting options even further. You may choose to attend a prestigious university such as McGill University in Montreal and stay all four years. American students also have the option of putting in a couple of years at

McGill, then transferring those credits back to a domestic school. Either way, you can save big. Thanks to both government-subsidized education costs and a sweet exchange rate, the average tuition cost for an American student attending McGill is roughly half that of an Ivy League university.

Concurrent Enrollment. If you're attending a pricey private school with other less expensive schools in the area, consider concurrent enrollment. For instance, if your school doesn't offer a particular computer software class but a community college does, see if you can take the class in the evening. Take enough of these add-on classes and you could cut as much as a whole term from your college bill.

Credit-Transfer Cautions

- **Get all the facts in advance.** Check out your school of choice's credit transfer policies and, if possible, have them OK any courses before you actually take them.
- **Stick to basic courses.** To better your chances of having transfer credits accepted, focus on classes that are likely to be the most similar from one school to the next.
- **Investigate school-to-school relationships.** Ask about articulation agreements, collaborative arrangements or less formal connections that a community college may have with a big-name school.
- **Find out if it's possible to transfer at all.** On the downside, many prestigious schools are not too welcoming of transfer students or credits. If it seems unlikely that the school you target takes transfers, you may have to target more reachable schools.

Finding Free Money For College

The best money is free money, especially when it comes to paying for a college education. And the biggest sources of free money these days are

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

federal and state grants. With such government grants, you don't have to pay the money back.

Government grant money is usually based largely on need and is often parceled out on a first-come, first-served basis. So it's important to apply early for financial aid and be aware of any available grants that might help lower your overall college contribution.

There Are 4 Major Types Of Grants:

1. **Federal Pell Grants.** This is the largest grant program. Pell grants range from \$400 to \$4,000. They're based solely on need, as determined by the student's college of choice using federally approved guidelines. Eligible colleges receive a fixed amount of Pell money each year; once it's gone, it's gone, which is why it can pay to apply for aid early.
2. **Federal Supplemental Education Opportunity Grants.** These grants of \$100 to \$4,000 are reserved for the neediest of students. As with Pell grants, students apply through their college's financial aid office.
3. **State Grants.** Most states have some kind of free money program, again, often based on need, although some programs are also targeted to encourage study in certain areas, such as teaching or nursing. For example, California has 3,000 Cal Grants for future teachers.
4. **University Grants.** These come from the colleges themselves, and they are handed out when federal and state aid isn't enough, or when the school is trying to discount its sticker price enough to attract a desirable candidate. Sometimes, colleges will substitute grants for loans to sweeten the deal for a sought-after student.

How To Apply:

The first step in applying for a grant is filling out the Free Application for Federal Student Aid, or

FAFSA, which is available at high schools and college financial aid offices, on the Internet at <http://www.fafsa.ed.gov/> or by calling the U.S. Department of Education at 1-800-433-3243. You should file as soon as possible since student aid deadlines at many colleges are in early to mid-February, and their reserves of grant money may have dwindled substantially by the time they actually stop accepting applications.

Your form will be sent to a federal center for processing. Once the numbers are crunched, you'll be sent a form showing how much you're expected to contribute toward your college education. This is the figure your college will use as a starting point to build your financial aid application.

Many colleges require other forms or information when handing out their own aid. If your college requires the PROFILE form, for example, you can pick that up at its financial aid office. You'll be sending it to the College Scholarship Service, which does the number crunching.

For state aid, you may need to send in yet another form. State student aid offices will have details.

Get Your Loan Forgiven

As mentioned above, under certain circumstances, the federal and local governments will forgive all or part of an educational loan. To qualify, you must:

- Perform volunteer work; or
- Perform military service; or
- Teach or practice medicine in certain types of communities; or
- Meet other criteria specified by the forgiveness program.

Volunteer Work:

These volunteer organizations offer loan forgiveness:

AmeriCorps. Serve for 12 months and receive up to \$7400 in stipends plus \$4725 to be used towards your loan. Call 1-800-942-2677.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Peace Corps. Volunteers may apply for deferment of Stafford, Perkins and Consolidation loans and partial cancellation of Perkins Loans (15 percent for each year of service). Contact the Peace Corps at 1-800-424-8580.

Volunteers in Service to America (VISTA). Volunteer with private, non-profit groups that help fight hunger, homelessness, poverty and illiteracy. Provide 1700 hours of service and receive \$4725. Call 1-800-942-2677.

Military:

Students in the Army National Guard may be eligible for its Student Loan Repayment Program, which offers up to \$10,000. (Note, the military and veterans' associations provide many scholarships and tuition assistance programs).

Teaching:

Students who become full-time teachers in an elementary or secondary school that serves students from low-income families can have a portion of their Perkins Loan forgiven under the National Defense Education Act. This program forgives 15 percent of your loan for the first and second years of teaching service, 20 percent for the third and fourth, and 30 percent for the fifth. Contact your school district's administration to see which schools are eligible.

Legal And Medical Students:

Many law schools forgive the loans of students who serve in public interest or non-profit positions. Contact the National Association for Public Interest Law at 1-202-466-3686.

Similarly, groups like the National Health Service Corps offer forgiveness programs to physicians who agree to practice for a set number of years in areas that lack adequate medical care (including remote and/or economically depressed regions). If you're a California resident, contact the Office of Statewide Health Planning and Development, 1-916-654-1833, or a similar agency in your state.

Many hospitals and private healthcare facilities use loan forgiveness to recruit occupational and physical therapists. Contact the American Physical Therapy Association at 1-800-999-2782 or the American Occupational Therapy Association at 1-301-652-2682.

Other Loan Forgiveness Programs:

Students who complete a bachelor's degree at Baker University's College of Arts and Sciences may be eligible for that school's loan forgiveness program. Baker University, PO Box 65, Baldwin City, KS 66606-0065, 1-913-594-6451.

Students who receive a Michael Murphy Loan to study law enforcement, law, probation and parole, penology, or other related fields are eligible to work off one-fifth per year as a State Trooper in Alaska. Contact 1-907-269-5511.

Maryland state and local government employees who earn less than \$40,000 a year may be eligible for a loan assistance/repayment program to study law, nursing, physical and occupational therapy, social work and education. 1-410-974-2971 ext. 146.

Perkins loans can be cancelled for:

- Full-time teachers in a designated elementary or secondary school serving students for low-income families.
- Special education teachers
- Qualified professional providers of early intervention services for the disabled.
- Teachers of math, science, foreign languages, bilingual education, or other fields designated as teacher shortage areas.
- Employees of public or non-profit child or family service agencies providing services to high-risk children and their families from low-income communities.
- Nurses or medical technicians.
- Law enforcement or corrections officers.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

- Staff members in the educational component of a Head Start Program.
- Service as a VISTA or Peace Corps volunteer.
- Service in the Armed Forces (up to 50 percent in areas of hostilities or imminent danger).

How About Free Money From The IRS?

There are two federal tax credits that parents can take advantage of when paying for tuition costs, the HOPE Credit and the Lifetime Learning Credit. They are almost as good as getting money outright, since they are a dollar-for-dollar reduction of the tax you owe. And you can use these credits against tuition payments that you make using student loans. To qualify for these credits, your adjusted gross income must be less than \$51,000 if you're single or less than \$102,000 if you're married and filing a joint return.

The HOPE Credit. The HOPE credit is what you want if you're putting kids through college. It applies for the first two years of post-secondary education – such as college or vocational school and lets you slash your taxes by up to \$1,500 a year per child for qualified tuition and fees paid during the first two years of college—100 percent of the first \$1,000 in tuition, and 50 percent of the next \$1,000. That means you need to have at least \$2,000 in tuition expenses to get the full credit. Graduate and professional-level programs are not eligible.

The Lifetime Learning Credit. The Lifetime Learning Credit Program can be used for undergraduate, graduate and professional degree course for your child or yourself. So if you took a qualifying course to improve your current job skills or get new work, it could be partially paid for by the tax credit. If you meet IRS guidelines, you can claim up to 20 percent of up to \$10,000 of the education expenses, which could net you a maximum \$2,000 credit.

Get Paid For Going To School

Many companies, organizations, and associations have internships and training programs that pay employees to upgrade their skills. Banks, newspapers and magazines brokerage houses, manufacturing companies and department stores often have such programs that pay thousands of dollars. For example, many firms will pay you to take computer courses to upgrade your skills, or to intern during the school year or during your summer break.

Internships help build your resume, learn your strengths and weaknesses, build contacts for a future job, make you stand out from your competition, provide insight into your future profession, and more.

They come in all shapes and sizes. Some last for a summer while others continue through the school year. Some internships are local, but others offer employment abroad. Many people think internships are for college students, but opportunities for high school students exist as well.

Starting Your Search

Start by answering these questions:

- What interests you? Do you like music? Journalism? Computers?
- What kind of internship do you seek? Do you want to work during the summer or the school year? Do you need to earn money or could you work for free?
- What do you want out of an internship? If you're interested in the legal field, your search should start with law firms, not banana farms.

Use A Variety Of Resources

Many resources exist for finding internships. Employers often advertise internship programs through schools. Ask your high school counselor or career coordinator about these opportunities. You might also find out about internships through a school club. And don't forget family and friends.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

You may want to know more about the accounting field, and your friend's accountant mom might welcome your help.

If there's a specific company or organization you'd like to work for, don't be afraid to inquire directly. Even if they've never had an intern, you might be able to convince them they need one by being clear about how you could help.

To search even wider, look for recent internship guidebooks. *Peterson's Internships* lists hundreds of opportunities for high school students. *The Best 109 Internships* and the *Internship Bible* also list high school positions. More specific guides can help you find internships in the arts or those available to minorities. Many libraries have a career or education center that can help.

The Internet also provides a wealth of resources. Check on: internshipprograms.com
internabroad.com; idealist.org;
volunteerinternational.org.

Three Internships At A Glance:

Here's a sample of summer internships and career programs for high school students:

- Bates Technical College School-To-Career Academy, summer program, students paid \$400 a week, earn half a learning credit.
- Summer Technology Team, Bethel Schools, students are paid minimum wage.
- Vance L. Stickell Memorial Student Internship Program, sponsored by the *Los Angeles Times* and the AAF Foundation, a 10-week summer internship at host companies, interns earn \$5,500.

RETIREMENT SECRETS & ESTATE PLANNING

Working And Getting Social Security At The Same Time

You can continue to work and receive full retirement benefits. Your earnings in and after the month you reach your full retirement age will not affect your Social Security benefits. However, your benefits will be reduced if your earnings exceed certain limits for the months before you reach your full retirement age, 65 for persons born before 1938 and gradually increasing to 67 for persons born in 1960 or later.

Here's how it works:

If you're under full retirement age, \$1 in benefits will be deducted for each \$2 in earnings you have above the annual limit (\$11,520 in 2003).

In the year you reach your full retirement age, your benefits will be reduced 41 for every \$3 you earn over a different limit (\$30,720 in 2003) until the month you reach full retirement age. Then you can work without any reduction in the amount of your monthly benefit, no matter how much you earn.

What income counts ... and when do we count it?

Social Security counts only the earning you make from a job or your net profit if you're self-employed. This includes compensation such as bonuses, commissions and vacation pay. It doesn't include pensions, annuities, investment income, interest, Social Security, veterans or other government benefits.

If you work for someone else, only your wages count toward Social Security's income limits. If you

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

are self-employed, Social Security counts only your net earnings from self-employment. It does not count income such as other government benefits, interest, investment earnings, pensions, annuities and capital gains.

If you work for wages, income counts when it is earned, not when it is paid. If you have income that you earned in one year, but the payment was made in the following year, it should not be counted as earnings for the year you receive it. Some examples are accumulated sick or vacation pay and bonuses.

If you are self-employed, income counts when you receive it—not when you earn it—unless it is paid in a year after you become entitled to Social Security and earned before you became entitled.

For more information about the Social Security earnings limits call 1-800-772-1213 or visit any social security office to ask for a copy of the leaflet *How Work Affects Your Benefits*, or go to www.ssa.gov/pubs/10069.html.

An Extra \$140,000 For Your Retirement

Want to maximize your savings without taking too much risk? Then invest in stock market index mutual funds. One study compared a \$10,000 investment in a Standard & Poor 500 index fund to the same amount in the average actively-managed mutual fund. In the 20-year period from the start of 1969 to June 30, 1998, the original \$10,000 increased to \$311,000 while the active fund investor ended up with only \$171,950 so the index investor was ahead by about \$140,000.

What is an index fund?

An index fund is a mutual fund that attempts to mimic the performance of a particular index. For example, a fund that tracks S&P 500 index would own the same stocks as those within the S&P 500. It's as simple as that. The theory is that such

funds that track market performance will produce a better result compared to the other funds, one reason being that their management fees take much less of your dollar.

When people talk of the market they're most often referring to either the Dow Jones Industrial Average or the S&P 500. There are, however, many other indexes that track the market, like the NASDAQ Composite, Wilshire Total Market Index, Russell 2000, and more.

Vanguard, for example, has twenty such funds, each focusing on a different investment sector or emphasis. The Vanguard 500 Index Fund, while varying from year to year, and even losing money some years, averaged a hefty 12.38% yearly return since its inception in 1976.

There are two main reasons why somebody chooses to invest in an index fund. The first reason is related to an investing theory known as the Efficient Market Hypothesis. This theory states that all markets are efficient, and that it is impossible for investors to gain above normal returns because all relevant information that may affect a stock's price is already incorporated within its price. Thus, index fund managers and their investors believe that if you can't beat the market, you might as well join it. The second reason to choose an index fund is the low expense ratios.

Over the short term some mutual funds will outperform the market by significant amounts, but, picking the good funds out of the thousands available is almost as difficult as picking stocks. Whether or not you believe in efficient markets, the costs in most mutual funds make it very difficult to outperform an index fund over the long term.

Finding Out If You're Owed Long-Lost Pension Money

Is it possible that you or someone you know may be owed a pension benefit without knowing it? If you worked for a company in the past that went out

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

of business or ended its defined benefit pension plan, you may be entitled to pension money. It's estimated that some 22,000 people are owed \$80 million from terminated defined-benefit pension plans. Here's how to find out whether you're owed some money.

The Pension Benefit Guaranty Corporation (PBGC) is a government agency that stands behind the pension benefits of American workers. One of its functions is keeping a list of workers owed pension money. It's already tacked down 15,000 people owed more than \$61 million since the effort began in 1996. Some of these people worked for companies that either moved, merged, changed their names, went bankrupt, or terminated their pension plans without distributing all the pension money to workers.

Others are people who moved or changed their names over the years and didn't think to notify former employers. Those employers subsequently went bankrupt, or turned under funded pensions over to the government agency that insures them. The range of benefits owed to individuals is large—some are owed as little as \$1, others as much as \$172,000.

If you think you might be on the PBGC list, you can search the agency's beneficiary list on the website <http://www.pbgc.gov/search/>. If you find yourself among the missing, you'll be instructed to send further identifying information to the agency. It takes a month or two to get a reply.

Other channels for tracking down lost pensions: If you believe you're missing a pension but are not on the PBGC list, you may have to do further research. There are a dozen or so possible channels for tracking down a lost pension. Most of these, which range from unions and other former employees to the offices of the various secretaries of state, are listed in a publication, *Finding a Lost Pension*, which is posted on the PBGC website.

It may not be worth the effort: Searching for a lost pension can be difficult; however, because some companies have been purchased and merged half a dozen times. So it may not be worth searching. Under rules and regulations, a former worker is more likely to be owed a pension from a recent job than from a job that ended more than 20 years ago. That's because pension laws have changed over the years. Before the mid 1970s, some companies did not pay pensions to a worker who left the employer before retirement age. After the Employee Retirement Income Security Act went into effect in 1976, workers typically were vested within 10 years of starting work at a company. In the late 90s, the rules were tightened again to give most workers full rights to company pensions within five years. Meanwhile, the roughly 40 million Americans who participate in defined-benefit plans should keep track of their pensions to make sure they're not someday ranked among the missing. You should keep a pension file that includes statements from pension administrators showing when the participant became vested, and the benefits that are due at retirement. If you leave a company that promised a pension, make sure you keep in touch.

Collection Social Security From U.S. And Canada At The Same Time

When moving to the US, many foreign nationals, whether immigrants or temporary residents, often ask whether they are responsible for paying social security taxes and/or whether they are eligible for social security benefits from the US as well as their home country.

Foreign nationals employed in the US, even on brief business trips, often find themselves paying or liable for social security taxes in the US and their home country. Often, these individuals find that they fail to qualify for social security benefits in both the US and home country because payments into the US system do not qualify towards benefit eligibility in the home country, and vice versa.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Totalization Agreements. To remedy some of these inequities, the IRS provides several exemptions for foreign nationals from social security taxes. If an exemption is unavailable, the foreign national can look to one of several social security Totalization Agreements that the US has entered into with other countries. Totalization Agreements also address the often more important issue concerning benefit eligibility. Finally, many foreign nationals actually plan to pay the US social security tax and avoid their home tax because US tax rates tend to be lower than those of other countries, especially where payments into the US system qualify for benefit eligibility in the home country.

A Totalization Agreement provides that an employee is subject to social security taxes only in the country where he works. For example, a citizen of Canada on temporary business in the US is subject to US social security taxes—not Canadian social security-type taxes—on wages earned from US employment.

A “detached worker” exception to this rule provides that if the foreign national is “sent” to the host country (the US in our example) by an employer in the home country, the foreign national is subject to tax only in the home country. The detached worker exception is not available if the foreign assignment is expected to last more than five years.

Often, a foreign national employed in a host country will neither qualify for host country social security benefits, nor home country benefits. However, Totalization Agreements allow such individuals to elect a “totalized” benefit from either country. In other words, payments made into the social security system of one country count as credits towards eligibility of the other country. For example, each year paid into the social security system of Canada counts as a year towards US eligibility. Computing the amount of benefits is only slightly more complicated.

So, for example, if an individual accumulates six years of coverage under the US social security system and ten years of coverage in another country’s system that requires 15 years of coverage for full benefit eligibility, both countries will treat the individual as if a total of 16 years had been completed under each system. However, the US benefit would be 5/16 of the benefit computed on the basis of earnings in both countries during the 15-year period (and 10/16 in the other country).

INVESTING SECRETS AND WINDFALLS

Turn \$1 A Day Into \$67,815

Here’s a surefire way to turn \$1 a day into \$67,815. It doesn’t take much money, time or personal sacrifice. There’s no magic involved. In fact, it’s the simplest, most proven way to get richer. (And if you expand this plan to other parts of your life, you could end up with a sizeable retirement fund).

To start, all you have to do is take your pocket change at the end of each day and drop it in a jar. If you can do that, and you put away about \$1 each day, that’s just \$7 a week. At the end of the month, you’ll have about \$30. Then, every month, deposit these savings in a Roth IRA account, where it can grow tax-free and be withdrawn tax-free in the future.

Here’s what just \$30 a month is going to do for you: in 30 years, assuming a 10 percent annual return, your investment account will be worth \$67,815. (For the past few decades, stocks have returned an average of more than 10 percent a year, so investing in a stock index mutual fund is the easiest way to get that kind of growth.) Pretty good for pocket change, but that’s just the beginning.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Lower your expenses and save more. Here are more ways to save a few bucks here and there that can add up to big dollars over time.

Activity/Monthly Savings/Annual Savings

1. Getting fewer car washes/\$12/\$144
2. Take-out vs. dining out once a month/\$45/\$540
3. Video rental vs. movie monthly/\$11/\$132
4. Manicure less often/\$15/\$180
5. Regular coffee vs. café latte weekdays/\$40/\$480

Total \$123 saved each month/\$1,476 each year. At 0 percent it will grow to \$278,040 in 30 years. You've practically financed your retirement with just a few small sacrifices. And if you can add in some big-ticket savings, it takes just \$443 a month to make yourself a millionaire.

Big-ticket Savings:

1. **Buying a car:** You'll save a sizeable sum buying a used car. Here's why:

Buying New: You buy a new \$26,000 car, putting down \$6,000 and financing the \$20,000 balance at 6 percent interest for 60 months. Your monthly payments are \$386.66. Total interest costs are \$3,199 making the total cost of the car more than \$29,000.

Buying Used: You pay \$6,000 cash for a good used car. Invest that same \$386.66 a month for the same 60 months with an average 9% rate of return. At the end of 60 months, you would have roughly \$28,000 in your investment account after paying 15 percent income tax on about \$800 of long-term capital gains. (The exact amount of tax depends on your tax bracket.) Even if you subtract the cost of whatever additional repair costs you may have for your older car, you still come out way ahead.

2. **Buying with plastic:** Buying on credit is a convenient way to shop but you pay too much for almost everything you buy. For example, say you

buy \$2,000 worth of furnishings with a credit card charging 18.5% interest. If you pay off the balance by making minimum monthly payments, it will take you more than 11 years to repay the debt. By the time the loan is paid off, you will have spent an extra \$1,934 in interest alone, almost the actual cost of the furniture.

Or say you spent \$1,000 on clothing, using a credit card charging 18 percent interest, and you make the minimum monthly payment to pay off the balance. It would take you almost 6 ½ years to pay off the debt, and your \$1,000 wardrobe would actually cost you more than \$1,650.

Reducing your expenses will put you on the road to a richer future and may make you a millionaire.

How To Get Rich By Dollar Cost Averaging

The odds of becoming a millionaire are almost 100 percent for anyone who starts saving and investing small amounts early and often. If you put aside just \$50 a week, for example, for 40 years and it accumulates at 9 percent interest, you'll have the tidy sum of \$1,026,853.

The financial term for steadily investing an amount of money in stocks at regular intervals, regardless of whether the stock market is up or down, is "dollar-cost averaging". Dollar-cost averaging works because when you purchase shares at regular intervals in fixed dollar amounts, you pay a lower cost per share for a stock or mutual fund. You automatically buy more shares when prices are low and fewer shares when prices are high.

For example, let's say you decide to invest \$100 every month. The first month, the share price is \$10, so you are able to buy 10 shares. The next month, the price drops to \$5 a share and your \$100 buys 20 shares. By the third month, the price is back up to \$10 a share, and you buy another 10

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

shares. By the end of the quarter, you own 40 shares at an average cost of \$7.50.

When the market is steadily rising, regular investing really pays off. If you invest \$100 a month in a stock that goes up steadily from \$10 a share in January to \$15 a share in February to \$20 a share in March, you'll acquire 10 shares in January; 6.66 shares in February, and 5 shares in March for a total of 21.66 shares. If you had waited until March and bought \$300 worth of stock, you would have gotten only 15 shares.

Even when the market is falling, dollar cost averaging can cushion the blow. Let's say you invested \$100 in January on a stock that is selling from \$20 a share. In February, it falls to \$15 a share and to \$10 a share in March. If you bought the stock in January, you would have gotten 5 shares. In February, you'd get 6.66 shares, and you'd buy 10 shares in March. The average price per share you paid is \$13.85, while the average price of the shares is \$15.

In other words, by dollar cost averaging, your gains are a little larger and your losses are a little less. And the odds of your investment appreciating over time are better than average because you purchased the shares at a lower than average rate. Your money goes further, and you get a great deal on the investment.

Dollar cost investing relieves your worries about market ups and downs. The trick is starting now and staying disciplined enough to invest every month. There hasn't been a single year in the history of the stock market when someone holding onto their stocks didn't do better than someone who traded frequently.

How To Save: The 60% Solution

Anyone who has tried to live on a budget knows how difficult it can be. It entails keeping track of where every dollar goes, and then cutting

expenses where possible. This is just too much work. But now there's a faster and easier way to structure your budget without having to account for every dollar.

By limiting all essential spending to 60% of total income, savings will soar.

Debt And Overspending

Basically, what you're trying to do with a standard budget is to prevent overspending and the resultant accumulation of debt. Contrary to the way most people budget, it doesn't matter what the overspending is on—travel, dining out, entertainment, clothes. Debt is debt.

There are little luxuries here and there. There are large, irregular expenses, like vacations, major repairs and the holidays. And then there are really big expenses such as buying a car, putting a down payment on a new home or putting a new roof on an old home.

The average household gradually increases its spending. You move to a larger home. You get a second or third car. Your kids go to college. Though these aren't all fixed expenses, they are seemingly necessary and the result is slow but steady growth in your monthly spending commitments, putting a squeeze on your budget.

The 60% Solution

After analyzing spending patterns over a number of years, it's been determined that if you keep your regular, fixed and committed expenses at or below 60 percent of your gross income, you'll be able to save money every month.

These expenses include:

- Essential household expenses
- Basic food and clothing needs
- All your bills, even such non-essentials as cable TV
- Insurance premiums
- All your taxes.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

60 percent is not a magic number—it's a nice round figure. Your number might be a bit higher or lower, but it's a good place to start. You live on the 60 percent and reduce spending on the remaining 40 percent. Divide this leftover 40 percent into four chunks of 10 percent each, listed below in order of priority:

Retirement savings: This may be your 401(k) contributions which are subtracted automatically from your paycheck.

Long-term savings: You should have this amount automatically deducted from your pay as part of a stock-purchase program. The relative difficulty of turning these shares into cash makes it harder to spend this money. In a real emergency, though, you could sell and get the cash, so this is also your emergency fund.

Short-term savings: This is for irregular expenses. Have this direct-deposited from your paycheck into a savings account. Money in this account can be easily transferred into your checking account, as needed, so over the course of a year you use all of this money to pay for vacations, repairs, new appliances, holiday gifts and other irregular but more or less predictable expenses.

Fun money: Spend this on anything you like during the month, so long as the total doesn't exceed 10 percent of your income.

You won't need to actually track your expenses, because your checking account balance is generally equal to the amount of extra money you can spend. The key is keeping a lid on those committed expenses.

How To Get Your Spending Down

For a lot of people, part of the difficulty in reducing committed expenses comes from the need to make big monthly credit card payments. If you're carrying a substantial amount of non-mortgage debt, you should use the 20 percent that would

otherwise go to retirement and long-term savings to aggressively pay down your debt. When your debts are paid off—and it won't take long using 20 percent of your gross income—immediately redirect that money into savings.

If even excluding debt payments, reducing your committed expenses to 60 percent still seems like an impossible target, then you're probably facing one of the following problems:

- You have a more expensive home that you can afford.
- Your car or boat payments are larger than you can afford.
- Your children are in a private school that you can't really afford.
- Your income is not great enough to support your lifestyle.

With the first three, you can slowly reduce the commitments you've made and choose something less appealing but ultimately more appropriate. With the fourth problem, you'll need to take a long, hard look at where the money is going and why.

The real secret to the 60 percent solution is smart planning that balances spending and income and leaves enough room for handling the unexpected. You only have to track five categories to make it work.

How To Start Investing With Just \$100

Here's a method for starting and managing an investment portfolio that takes very little money, even less effort, minimizes taxes and transaction fees, and is likely to outperform the vast majority of mutual funds over the long haul. It's a strategy that works for building a portfolio with any amount of money, but it's great for those starting small.

The Shoestring Approach

For the small-dollar investor, one of the best ways to get started is to buy exchange-traded funds

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

(ETFs). These are instruments that trade like stocks and mimic the behavior of a variety of different types of assets (stocks, bonds, real estate or commodities) or indexes (Dow Jones Industrials, S&P 500, Russell 2000). So let's say you have \$100 and want to start investing. Sharebuilder.com is a broker with no minimum account size and commissions as low as \$4. These costs are low enough to make investing in such small amounts practical, if not cheap.

After opening an account, put your first \$10 in a broadly diversified ETF that represents the entire stock market, such as one of the following, each of which invests broadly in one of five major asset classes. Each month after that, continue investing as much as you can.

Vanguard Total Stock Market VIPER, which tracks the Wilshire 5000, an index of approximately 6,500 US-based stocks. It's like buying across the entire stock market.

iShares MSCI-EAFE, which is like tracking an index of stocks trading in Europe, Australia and the Far East.

iShares Lehman Aggregate Bond, which attempts to track the price and yield performance of the total US investment grade bond market.

iShares Dow Jones US Real Estate, which holds a basket of 75 real estate investment trusts (REITs) that represent that sector of the US economy.

iShares Dow Jones US Basic Materials, which is a commodity fund that includes stocks in the energy, basic materials and precious metals sectors. (Once your portfolio reaches \$25,000, switch this commodity allocation to the **PIMCO Commodity Real Return Strategy Fund**.)

As Your Portfolio Increases

As you invest in subsequent months, rotate your purchases among the five ETFs until you reach

your target percentage for each one. Concentrating your purchase in a single ETF each month minimizes your commission costs. The simplest diversified target portfolio consists of 20% each of the four major asset types: US stocks, foreign stocks, US bonds, real estate, and commodities.

If you have \$10,000 or more to invest, you're better off buying mutual funds that track the same indexes as the ETFs listed above. There are no commissions for buying and selling fund shares at many discount brokerages.

Rebalance Each Year

Each year you'll find that some of your investments have grown in value while others have lost money or stayed about the same. To restore your portfolio to its target percentages, you'll need to invest more of your new money in the assets that have done poorly. This is similar to dollar-cost averaging: you buy more when prices for an asset class are low. The goal is to keep your allocations close to the target by adding new money. This is called rebalancing and should be done at least once a year to bring your portfolio back in line with your target allocation.

The easiest way to rebalance is to add each month's \$100 investment to whatever asset class is farthest below your target allocation for it. If they're all about equal in line, then start rotating through each of the five as you did in the beginning. Do not give in to the temptation to guess what the next hot asset class will be—that's your surest path to mediocre returns. The key to success is discipline.

Buying Stocks At Zero Commission

The powerful investment technique that brokers don't want you to know about is called Dividend Reinvestment Plans (DRIPs). DRIPs allow you to reinvest your dividends automatically while investing in many of America's biggest and best

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

companies such as Intel, Johnson & Johnson, Coca-Cola and Exxon for as little as \$10 at a time – without sharing your profits with a broker.

DRIPs are offered by about 1000 companies and closed-end funds, and let current shareholders buy stock directly from the company, bypassing the broker and brokerage commissions. Investors purchase shares with dividends that the company reinvests for them in additional shares. Most DRIPs also permit investors to make voluntary cash payments directly into the plans to purchase shares. Most companies charge no commissions for purchasing stocks through their DRIPs and those that do, charge only a nominal fee. More than 100 companies have DRIPs which permit participants to purchase stock at discounts to prevailing market prices. These discounts are usually 3 to 5 percent and may be as high as 10 percent.

Most DRIPs permit investors to send optional cash payments, in many cases for as little as \$10, directly to the company to purchase additional shares. If your investment isn't enough to purchase a whole share, the company will purchase a fractional share, and the fractional share is entitled to that fractional part of the dividend. This gives small investors the ability to buy attractive blue-chip stocks when they otherwise might not be able to afford them.

Joining a DRIP is easy. Once you have selected a particular stock, contact the shareholder relations department of the company of interest to verify that it has a DRIP. Once you have identified a company with a DRIP, in most cases you have to become a shareholder of record to enroll. This is an important point. You must have the stock registered in your name, not brokerage or "street" name.

Once you are a shareholder of record, contact the company for a DRIP application and prospectus. The prospectus provides all the details about the program, including fees, if any, optional cash

payment minimums and maximums, investment dates and eligibility requirements. Chances are, the company will probably contact you once it has your name as a registered shareholder.

Getting The First Share

A potential stumbling block to joining a DRIP is that in most programs you already have to be a shareholder of the company in order to enroll. Brokers offer one avenue for getting that first share, although the fees to purchase one share of stock will be quite high in percentage terms for the total investment. However, investors should realize that once the initial investment is made through the broker, they will never need a broker again to purchase stock in that company. The internet brokerage firm Ameritrade <http://www.ameritrade.com/o.cgi?a=pbe&o=140&p=/offer/30.html> gives you 30 commission-free trades when you open a new account. Use these trades to make your initial purchases.

No-Load Stocks

Another way to get the first share is by going directly to the company for initial purchases. These companies, which we call no-load stocks, come in two types: those which are open to all investors and those which are open only to corporate customers or residents in the state or states in which the company operates.

Investing in no-load stocks is as easy as investing in no load mutual funds. All it requires is calling or writing the company and requesting information and an application. Once the information is received, investors merely have to fill out the application form and return it to the company along with their check for the initial investment; investors may make additional purchases with optional cash payments and reinvested dividends. In most cases, the companies charge no fees for these services, and those that do have only nominal fees.

While investors benefit greatly from direct-purchase programs, benefits also flow back to the

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

companies. Direct-purchase programs help solidify relations with shareholders, which can translate into supporting company management and buying more of the company's products. Direct-purchase programs are effective ways to raise equity capital cheaply. Many no-load stocks are utilities—traditionally heavy users of capital. When utilities sell stock directly to customers, they are, in effect, underwriting their own stock offering. Issuing shares in this manner is considerably less costly than using an investment bank to float a secondary stock offering. Also, selling stock directly to utility customers turns a ratepayer into a shareholder, which can be helpful when it comes time to seek higher utility rates.

The fact that high-profile companies, such as McDonald's, Procter & Gamble, Exxon, and Texaco, have direct-purchase programs has fueled interest in these programs from both investors and corporations. Given the benefits companies derive from direct-purchase programs, it's a good bet that more companies will start these programs.

An easy way to obtain enrollment information for a growing number of no-load stocks is by calling the Direct Stock Purchase Plan Clearinghouse <http://www.dripinvestor.com/clearinghouse/home.asp> or phone 1-800-774-4117. The 24-hour hotline is free to investors. Expenses of operating the Clearinghouse are being shouldered by participating companies.

Get 13 Months Interest In 12 Months

More and more taxpayers are investing in US Savings Bonds. Series EE savings bonds are safe, low-risk savings products that pay interest based on current market rates for up to 30 years.

Here's how insiders get extra interest. Buy Series EE Savings Bonds at the end of the month. Because the interest is credited at the beginning of the next month, you'll earn an almost extra month

interest even though you hadn't yet bought the bond.

Similarly, cash in Series EE bonds at the start of the month. If you wait till later in the month, you won't get paid any interest that accrues from the first of the month until the time you cash in the bond.

You can buy EE bonds directly from the US Treasury via its Treasury Direct program. Its website: www.treasurydirect.gov/indiv/indiv/htm or at almost financial institution.

SAVE ON INSURANCE

Mortgage Insurance: Save \$1,075 A Year

Could you use an extra \$1,075 a year? You may be able to easily cut your monthly mortgage check by \$107 or more just by refiguring the value of your home and canceling private mortgage insurance when your equity reaches 20 percent. That's because 4107 or more is how much private mortgage insurance (PMI) adds to your monthly payment. And you may be paying when you don't have to. If you make your loan payments on time, and either made some extra payments or can prove that your home has appreciated substantially in value, you may be able to cancel that PMI policy and cut your monthly bill.

What is PMI: Conventional loans generally require the borrower to put down at least 20 percent of a home's purchase price. The average homebuyer can't put down that type of payment. That's where PMI comes in. It allows you to get a mortgage with a smaller down payment. PMI allows homeowners to make as little as a 3 percent to 5 percent down payment and still qualify for a mortgage. Or put another way, it allows you to buy a larger and more expensive house with the money you've saved up for a down payment. This private mortgage

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

insurance protects the lender's interest; if the buyer defaults on his mortgage, this policy guarantees that the lender will receive the principal amount of the loan. You're paying to protect the lender in case you default.

Several major insurers, including PMI Mortgage Insurance, Mortgage Guaranty Insurance Corporation and Radian Guaranty, offer this type of insurance, which is taken out at the time the lender grants your mortgage. Although you'll fill out an application, the lender will actually seek out the insurance.

What is PMI costing you? While it adds to your monthly payment, PMI is the extra edge that allows you to buy the home of your dreams. On a \$280,000 mortgage with a 10 percent down payment and a 7 percent interest rate for 30 years, the monthly principal and interest payment would be about \$1,662. If the homebuyer has a good credit history, the mortgage insurance policy would typically add about \$107 a month to that payment.

How to stop paying PMI. Private mortgage insurance should no longer be required once you've made enough payments to bring your home equity up to the 20 percent level, or you can demonstrate by appraisal that the home has increased in value enough to bring your equity above 20 percent. The Homeowners Protection Act no requires that the lender automatically cancel PMI when you have 22% equity in your home—as long as you have a good payment record—but the law only applies to conventional mortgages originated or refinanced after July 29, 1999. (A good payment record means you don't have any payments 60 days past due in the preceding two years, or 30 days past due in the year preceding your request for cancellation.)

The law does not apply to two of the most popular government-subsidized loans—FHA and VA loans. The FHA's mortgage insurance program extends for the life of a loan you take out. The VA's home loan program has a mortgage guaranty feature;

you pay a fee to get the loan. The only way to escape the extra cost of insurance on an FHA loan or the VA guaranty fee on a VA loan is to refinance the loan.

But if yours is in an older conventional mortgage, you may be paying PMI unnecessarily and not know it. Few people realize it's the responsibility of the homeowner to notify the lender when their equity surpasses 20 percent. As a result, many people have paid PMI premiums for years longer than necessary. It can happen more easily than you might think in a rising real estate market.

How long should it take to build up that level of equity? If the only way to build equity was through regular monthly payments, the time required through regular monthly payments, the time required to reach 20 percent would be easy to figure, based on the amount of your down payment, the mortgage interest rate and the length of your mortgage. Building up equity in those early years can be extremely slow—9,10, even 11 years or more. In many areas of the country, home values are appreciating at a rate of 3 or 4 percent a year. So for the borrower putting 10 percent down, it takes just 4 or 5 years to reach the magic 20 percent equity, instead of the 9 years or more. Even for new loans that automatically cancel PMI, it's still up to you to alert your lender if you reach that point earlier than expected.

If you've made additional principal payments, or if homes in your neighborhood have increased dramatically in value, you should contact your loan service to request that PMI be canceled. You'll have to pay a few hundred dollars for the appraisal, but it certainly could be worth it if you save years of unneeded premium payments. So pay attention to that monthly PMI payment and your home's market value. Canceling PMI early could save you a nice hunk of money every year.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Free Health Insurance For Kids Only

You work hard to provide for your children and want to make sure they grow up strong, smart and healthy. But like many parents whose children don't have health insurance, you worry about taking care of them. Now, you may have one less thing to worry about. Your state, and every state in the nation, has a health insurance program for infants, children and teens. The program is called the State Children's Health Insurance Program (SCHIP). Each state has its own program. The insurance is available to children in working families, including families that include individuals with a variety of immigration status. For little or no cost, this insurance pays for: doctor visits, prescription medicines, hospitalizations, and more. Kids that do not currently have health insurance are likely to be eligible, even if you are working. The states have different eligibility rules, but in most states, uninsured children 18 years old and younger, whose families earn up to \$34,100 a year (for a family of four), are eligible. To learn more, go to www.insurekidsnow.gov/states.htm, or call 1-877-KIDS-NOW for more information.

Health Insurance: How To Avoid "Going Naked"

The latest headlines state 46 million Americans do not have health insurance. Corporations are dropping or reducing coverage for workers; laid-off workers can't afford to continue paying premiums; and young people go without any cover at all. But the absence of an employer health plan doesn't mean you can't protect yourself against financial disaster if you get sick. The important thing to realize is: Don't try to save by having no coverage at all, a condition called "going naked". It is a bad idea. Most persons who go naked are early retirees, the self-employed, workers in small companies that offer few or no benefits and people with pre-existing conditions that can't get affordable coverage. Some people think going naked isn't a bad idea because you save all those

premiums. But it's really bad medicine. It's cost effective only if you can guarantee you'll never get sick.

Nobody can guarantee they won't one day face a huge medical bill. So it is important to get some insurance. Here are options for getting the best coverage you can afford.

1. **COBRA:** The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) lets you keep your current insurance coverage for at least 18 months after you leave your job. But you'll have to pay all the premiums yourself. Since you're continuing your current coverage, you can't be dropped or face exclusions. And because it's a group plan, the carrier can't single you out for a rate increase if your care gets expensive. The law guarantees that if you maintain group coverage without a 63-day gap, you and your dependents won't face any exclusions when you find work and enroll in another group plan.

COBRA is available only if you worked for a company with 20 or more employees, had health insurance through your employer and your former employer is still in business. The idea of COBRA is that you piggyback on another group plan. If that plan doesn't exist because the company went under, there is no COBRA.

If your company offers COBRA, sign up—whether you can afford the payments or not. Here's a little-known insurance fact: Once your employer notifies you of your COBRA rights, usually via a letter mailed at or near the time of layoff, you have 60 days to enroll. From the day you enroll—by filling out a COBRA form and mailing or faxing it to your employer—you have exactly 45 days to pay the premium. But watch the calendar; if you mistimed your calculations by one day, you're out in the cold.

Bottom line: From the time you leave your job, you have more than three months to get another position, find a better insurance deal on your own

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

or get a part-time job to make the COBRA payments. But if you do have a calamity, chances are that COBRA premium will be a lot cheaper than the hospital bill.

2. Use your Spouse's plan: Obviously, this is not an option for everyone. Compare the cost and the coverage to what you would have with your own COBRA plan. Does it offer what you need? One big plus: If you're moving from one group plan directly to your spouse's plan, you can't be excluded for any pre-existing health condition, such as a pregnancy. Before you sign on the dotted line, ask yourself two questions: How stable is your spouse's job? And how strong is your relationship? If your spouse gets sacked, both of you will be stuck with the COBRA version of your spouse's plan. Ditto if you divorce. If either of those scenarios is an issue, it might pay to compare your COBRA plan to your spouse's when you evaluate your initial options.

3. Get a job. If you're unemployed, find a job that provides benefits, even if it's part time. Studies show that more than 54 percent of women aged 55-64 are working full or part-time jobs because they're nearing retirement without savings or insurance; they even work at minimum-pay jobs just for the health benefits. Part-time jobs that offer benefits are not always easy to find, but keep looking.

4. Select from a "cafeteria" menu. If your job doesn't provide full benefits, see if a lesser plan is available. Many employers offer cafeteria plans that let you pick your own level of coverage from a menu of choices and allow you to decide just how to allocate the fixed amount of employer-paid benefit dollars. You can opt for coverage ranging from "first dollar," meaning the plan kicks in at the first dollar of expenses and you pay out nothing out of pocket when you're sick, to having a high deductible and a high co-payment. Your employer's cost is fixed, so what you choose off the menu establishes what you pay. The bigger the premium you pay out each month, the better

the coverage you get and the lower your deductible and co-pay amount.

5. Look for an individual policy. Maybe it's not as expensive as you think. Shop around—comparison shopping is easier than ever using the Internet. Keep in mind you can tailor your plan to fit your individual circumstances. And don't buy coverage for tiny expenses; if you want everything covered, you're going to pay big premiums. Don't know where to start shopping? Call the company that your former employer used if you liked the coverage. Ask friends and family what companies they use, and if they are satisfied. Check with your doctors to learn what plans they honor. That should give you a good start.

Next, make a list of coverage options that are important to you. Do you want access to specific doctors or facilities? Do you need low-cost prescription refills? How much do you want to pay for a doctor visit? Are you just looking for a high-deductible policy to cover catastrophic situations? Do you want access to alternative therapies?

When comparing policies, look at four things: how much are premiums, what will policies cover, what will be excluded, and how much is a doctor visit.

6. Get coverage through associations. Try to get into some kind of group coverage. A trade, fraternal or professional association—AAA, professional organizations, your alumni association, AARP, the local chamber of commerce—may offer lower-cost health plans. Check with groups you're involved with or join one to take advantage of its access.

7. Protect against worst-case scenarios. If you generally enjoy good health, consider insurance coverage for catastrophic expenses only. This treats your health insurance premiums as just another cost of living that you keep as low as possible by having high deductibles. With catastrophic insurance you carry high deductibles—say \$2,500 to \$10,000 per person per year—and pay for doctor visits out of your own

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

pocket. If disaster strikes, catastrophic insurance will keep you out of the poorhouse.

8. Join a medical re-pricing plan. It's not medical insurance, but more like membership in a club, and it can save you money. You join the club by paying a monthly fee—typically \$7 to \$75. For that you get a list of providers—doctors, dentists, pharmacists, chiropractors—who have agreed to discount their customary charges for services or drugs up to 60 percent off. Big names among the re-pricing clubs are:

Qualified Health, PO Box 100820, Brooklyn NY 11210, 1-888-300-0700, qhealth.com. With 350,000 doctors, 20,000 dentists, 8,500 vision centers, and more, charging \$14.95 per month for individuals and \$24.95 for families.

Care Entrée, PO Box 200368, Arlington TX 76006, 1-972-522-2000, careentree.com, which publicizes a network of 400,000 medical-service providers.

Careington International, PO Box 2568, Frisco TX 75034, 1-866-222-2558, careinton.com, with 22,000 dentists on its books.

AmeriPlan USA, 1-972-792-2700 ext 3, which has 18,000 dentists listed.

Services provided by discount clubs vary, however, and you should be cautious before you rush to buy. Check with your local Better Business Bureau or state insurance commissioner to see if the club you are joining is reputable, and if its rates really offer savings.

9. Check government plans. If you're poor or older, you may get coverage through Medicaid or Medicare. The federal Medicare program provides medical services for the elderly and disabled. Medicaid, funded by the federal and state governments, pays for medical assistance for individuals with low income and resources. Most states also have child health insurance programs that provided funding for medical needs for

children under 18 at a very low cost. And, veterans, don't forget the hundreds of VA medical centers and outpatient clinics that provide free or low-cost medical care.

TOP-SECRET 1,000,000 SYSTEMS REVEALED, PART 1

Start A Non Profit For Big Profit

Are you ready to make some really big money? Then consider this somewhat fictitious example: A non-profit organization is created by its originator to educate the public about global warming. It hires a professional fundraising company (owned by the originator) to conduct a direct-mail campaign to raise money. The direct mail letter provides statistics showing how global temperatures are inching upwards and includes sample letters to mail to the President and members of Congress urging them to pass legislation against aerosol cans and certain chemicals.

Three years of nationwide mailing produces \$5 million in contributions. The originator's fundraising firm bills the charity for \$4.75 million. The remaining \$250,000 is used mostly to pay the originator's salary as executive director of the organization. The originator thus profits twice—as owner of the fundraising firm and as director of the nonprofit. The nonprofit organization reports on its annual tax return that the mailings served a dual purpose: soliciting money, and educating the public about global warming. A little-known, though not unsensational way to get rich.

In fact, *The New York Times* had a recent story about an entrepreneur who founded and directs just such an organization that mails fright letters to warn senior citizens about the future of social

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

security and Medicare. Taking advantage of the US Postal Service's low nonprofit postage rates, his organization took in \$2 million in just four months.

Lars-Erik Nelson, writing in *New York Newsday*, might have summed it up best: "This is the profitable secret of nonprofit fundraising. Find a villain, send out scare letters, raise \$1 million—and put it in your pocket. Then sell the names of your (contributors)."

Scare Groups

Among the different types of nonprofit organizations you can start, one of the best is what I refer to as a "scare" organization (such as the group that scares senior citizens about changes in Medicare). More commonly, they're known as an *advocacy* organization.

Scare groups are nonprofit organizations formed, ostensibly, to help members protest losing some sort of government handout. Or to scare citizens about the environment or population growth or taxes, or any of a myriad of other hot button issues.

These organizations are especially effective when there is bad news affecting the segment of the population the nonprofit was ostensibly formed to represent. For example, if the federal government is considering slowing the rate of increase in Medicare, these groups mail out letters to scare seniors. The scarier the news, the more members sign up.

Here are some of the hot-button issues scare groups use to frighten people into becoming dues-paying members.

- Family values
- Flat tax
- Child welfare
- Gay issues
- Abortion
- Population growth
- Global warming

- Pension guarantees
- Date rape
- Wife beating
- Free speech on the Internet
- Welfare
- Balanced budget
- Pornography
- Anti-United Nations
- Property rights
- Auto safety
- Hunger
- Drugs
- Gun ownership
- Immigration
- English as the official language

If you have an interest in public affairs, this could be the perfect way to parlay this interest into big profit. Just dig up ways governmental cutbacks or changes in regulations can be portrayed so as to really scare different segments of the population. Then send a persuasive, frightening letter describing how our association is fighting to protect their interests—and is the only thing keeping them from disaster—and needs their help and membership or contributions. Any good mailing list broker can furnish lists of likely prospects to mail to.

Write or contribute to various nonprofits in order to get their literature and sales materials. This will get you on various mailing lists so you'll be able to collect a "swipe" file of sales materials to get ideas to incorporate into your own mailings.

Forming The Organization

A number of legal requirements apply to nonprofit groups. These include such matters as incorporation, tax exemption, nonprofit postal designation, forming the board of directors, bylaws, and other reporting requirements. Federal law governs some of these matters. State laws apply to others. Although you can handle many of these matters if you know how, it is best to use an attorney, specifically one who specializes in nonprofit law.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

The Magic Of Compounding

Becoming a millionaire by saving just \$50 a week (roughly \$2,500 a year). Sound impossible? Well the magic of compound interest makes it a certainty. Save just \$50 a week in a tax-free retirement account, starting at age 19, compounded at 8 percent interest, and you'll be worth \$1,045,232 at age 65.

The power of compounding is compelling, and is best illustrated by this eye-opening scenario: A 25-year-old starts saving \$1,000 a year for retirement for 10 years, then he stops and never contributes another dime. His twin brother doesn't start saving until he's 35, but he continues to contribute \$1,000 a year from then on until his retirement at 65. Who wins? The early bird. Assuming an annual return of 8 percent, the brother who started saving early would have \$157,435 by age 65, compared with just \$122,346 for his twin. The longer you wait, the greater the amount you'll need to sock away each month.

While budgeting in long-term savings may seem like an unaffordable extravagance if you're young, waiting even a few years to get started can dent your retirement savings. Saving \$1,000 a year is doable for most young workers, especially if socked away in small, bite-sized chunks and especially if that money is invested in an employer-sponsored retirement account. For a worker at a marginal tax rate of, say, 25 percent, every \$100 you invest in your employer's tax-deferred plan is actually taking just \$75 out of your pocket.

That said, if monthly mortgage payments and a crushing debt load may make it impossible to save that much, give yourself a break—at least until your debts are under control—and commit to saving at least enough in your employer-sponsored plan to get matching contributions (typically 2 percent to 3 percent of your annual income). This way, you double your savings without breaking the bank.

Fix Up “Yecch!” Houses With Uncle Sam’s Help

A professional secret to making money with fixers is to look for houses with high “Yecch!” appeal. This means looking for properties, generally houses 20 to 70 years old, that are in such bad state that a normal person would drive up, say “Yecch!” and keep on driving. As a successful investor, you'll be looking to spot hidden value, buying low and then selling high.

And what makes this moneymaker so appealing is the federal government has a special program to help you finance the cost of purchasing and rehabilitating such homes.

Spotting A “Yecch!” House

A house with high “Yecch!” appeal has weeds, an old car transmission on the side of the house, broken rain gutters hanging from the roof, all amid discarded beer cans. Wild shrubs block the front windows, creating a dreary interior. People actually try to sell their homes in such condition, creating a dreary interior. People actually try to sell their homes in such condition, creating opportunities for bargain-hunters.

When you buy such a house that you intend to fix up quickly and sell, you will almost always have the interior completely repainted, and replace the carpets and vinyl flooring. You want to make the home look in move-in conditions. People don't want to fool around with painting and replacing carpet and fixing the house up. In this age of instant gratification, people just want to buy a house and move in.

Such homes exist in practically every neighborhood. Just do the math—determining how much the house would cost to buy and put in move-in shape, and how much you could then sell it for. If you are handy, you can do the work yourself. Otherwise farm it out.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Government Help

The federal government has a special program to encourage the rehabilitation and repair of one-to-four-family properties. It's called the Section 203(k) Rehabilitation Loan Insurance Program, run by HUD. The purpose of the program is to help you get a single mortgage that finances both the acquisition and the rehabilitation of the property. It is an important tool for community and neighborhood revitalization. Before Section 203(k), when buying a house that is in need of repair or modernizations, you would have to follow a complicated and costly process, first obtaining financing to purchase the property, then getting additional financing for the rehabilitation work, and finally finding a permanent mortgage after rehabilitation is completed to pay off the interim loans. The interim acquisition and improvement loans often have relatively high interest rates and short repayment terms. However, Section 203(k) offers a solution that helps both borrowers and lenders, insuring a single, long-term, fixed or adjustable rate loan that covers both the acquisition and rehabilitation of a property. The program can be used for one-to-four unit dwellings.

Application: Applications must be submitted to the local HUD Field Office through an FHA-approved lending institution. HUD's website, www.hud.gov/11/code/11plcrit.html, has an interactive directory of approved lenders.

Additional help: Additional, supplementary programs are run by state and local housing agencies and nonprofit organizations to help and encourage you to rehabilitate properties. Contact your local housing and redevelopment agencies to see what money they may also provide for rehabbing old houses. For more information, contact HUD, 451 7th Street SW, Washington DC 20410, 1-202-708-1112. It has a booklet, *Rehab a Home w/HUD's 203(k) Rehab Program*, downloadable <http://www.hud.gov/offices/hsg/sfh/203k/203kabou.cfm>.

How To Make A Fortune With A Mail-Order Business You Can Start For \$100

There's a woman in Maryland with the last name of Fox who sells only to other people named Fox. She sells only items that have a direct connection with the animal fox, or perhaps a type of foxiness. For example, Christmas (and every other kind of) greeting cards, bookplates, novelties, stationery, birth notices, mailboxes, gadget jewelry, Shakespearean quotations about foxes, lapel pins and other items—each incorporating the picture of a fox.

Her first mailing piece was headed "Calling All Foxes", and today she has tens of thousands of buyers on her customer list. It is estimated that there are perhaps 80,000 families in the US with the name "Fox", so she had a wonderful chance to expand the business into something really big with the possibilities of making a fortune out of the clever idea.

A similar type of business is run by Ray Melissa, owner of the Melissa Catalog, a catalog of items personalized with the name "Melissa". He states he gets 30 to 40 calls a day from young girls with the first name Melissa—junior high to high school age. Personalized clothing sells best.

There are many, many names with which you could duplicate these businesses.

HERE ARE EXAMPLES OF LAST NAMES THAT SHOULD PROVIDE GOOD SIZE MARKETS:

Ace	Bird	Copper
Adam	Black	Crane
Appleton	Blue	Davenport
Armstrong	Block	Diamond
Ash	Blackman	Crown
Baker	Brook	Drake
Ball	Brown	Fish
Barker	Butler	Fisher

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Bass	Bull	Flag
Beard	Carpenter	Flowers
Bell	Castle	Footie
Birch	Cook	Fountain
Ford	Lincoln	Robin
Gardner	Gold	Grant
Gray	Green	Hall
Hart	Hill	Hunter
Jackson	Jefferson	Johnston
Katz	King	Knight
Lamb	Limon	Monroe
Moss	Little	Love
Mann	Miller	Moon
Moore	Nichols	Park
Payne	Poole	Post
Press	Price	Rainwater
Redman	Reed	Rhodes
Rice	Rich	Rose
Sands	Savage	Shoemaker
Shepherd	Snow	Stone
Storm	Summers	Taylor
Walker	Warden	Washington
Webb	White	Winters
Wise	Wolf	Wood

For example, there are 260,000 Smith families in the US, and thousands and thousands of slight variations of the name Smith, such as Schmidt, Smyth, etc. There are 170,000 Brown families in the country with thousands more with the name Browne.

160,000 Jones families await a Jones mail order service. There are 126,000 Michelle's. And so on down the line with many first and last names.

There are many variations of some of these names, such as Cooke, Horne, Wolfe, Wolff, etc. These variations would run into hundreds of thousands of extra names.

And you don't have to actually have one of these names to run such a business. Just sing all letters to customers using a "stage" name.

Mark Twain dedicated one of his early books to "John Jones" with this observation: "I know there are a great many John Jones in America and I also realize that people who have books dedicated to them usually buy those books." He figured that if every John Jones bought the book, he could retire.

Items, Gifts And Gadgets To Sell

Here are just some of the items you can sell:

Appliqués	Napkins
Awards	Paperweights
Balloons	Pencils
Balls	Pens
Belt buckles	Pins
Bumper stickers	Playing cards
Buttons	Post-it notes
Calendars	Rulers
Decals	Scarves
Emblems	Shoe laces
Frisbees	Shopping bags
Glasses	Socks
Hats	Stationery
Headbands	Styrofoam cups
Key tags	Ties
Letter openers	Tote bags
Luggage tags	Towels
Magnets	T-shirts
Markers	Visors
Mugs	Wristbands

Some names lend themselves to a line of jewelry. Others lend themselves more to novelties. Some names would have to settle for a color, others for pictures and printed items. Many have an exact identity—such as Baker, Ball, Bird, Bull, Fish, King, Moon, Robins, Wolf. Color names would include Black, Brown, Gold, Green, Gray, and White. Some names would call for imaginative thinking—Bass, Birch, Carpenter, Copper, Love, Vine, and so on.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Local suppliers of imprinted, stamped or marked items are listed in the Yellow Pages. Here are some nationwide suppliers. Contact them for catalogs.

Out of the Box Group, 4214 Glenwood Rd., Brooklyn NY 11210, 1-888-697-9600, promohut.com.

Branders.com, 1850 Gateway Dr., Suite 400, San Mateo CA 94404, 1-877-272-6337.

Where To Get Names

The beauty of the business is it is easy to get mailing lists of people to mail to. Almost any list broker (look in the Yellow Pages) could get you lists of people with the names you want. They rent for about \$80 a thousand. You can even compile names yourself right from phone books, CD-ROM phone directories, or phone directories on the internet.

Answering Machine Riches

People all over the country are making money with their answering machines. Thousands of dollars a week is not an unusual amount for how much many people can expect to earn. Here is how this answering machine business works.

1. Find a book or manual that sells for \$20 and which should be in demand by many people.
2. Write a short classified ad that will stir the interest of the reader to get more information. Never ask for money in your classified ad; just tell the reader to phone a recorded message for more information. A typical ad for a report that I sold, called *Home Work Opportunities For Women & Men*, telling how to make money at home, could read.

STAY HOME! Big \$\$Money\$\$ Addressing Envelopes! Amazing Recorded Message reveals details. 1-234-555-8999.

3. Write a two or three minute sales message (almost like a radio commercial) to sell the product or service. Record the message on our answering machine. The message should describe how your item will benefit the caller, and then offer to mail the item immediately by COD. Stress a strong no-risk guarantee and make it easy for people to order. About half the COD orders will be refused and returned. But even with this high refusal rate, you can make really good money. In order to receive payment on as many orders as possible, send a letter or postcard to each customer two days before you send the order, repeating the benefits they will receive and the money back guarantee.

Here's an example of a COD script:

(This script is for the book advertised in the classified ad above and headed STAY HOME.)

"Hello! Thank you for calling the Home Work Hotline. How would you like to earn up to \$500 or more per week, by simply addressing envelopes? This special message contains information on how you can quickly get started.

You see, all across the country there are thousands of corporations and professionals that send out millions of pieces of mail each year. These companies could go out and hire office help to do this work. But this ties up valuable office space, and they would have to pay for extra insurance and taxes.

So rather than hire more staff ... they use home workers. This is where you come in. If you can neatly type or address by hand, you can do this work. You put in as few or as many hours as you like. You can even do this work while watching your favorite soap operas.

Our company is currently showing interest persons like yourself how to go about contacting business firms and apply for such work. Everything is done by mail. The types of businesses you contact and

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

who respond with work available supply everything you need. There is nothing to buy.

And the best feature is that since you'll be working as an independent home addresser for these companies, and not as an employee, **YOU'RE YOUR OWN BOSS. YOU WORK AT HOME. YOU SET YOUR OWN HOURS.** You work when you want to so that the amount of money you make depends on how much time you want to put in. And you can quit at anytime.

A new manual called *Home Work Opportunities For Women & Men* tells you exactly how to start making money in this exciting field. It gives you everything you need to make this the opportunity of a lifetime. You'll be given application form letters for home work; you'll be shown how to send them to firms by mail; you'll be shown how to work by mail.

It took hundreds of hours and untold dollars to research this exciting money-making opportunity. The printer would not work for free. The post office would not deliver it free. So in order to eliminate those folks who are not serious about earning money by addressing envelopes, but are just out to satisfy their curiosity, we have to ask for the special low price of just \$19.95.

We are so positive that our *Home Work Opportunities For Women & Men* manual will be all that you need to begin a new way of life for you and your family that it comes with an absolute no-risk guarantee. Use the program for 90 full days. See for yourself how much money you can earn. Then, if you are not satisfied for any reason, simply return the program for a full refund of your \$19.95.

Your manual to making up to \$500 or more a week addressing for firms will be sent to you COD by US Mail. You pay a one-time fee to us of only \$19.95, plus \$7.50 for COD charges, for a total of \$27.45. Your fee is refundable. You must be satisfied or you pay nothing.

It's easy to order. All you do is leave your name, address, phone number, and the name of the newspaper in which you saw the ad at the sound of the tone. Spell out any unusual names, and speak slowly, please. Your manual will be on its way to you in 24 hours. Thank you.

4. You may decide to accept credit card orders such as Visa or MasterCard. To be able to accept credit card orders, you'll have to get a merchant account with a credit card processor such as CardService International (1-800-634-7221).

5. Place the classified ad in local newspapers that have the cheapest rates. Consult the Standard Rate & Data Directory of Newspaper Rates available in most large public libraries. Test your ad in ten papers before you spend hundreds of dollars to advertise. Reinvest your profits into advertising in more and more papers, both local and out-of-state.

Your customers will read your classified ad, call your phone number, listen to your taped sales message, and order your book or product, COD. Pick up a copy of the *National Enquirer* or the *Globe* and check the classified advertising section to see the types of items that are being sold using this technique.

Typically, a good book or manual to sell is one whose topic is already the subject of a popular mail order seller. For example, books such as "How to Lose Weight Without Counting Calories", "How to get a Job on a Cruise Ship", "How to Meet Women", "How to get all the Visa or MasterCard's you Want with no Credit Check". With a little research in the library and a little effort, you can probably write one of your own. If you can't, the company I mention below can supply you with ready-made booklets.

You can keep expanding into more and more newspapers and magazines. You can get an 800# to make it easy for buyers to call for out of town. And you can install a voice mail system to handle many calls at the same time.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Make A Killing As A Serial Homeowner

Thanks to the 1997 Taxpayer Relief Act, you can make a financial killing as a “serial homeowner.” This entails living serially in housing properties for the two years required by the IRS to avoid capital gains tax, then making a tax-free killing by selling them. Done right, you could walk away with a cool \$1 million profit—tax-free.

The reason is that under the 1997 Taxpayer Relief Act, a homeowner can exclude from capital gains tax up to \$250,000 of the profit from selling his principal residence; couples filing jointly can exclude up to \$500,000. Exceed those thresholds, and the IRS will tax the excess by up to 15 percent.

Here’s How It Can Play Out

Say you and your wife bought a home 15 years ago for \$350,000 and it’s now worth around \$850,000. You also own two rental properties. Theoretically, you could sell your primary residence, keeping the half-million dollars profit. You could then move into one of the rentals for a couple of years, then sell the rental property and keep profit from that sale, say another \$250,000, and come up with \$750,000 profit clean and completely within the law. You can continue doing this as a serial homeowner.

One family that has taken full advantage of the tax-law changes recently bought a new, \$620,000, 4-bedroom house in Carlsbad, CA. In the previous five years, they bought and sold two residences, earning handsome capital gains both times, and have already contracted for another one for \$1.1 million. The homeowner, a certified public accountant, always buys newly built homes because, he says, builders sell them at a discount of 10 to 20 percent to existing homes. He says that to get into new developments, “Get on the builder priority lists”.

Being A Serial Homeowner

As a serial homeowner, you have an opportunity for tax-free income, it provides you shelter, you don’t have to worry about tenants so you eliminate property management and chances of vandalism, and you don’t have to pay any taxes. If you buy right, it’s risk-free. Certain types of homeowners may make the best serial owners: singles; married couples with preschool-age children; childless couples; empty nesters; landlords with single-family rental houses.

While not everyone is in the enviable position to reap a tax-free half-million on the sale of property, even smaller exclusions can pay big dividends, whether you’re a retiree looking to supplement your income or a twenty-something scratching for seed money to invest for the future. The key, however, is buying the right property. Never buy a property in an area that you wouldn’t want to live in yourself. After all, part of the plan is you will eventually live there, at least for two years and quite possibly more.

A Serial Landlord Strategy

The longer you hold a property, the better your chance for a handsome, tax-free payoff. Here is one strategy for big gains: buy one rental property every year for 10 years. By that time, the oldest will have appreciated 40 percent or more. Then start moving into them in sequence, starting with the oldest or the one that has appreciated the most. Sell each after you have lived there two years, take the tax-free money and run—or reinvest. You can do this forever.

You’ll need to find good, self-supporting rentals, be able to make mortgage payments when vacancies occur, and ideally be handy enough to do all the maintenance work yourself before you sell.

Or Be An Occasional Seller

If you’re not the landlord type, the strategy works just as well for homeowners. You could move, say, every five years. In five years, your appreciation could be 30, 40, or 50 percent of

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

value. It's also a way to support yourself in your golden years by doing what you may have been dreaming about doing anyway: traveling the country. Think of your serial homes as a cash cow that you milk every so often. Most people are not going to realize a half-million gain on a house, but what if you made \$50,000 to \$70,000 tax-free? That's more than most people make at a full-time job. Buy someplace people are going to want to move, not where they're trying to get out of.

Serial Kids

You might even consider starting the kids off as serial homeowners. Rather than forking over rent money for four-plus years for your college-bound child, you buy a good investment property near campus as the student's own private dorm. You deed the house over to them in their sophomore year and continue to help them pay their not with the IRS annual gift exclusion, which currently is \$11,000 a year per taxpayer, meaning Mom and Dad could give their student up to \$22,000. Upon graduating, they have the choice to keep the house, rent it out or sell it and take the gain tax-free to pay for law school, med school, or to invest in their next "hit". This works even better if you have two or more children planning to attend school in the same area, because it allows for greater appreciation. It's also a good way for an out-of-state family to establish residency for in-state tuition purposes.

Buy A Business—No Money Down

New sources of capital are creating new opportunities. Here is a way to buy a business with no money down—by getting financing from a "Blind Pool." These are investment funds formed by several investors pooling their capital and then subsequently looking for investments. They basically take equity positions in the businesses they finance.

Here's how they work. Say Mr. Hamilton wants to sell his ABC Widget Co. to Mr. Foster, his sales

manager, for \$4 million. Without a blind pool, Hamilton might guarantee a \$200,000 bank loan for Foster so he can afford the down payment, and sign a letter giving Foster an option to buy the company for \$4 million.

With blind pool financing, Foster can buy the firm by going to a blind pool whose shares trade over-the-counter. The pool management, if it believes the company is a good risk, typically buys 15% of the company, with 85% remaining with Foster. The pool makes Foster's \$200,000 down payment. The balance of the \$4 million purchase payments come from ABC's cash flow. Foster gets 85% of the company without putting up any of his own money. The blind trust pool gets a company worth \$4 million.

This form of financing is becoming increasingly popular as a way of financing assisted living facility acquisition and development. A recent example is RREEF Funds, which manages in excess of \$7.8 billion in pension and real estate investments which will invest \$800 million in the acquisition and development of independent and assisted living housing communities over the next 24 months.

The best way to find blind pools is through accountants, lawyers or brokers who specialize in venture capital. Your own accountant should be able to recommend them.

For more information contact the follow Private Equity Information Sources:

ASSOCIATIONS

National Venture Capital Association
1-703-524-2549; www.nvca.org

European Venture Capital Association
+32 2 715 00 20; www.evca.com

PRIVATE EQUITY NEWS

Private Equity Central
www.privateequitycentral.net

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

The Deal

1-888-667-DEAL; www.thedeal.com

Private Equity.com

1-703-549-5900

www.privateequity.com

Pensions & Investments

1-888-446-1422; www.pionline.com

Alternative Investment News

1-800-715-9195; www.ialternatives.com

Asset Alternatives

1-781-301-1400; www.assetnews

Venture Capital Journal

1-800-455-5844; www.venturecapitaljournal.net

European Venture Capital Journal

www.evcj.com

Buyouts Newsletter

1-800-455-5844; www.buyoutsnewsletter.com

Private Equity Online

+44 020 7566 5444; www.privateequityonline.com

AltAssets

44 0 20 7242 8810; www.altassets.net

Venture Economics

1-646-822-2000; www.ventureeconomics.com

How To Make Money With Your Credit Cards

With a bit of planning, here's a neat and legal way you can make money using nothing more than a handful of credit cards and a bank account. You'll get banks to give you money for nothing that you can then re-invest in their own savings account to earn interest.

The secret is in those credit cards that provide interest free periods for debt transfer. These cards offer interest free credit on balance transfers, most often for six months though sometimes longer.

The banks aren't going to be happy with me telling you this but here is how you do it.

Savings Account

Step One: Open up a high interest savings account. This is where you are going to deposit all your free money. Make sure your account offers instant access, has no penalties for withdrawals and pays daily interest.

Step Two: Get a credit card that has a checkbook linked to it. This is going to be the card that you move the money you are about to get onto. The checks are so you can then move the money from the card into your bank account. Make sure that the card has no annual fee and that it doesn't cost you anything to write a check—you don't want to throw money away on charges. Don't worry about the interest rate on this card—you are never going to owe any money on it.

Step Three: Take out a handful of credit cards that offer zero percent interest on transfer deposits. Don't be greedy and apply for too many cards too quickly. Each card you take out shows up on a credit file that lenders have access to. If you apply for 20 cards in a day, alarm bells will ring and you will soon find yourself being refused when applying for new cards. Try applying for four cards at a time. That should allow you to fly under the credit check radar.

Step Four: This is the trick that gets you the money. Using your new 0% credit cards, transfer the maximum amount you can from them to your first card to pay off a "mythical debt." Credit card companies don't actually check whether this debt exists. In fact, the debt transfer that they offer is simply a loan from one card to another; the mechanics of it don't require debt to exist.

Step Five: Transfer the money that is now on that first credit card you took out into your bank account using the checks. This is as simple as writing yourself a check. Then, and this is important, set up automatic payments with your bank to repay the

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

debt owed to your 0% credit cards the day before they begin to charge you interest on your balance.

Check for penalties: If you don't do this, you could be hit with interest rate charges and potential penalties when your interest-free period runs out. That will quickly chew through any profits you have made.

Step Six: Once you have used up a card's free balance transfer period and paid off the debt, cancel the card. This will help keep your credit rating intact and will even mean that after a break of six months to a year you can re-apply for the same card and start all over again.

How Much Can You Make?

You aren't going to be able to retire on the money you make, but you will be able to put away at least hundreds of dollars a year, even a thousand or more. For example, say you can find a savings account paying 4 percent and you can get some \$25,000 in credit card debt, you will make almost \$1,000 a year. The more money you can borrow on the 0% balance transfer credit cards the more you will make. Best of all, it is all completely legal, and there is no risk, as you get your timing right.

Lazy Way To Have \$2,500 In Your Pocket By This Afternoon

If you have no job, or have just been laid off, or if you are short of cash and anxious to get your life on a more prosperous track, the following moneymaking plan is the fastest way I know to put money in your pocket. The plan is "Street Corner Retailing" or peddling. Don't scoff. Many a dollar has been made this way. Street corner retailing can be truly lucrative if you are really outgoing and like people.

So, if you need money, swallow your pride and start selling items from a tote bag or carton or out of the trunk of your car and you'll never be broke again. You need a few bucks to buy your initial

inventory. Then, keep taking your profits to buy more and more merchandise. I personally know of peddlers who buy \$20 worth of tube sox from a wholesale distributor at 8:00 in the morning, sell them a block away for \$40, then buy \$40 worth of sox, sell them for \$80, and keep on doing it till they quit at 6:00 in the evening, having made hundreds of dollars or more profit for the day.

The types of items you can peddle are endless. You can start out, for example, with \$20 worth of large balloons in a big paper bag, a few balloons inflated to attract attention, a little sign on the bag reading "2 for \$1" and you'll probably earn more money in a couple of hours working any busy area (parks, malls, fairs, public spaces in front of downtown office buildings, parades) than most people make in a day. You don't even have to inflate the balloons you sell; sell them deflated.

Or park your car in front of any factory or construction site, open the trunk and sell jeans or tube socks or tools.

Park in front of any busy supermarket and sell plastic tablecloths or inexpensive leather handbags.

Set up a velvet-covered tray on any busy street corner and sell costume jewelry or leather wallets.

Set up a folding table on any busy sidewalk and sell low-cost books, dictionaries, coloring books, maps. (And your right to peddle these is protected by the First Amendment).

Another truly low-cost startup I recently saw is a mobile juice stand. Buy an inexpensive hand-operated orange juicer; attach it to a sheet of plywood placed on top of a shopping cart in which you store oranges and disposable cups. Display a large sign that reads "FRESH SQUEEZED ORANGE JUICE". Charge \$1 a glass. Again, go where crowds are.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Rent Vacant Street Corners

Many street vendors set up their stands on empty street corners. On weekends, for example, you can set up a large stuffed-toy animal display in front of a gas station or vacant lot at any busy intersections. Pay the property owner for the use of this part of his property, perhaps \$25 for 4 weekends.

To find a good location, look for a spot that is highly visible on a busy thoroughfare, with easy access from and back onto the road. An out-of-business convenience store or gas station is ideal. Most property owners will be happy to rent you the space for just enough money to cover the property tax.

As with ordinary street vending, almost anything can be sold on street corners. But some items sell better than others, especially large items that can be seen by a car's occupants from a distance.

Such items include:

- Beach umbrellas
- Stuffed animals, the bigger the better
- Velvet paintings
- Framed prints
- Produce, fruit, pumpkins, Christmas trees
- Children's bicycles
- Lawn furniture and ornaments
- Auto seat covers

I've seen mattresses and sofas and lounge chairs sold this way. And I've seen large sneaker displays, with the open sneaker boxes arranged one after another on a slanting board.

Locate wholesale sources of merchandise in the Yellow Pages. In addition, most cities have wholesale districts where you can buy merchandise.

Greatest Secret Of Becoming Rich—Be A Millionaire By 55

The greatest secret to getting rich is to make use of what is known as "The One Percent Solution." This method, together with the wonders of compound interest, can make you rich.

How It Works

The method does nothing less than make you move at a steady pace towards your ultimate goal. Here is how it works:

Starting with your next paycheck, save one percent from each paycheck you receive in the next two months. So, if your weekly check is for \$750, save \$7.50 (one percent) every payday. That's right, just \$7.50. After a few weeks, you won't even miss the \$7.50. Open an interest paying bank account in which to save the money each week.

After two months, raise the amount by one percent so that you now save two percent, (an additional \$7.50 for a total of \$15 in our example). You'll feel like you only have \$7.50 less to spend each week because you already got accustomed to the first \$7.50.

Now, repeat this procedure every two months so that you keep raising your savings by one percent. Do this until you reach a savings rate of ten percent. This will be your ultimate savings goal.

Listen. Saving is like jogging. You work yourself up gradually to the rate you desire. If you start out at the ultimate rate right away, you won't be able to handle it and you'll drop out. So you build up your savings ability gradually, till you are able to handle the ten percent rate.

Reaching Your Goal

Having money in your pocket is like having candy. If you have candy, you will eat it. In the same way, the average person spends whatever he earns, no matter how much, or even more. So unless you

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

have disciplined yourself to save some, you will spend it. With the One Percent method, you gradually train yourself to spend only what you have left in your pocket after savings. One of the best ways to save is to have your savings deducted automatically from your paycheck and put into your One Percent savings account. Set this up with your employer and your bank. Don't touch this account for anything. If an unexpected bill pops up, realize that before your One Percent account, you somehow took care of unexpected bills. Do so now. Similarly, reduce your reliance on credit cards, on credit, and on installment buying. This will help you take control of your spending.

4 Simple Ideas To Keep On Budget

- Don't borrow to buy something that loses value. Don't borrow for a car unless you have to since it will go down in value. It is smarter to borrow for a house, college education or other appreciating items. And when you borrow, do so at the lowest rate possible for the shortest period possible.
- Borrow at the lowest possible interest rate. That's often a home loan. The rates are low; the interest is deductible. When you buy your house, don't pay down the loan below 80 percent unless you are otherwise debt free or need to for credit reasons. Use the money instead to pay off other higher interest non-deductible debt.
- Don't be tempted by low monthly payments. Even if those monthly payments on a 60 month car loan look low, you'll wind up paying a tremendous amount in interest. So, if you can afford a 36 or 24-month car loan, do so.
- Don't prepay your mortgage if you have high-interest credit card balances or car loans due. If you have extra money to pay down your mortgages, use it to pay down or pay off their car loans, furniture/appliance loans and credit cards.

More Than A \$Million By Age 55

It's possible through this regular and simple savings plan to have more than a million dollars by age 55. Begin by saving money in your One Percent account and then transferring to growth mutual funds or higher-paying money market accounts or CDs and let it accumulate.

Suppose you start this plan when you're 25 years old. While we can't predict future interest rates, at a 13 percent accrued yield, by the time you're 55, you'll have accumulated a nest egg of \$1,421,312.

If you keep saving till you are 65, you'll have accumulated a nest egg worth an astounding \$5,258,196.

Erotic Wake-Up Service From Japan

Here is a business idea from Japan that should work here in the US. In fact, be one of the first to get into it and it could develop into a large service business, employing housewives and other part-timers.

The *New York Times* reported that a Japanese film called "The Yen Family" has a scene about a middle-class Japanese mother who operates a telephone wake-up service in which she awakens her sleeping customers with simulated erotic moans and groans.

As evidenced by the widespread proliferation of "sex-by-phone" operations, such a service should do well in America.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

TWELVE TOP-SECRET \$1,000,000 SYSTEMS REVEALED, PART 2

How To Make A Fortune With Little Classified Ads

You are about to learn all about the easiest business in America today—the Classified Mail Order Business. These are million dollar secrets that I discovered over decades in the business.

I got into this business about twenty years ago. I noticed all those tiny ads in the rear pages of *Popular Mechanics* and the *National Enquirer* and saw that almost all were repeated month after month. This meant one thing: they were making money. So I decided to try it for myself.

I did some research in the library to put together a 24-page booklet, *How To Make Money Typing & Addressing At Home*. I placed a tiny classified ad in *Popular Mechanics* that cost me about \$45. After about 10 days I checked out my PO Box. Holding my breath, I put my key in the lock and opened the small door. What happened then almost took my breath away. The box was jammed full of enveloped answering my ad. I sent each inquirer a sales letter. By the end of the month, I had taken in over \$1,000. It was incredible. Since then, I have always been fascinated by this business because it is such an easy way to make money.

Inquiry/Follow-Up Method

There are dozens of magazines sold in the US that carry thousands upon thousands of tiny, inexpensive classified ads for all sorts of products. Most of these ads use the inquiry/follow-up method of selling. This means you place a classified ad

offering free details to get readers to send for information about your product. You then send them a follow-up sales letter, order form and reply envelope. This sales material helps you convince prospects to buy your book or product. It lets you describe the product and convince the prospect that the product is good and that you are reliable and honest. Because the reader made an inquiry, you know that your sales letters will be read and not tossed into the circular file.

The big advantage in using classified advertising is that, for almost any item, a dollar invested in classified advertising will be more profitable than a dollar invested in any other form of advertising. People who read classified ads know what they want. They look under the classifications that are of special interest to them and read the ads. You know your ad will be read. That is why so many advertisers who use large space ads, even full page ads, continue to also advertise in the classified columns. People who read classified ads know what they are looking for.

A second advantage is that with classified ads, you can get into the mailorder business with an ad simply written out on plain paper and sent to the magazine. You don't have to arrange for typesetting, artwork, or layout. This makes the classified advertising mailorder business just about the easiest, most fail-safe way to make money.

I'll give you an example. When I first advertised my booklet *How To Make Money Typing & Addressing At Home* in the *National Enquirer*, the ad cost me around \$80 a week. Each insertion generated about 1,200 inquiries—about 6¢ apiece. Since I asked each prospect to send a stamped, self-addressed envelope, my only expense to answer the prospects was the cost of the literature, \$60. Total cost: \$140. Fifteen percent of the inquirers (180 buyers) bought my booklet at \$3. Cost of the pamphlet plus postage came to 45¢, leaving me \$2.25 per order. Total income: 180 buyers x \$2.55, or \$449. Total profit: \$449 less

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

advertising costs of \$140, for a grand total of \$309 per week from just one publication.

Now do you see why this is such a great business?

Granted, the *National Enquirer* may be better than most publications. But this is just one of dozens of places you can advertise. And, of course, ad costs and postage are much higher today. But so are the prices you can charge for your items. I now charge \$7 plus \$2.95 postage and handling for the same \$3 booklet that now costs me 17¢ to print and 75¢ to mail. Think about it. What other business has figures like these?

In general, you'll be using classified ads to generate inquiries for further information about moneymaking how-to books and opportunities, work-at-home opportunities, correspondence courses, how to get credit cards, and other printed information. This is the field you should specialize in.

The 'Copycat' Method

There aren't many really original techniques for making money; mostly modern variations or new approaches to existing ideas. This is especially true in the classified ad business. If there are new or revolutionary methods, let someone with lots of money experiment with them; we need a way to make money fast, and with little risk.

Most successful mail order men learn early on to selectively copy the ideas, approaches, and even the items that are already successful. This is not to say to infringe on a copyright or patent, or do anything that is illegal. Rather it is to study a profitable marketing technique or advertising approach, or to observe what item or book is selling, and then adapt what is already successful to your own product. This is what I call the Copycat Method.

Copying What Is Successful

Visit your local library or back-date magazine store and get current and year-old copies of opportunity magazines, *National Enquirer*, *TV Guide* and *Popular Mechanics*. Carefully check the classified pages, especially under the "Business Opportunities" and "Moneymaking Opportunities" sections, noting which ads appear in both the current issue and the old issue. You'll see that many of the ads—up to 85 percent—are repeats. This indicates that they were profitable, otherwise they wouldn't be repeated.

Next, write away for the free details offered in the ads. Write to every single one of them. Then study the direct mail letters they send you the same way you studied the magazines.

Copy these ads. Copy the publications they appear in. Copy the basic advertisement. Copy the product or book they offer. I don't mean to literally duplicate them word-for-word. Rather, copy their basics, their essence. If someone else is making money selling a booklet about getting credit, get a piece of the action for yourself. Sell a similar booklet the same way they do. This is the surefire copycat method.

The method can be summed up in three steps:

1. Do only what is being done successfully and repeatedly.
2. Never offer completely new items, and don't innovate.
3. In the beginning, always market your item in a similar manner and in exactly the same media—in terms of space and frequency—as the originator, because those are the publications in which his (and your) profits will be greatest. Later on, you can test new advertising copy and new publications.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Ad Rates

Send a postcard to numerous magazines, asking for a classified advertising rate card and sample copy. Then go to your local library to consult the directory, *Standard Rate and Data: Consumer Magazines*. This volume lists ad rates for most consumer-oriented magazines. In its list of classified media, you'll notice the *Classified Inc.* groups. These are groups of many magazines—romance magazines, soap opera magazines, puzzle magazines, etc.—whose classified sections are sold as a single unit by Classified Inc.; an advertising company in Chicago. The magazines don't sell ads individually, only as part of a group. These groups are important because of their combined circulation. If your library doesn't subscribe to *Standard Rate and Data: Consumer Magazines*, Columbia Advertising, PO Box 1285, Richmond IN 47375 sells an inexpensive directory that lists rates for over 1,200 magazines and newspapers. It costs only \$5, postpaid.

Concentrate on those magazines which have the largest circulation. You need large circulation advertising to make large profits.

The Easiest Item To Sell

Without questions, books (or booklets) are the best mailorder product to sell. What other item can cost you pennies and sell for \$10 or \$20. The reason printed material can sell for so much is that your customer is not paying for the ink on paper. He or she is paying for the information it contains.

As many an old mailorder hand can attest, books are the best, and easiest, mailorder product to sell. Books never go out of style. They do not break or get rotten. You won and control your own product, rather than having to depend on a manufacturer or middleman for your inventory. Whenever you run low, just have your local copy shop run off more copies. The friendly bureaucrats at the post office

even give us a break when we mail books and booklets. They let us mail them at a discount "Special Fourth Class" book rate of just \$1.24 for the first pound. In large volume, they can be mailed at the "Third Class, Bulk Rate" for even less.

Another advantage to selling books is that you can readily find information that has value and that can be put together as a book. You can write the booklet yourself—or have someone else write it for you—for information you find in the library, in other books, in government manuals, almost anyplace you look. Or you can buy them wholesale from various distributors.

"How To" books are the easiest to sell. Did you ever notice how many book titles begin with those words? People are always looking for instructions on how to do something: how to make money, how to lose weight, how to get credit cards, and on and on. Writers and publishers know how-to books sell, and they even try to slant their titles to describe the instructional nature of the book. So, how-to books are the ones we should begin our mailorder business with.

Writing Your First (And 2nd, And 3rd...) How-To Book

Your first how-to book can be as simple as a folio that consists of from 10 to 20 pages photocopies and stapled together with two staples. It's not important how the information is reproduced as long as it contains valuable information presented in a neat way. Your ultimate goal, of course, should be a professionally printed book.

My first booklet was a simple 5 ½ x 8 ½ inch, 24 page report that I stapled together myself. After my first two ads were successful, I was confident enough to order 5,000 professionally printed and bound copies of the booklet.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Adapting other books: As previously stated, there aren't many new ways to make money, just new approaches. The same holds true for how-to books. Most such books present already-known knowledge combined with a new approach or angle.

By using the copycat method, you should choose for your book's topic one that is already being successfully marketed by the classified ad/inquiry method. You can write the booklet yourself by researching the subject in your public library. There aren't very many topics about which you won't find vast amounts of information in the library. You can't duplicate copyright materials but you can adapt it and write it in your own words. An easy way to do this is to photocopy relevant information you find in books and magazines in the library, organize this information in a straightforward manner, and rewrite it in an honest, "as you talk" manner. Leave the fancy words to the scholarly journals.

Here's a good technique that I've found for writing reports. After doing research or reading about an aspect of your topic, describe in your own words into a tape recorder what you read and want to include in your report. Imagine that you are telling the information to a friend. I find this much easier than typing what you want to say. You feel freer, more natural and less hesitant about using your own words because you are not constrained by the mechanics of putting words into type. When you've finished narrating a portion of your report, play it back and type it up, mentally editing or making changes as you do.

Sometimes you can find an old mailorder bestselling book whose copyright has expired, or is otherwise in the public domain (as are books published by the government), and reissue it.

Here are some of the kinds of books that have sold well by mail:

Travel Books, such as books on cheap travel (by freighter, or as an air courier, etc.)
How to retire on little money overseas
Health books
How to stop smoking
How to collect social security at any age
How to get credit cards
How to reduce income taxes
Horse racing systems
Business and moneymaking opportunities
Auto repair
How to lose weight
Home remedies
Religious and inspirational books
Bible lessons
Hypnotism
How-to books
How to buy US government surplus
Cookbooks
Self-help books
Etiquette
Public speaking, speech improvement
Conversation improvement
Memory training
Psychology
Body building

The list of topics that have been the basis for successful mailorder books could go on and on—gardening, music, sports, songwriting, and hundreds of other subjects.

How To Write Ads That Will Flood Your Mail Box With Checks

When it comes to classified advertising, the wording of the ad is all important. Because your ad will be surrounded by similar ads, you have to word it so that it somehow stands out in the crowd, is somehow more noticeable than the other ads. You want it to catch the reader's eye as he scans the page.

Notice ability depends primarily on two factors:

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

1. Where your ad is printed in the classified column—does it appear near the top, or is it further down or even at the bottom. When you're a new advertiser, there is generally nothing you can do about placement. But when you become a regular advertiser, you may bet better placement—more toward the top. However, unless your ad is placed in position #1 or #2, it won't make that much difference anyway.

2. How you word your ad. This is generally the only factor you can control to make your ad more appealing. No fancy words or slogans here. Only simple, easy-to-understand words that can be read fast and easy.

Because classified ads have no artwork, the whole job of getting the reader to notice and read your ad is done by the first word or words. The first few words, usually printed in capitals by the publications, should contain the best words possible that excite and interest your potential customers.

Every classified ad has five major components. It doesn't matter whether you're writing a 10-word ad or a 75-word ad, each is made up of an opening line (also called a grabber or lead) or two to capture readers' attention; text that explains your proposition or offer, or that contains a big promise or emotional appeal; a request for action; a key or code so you'll know which publication generated each inquiry; and your company (or personal) name and address.

Here's what I mean. Here's an ad I ran for a booklet I sold titled, *How to Make Money Clipping Newspaper Items at Home*:

Clip Newspaper Items! To \$25.00 each! Free Details: Foster, Box 252AA, Sheepshead NY 11235.

In this ad, **Clip Newspaper Items** is the grabber; **To \$25.00 each** is the emotional promise; **Free Details** is the request for action; **AA** is the key; and

Foster, Box 252, Sheepshead NY 11235 is the name and address.

Steps In Writing Your Ad

1. Initially, the easiest, best way to write a classified ad is by the copycat method: study the ads of your competitors and rework them for yourself. Don't duplicate them word-for-word. Rather adapt and modify their basic approach. You'll find that you'll often improve upon the original.

2. From the list of GRABBERS try different openings to see if you can express the same ideas as your successful competitors' ads, but in different words.

3. Use the list of Magic Selling Words to see if you can punch up the wording in the original prototype.

4. Then polish and sharpen your ad to make it as powerful as you can.

Making Your Ads More Persuasive

There are six magic words that are used in mailorder copy: *free, amazing, how-to, now, easy*. All successful classified advertisers use these words in one form or another.

Free: Free is the copywriter's number one attention getter. While the word free has been greatly abused in the past, it still is the mailorder man's number one. The FTC now permits the use of free in cases where receipt of the article so described is contingent upon the purchase of another article, or in compliance with other conditions provided the offer is clearly and conspicuously disclosed at the outset. This means the disclosure must be made in close conjunction with the word free. Note how this advertiser uses the word to conform to the FTC's ruling:

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Free! 4 beautiful British triangles with approvals. Lick-B, 10 Boulevard, Miami FL 33205.

The word with in the ad copy ties the free offer in with approval selections. This type of offer is used extensively by stamp dealers to introduce their approvals. Another example of the proper uses of the word **free** is the following:

6 plans free with new book, "How to Build Your Own Home for \$12,000." Mail only \$1 today. We pay postage. Schiff Publishing, 525 Main-GG, Cicero IL 60650

in this ad, the word **free** makes a perfect tie-in with the book offer and it also complies with FTC requirements. Here is a good example of a free offer where no tie-in is required:

Free catalog! Selected home moneymaking crafts, hobby, retirement project books. Badge, 7825 Fifth-t3, Benton MO 63501.

Amazing: The word amazing produces an amazing effect if used as the first word in the ad, or as an adjective in the text. Once you get the prospect's attention, you must follow through by tying in amazing with your offer.

Amazing brush cleans cars like new. Never wash again. Free proof. Brushworks-B, 9 Commercial Highway, Northwood IN 47805.

How-To: When you ad says how-to, it connotes that full details or step-by-step directions are given to do something. That's what makes how-to so powerful.

How to start your own consulting business. Complete plans. Write for facts. Macrohard, Box 378-C, Kangle WA 98051.

You sense that complete details for starting your own consulting business are explained. The lead is

much stronger than **Start your own consulting business.**

New: To introduce a new product, the word new is a good grabber. Everybody wants to know what's new. See how effectively this ad uses new:

New sponge auto cleaner. Grabs dirt like magic. Also walls, furniture, floors. Save repainting. Fast seller. Samples sent on trial. Magicbrush, 45-20, Sanger CA 93657.

Now: The word now is another way of saying new; it suggests a sensational announcement. For this reason, you must follow through quickly with what is new.

Now! New moneymaking business. Make TV cable boxes full or spare time. All parts, instructions in kit. Write for details. Fox Workshop, 1038 Morris-B, Hollis GA 31778.

Easy: The sixth most powerful word is easy. It suggests a lack of difficulty which appeals to everyone. Note how the following ad uses easy to start the ad, and then ties in with its offer:

Easy homework makes fast-selling electronic device. Free sample. General Manufacturing, Dept. PM, Westover TN 38301.

Be Thorough But Brief

Next, you want to explain your proposition clearly, thoroughly, briefly. Don't let the prospect wonder or guess at what you are offering. Be specific. Explain what your merchandise or service will do, how it works, and how much it costs.

Good money in sewing! Sew children's clothing at home for neighbors on \$69.95 sewing machine. Thousands doing it. Booklet free. Federated Sewing, 998-G2 Spring St., Vernon KY 42151.

Note how the opening words—**Good money in sewing**—gets attention and promises good profits.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Sew children's clothing at home for neighbors explains the offer. This phrase is followed immediately with **\$69.95 sewing machine** which suggests a small investment. The next phrase, **thousands doing it**, makes it appear easy. And last, the offer to send a **booklet free** gets action.

Nothing slows down replies to an ad more than confusing copy. Don't play guessing games with the reader. Be specific! Tell him what you have for sale, what it will do for him or her, how much it will cost and where he can write for complete information. Avoid clever words, big words, words with double meanings, words that are vague or indefinite, or abbreviations of words. Use simple, everyday language, words easy to understand and read.

Many advertisers use exclamation marks to emphasize a point or as a stopper after the first word in their ad. This is a good device, but be careful of its use. Exclamation marks may be misread as the numeral one.

Here's a secret of the mailorder pros

Use as much punctuation as possible to make your ad look exciting and seem larger so it attracts the reader's eye.

- Exclamation marks (**NEW!!!**)
- Ellipses (**Fast ... Easy ... Profitable**)
- Dashes (**Information --- Free**)

These and other punctuation marks increase the amount of space your ad takes without any additional cost (they are not words and thus not charged). These marks can sometimes fill out a line so that a three-line ad might take up four lines at no additional cost.

Grabbers: 50 Ways To Start A Mailorder Ad

AMAZING opportunity

BECOME an author

BUILD profitable business

BUILD your own TV converter!

BUY it wholesale

CASH in ...

DISCOVER uranium

DOUBLE your income

EARN extra income

EARN \$50 an hour

EASY profits

ELIMINATE backache

FREE moneybook

GET dollars in your mailbox

GET paid for

GOOD money in weaving

GOVERNMENT surplus

GUARANTEED dollar pulling plan

HIGHEST prices paid

HOW TO make money

HOW TO sell

I MADE \$120,000

IMPROVE your income

INCREASE your income

INVENTIONS wanted

LEARN cartooning

LIFETIME security

MAKE extra money

MONEY for housewives

NEED extra money?

NEW moneymaking discovery

NEW patent! Big profits!

NOW available

PROFITS to \$100 an hour!

RAISE guinea pigs for cash

RECEIVE \$hundreds

SAVE 50%

SELL business forms

SPARETIME profits

START your own

STAY HOME!

STOP money worries!

UNUSUAL home mailorder business

WHY pay more?

WOW! 259 different Europe, 50¢

YOU can earn \$750 weekly

\$75 INVESTMENT – \$75,000 profit!

\$12,000 PROFIT in two months

\$500 WEEKLY – easy!

\$5,000 MONTHLY selling information

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Build Readers' Confidence

Readers may hesitate to answer your ad because they think your offer sounds too good to be true. Or they don't have confidence you will deliver what you advertise. A prospect who hesitates is a buyer lost. Here are tried and true ways to win readers' confidence.

Free Sample Offer: Nothing is more convincing to a prospect than a sample, a demonstration via the mail.

Ship on approval: Free examination offers inspire confidence because the prospect takes no risk; he pays only if satisfied.

Satisfaction guaranteed: You reassure and disarm the prospect right away when you guarantee complete satisfaction or money back.

Years in business: Just mentioning in our ad that you've been in business for 10 years will add prestige and buyer confidence.

Send no money: Nothing convinces prospects more of your honesty than to tell them to send no money—just pay for the item when it arrives. If the merchandise is shipped COD, acknowledge the order promptly and tell the customer how much money to have ready to pay the mailman. This will cut down on refusals. Letting buyers charge the item to their Visa or MasterCard credit account will accomplish the same objective.

No salesman will call: Many prospects dislike the idea of having a salesman follow up an inquiry. Eliminate this objection immediately while at the same time creating confidence by including in your ad this phrase.

Refundable: If you charge for your catalog or information, offer to refund the amount by applying it toward to the prospect's first order. Use a certificate or coupon in your catalog as a credit slip.

Don't exaggerate: Make your ad believable. If you tell your readers that they can earn \$1,200 a week clipping newspaper items when common sense tells them this is horse hockey, you'll turn off prospects.

Inspire Action

Assuming you have aroused the reader's interest in your offer, you now want to inspire action on his part—to get him to write to you. Here are ways to create action.

Make an offer: Offer a free booklet, sample, premium, free trial, time payments or other inducement to get the reader to respond. Use phrases such as: Free sample kit; Free distributor plan; Send for sample; Rush stamped envelope for details.

Guarantee: Emphasize your guarantee of Complete satisfaction or your money back. Other phrases that do this include: *Results guaranteed; You don't risk a penny; 30-day unconditional guarantee; Orders shipped same day received.*

Limited supply: If your supply is actually limited (for example, by printing only a small quantity of reports at a time), emphasize this point with: *While supply lasts; Limited quantity; Only two per customer; Act now! Supply Limited!*

Time limit: Put a time limit on your offer. *Offer ends January 1; Void after July 30; Offer good until September 15 only; Time's running out; Act today!*

Price going up: Give a specific date if possible. *Price increases November 30; Never again at this price; Order before price increase.*

Price reduced: Emphasize desirability of taking advantage of your special sale price at once. *Less than half price; Deduct 15% when ordering two or more; Now only \$____; Special half-price offer.*

Emphasize gain or loss: Stress what the reader will gain by responding immediately or what he loses if he doesn't respond. *Don't miss out; Never*

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

worry about money again; End money worries forever; You owe it to your family.

Magic Sales Words

Magic sales words to use in your advertising copy are those words that trigger the reader's interest or action. Try to incorporate one or more into your lead or elsewhere in your ad, used alone or with other words. They have been selected from successful ads.

absolutely	advice
act	actual
at last	amazing
amusing	announcing
approved	attention
attractive	authentic
available (first time)	bargain
beautiful	best
better	big
bonus	check
colossal	compare
complete	confidential
crammed	direct
discount	discover
don't	dynamite
earn	easily
easy	end
endorsed	enormous
excellent	exciting
exclusive	expert
extra	extraordinary
facts	fantastic
fast	fortune
free	full
gain	genuine
get in on	gift
gigantic	great(est)
guaranteed	help(ful)
here	hidden
highest	hot(est)
how (to)	huge
immediately	important
improved	informative
instantly	interesting
it's true	largest
latest	learn

lifetime	limited
lowest	magic
make	miracle
money	natural
new	noted
now	odd
offer	outstanding
personal(ized)	popular
powerful	practical
professional	profit(able)
promptly	proof
proved	put
quality	quick(ly)
rare	real(ly)
reduced	refundable
remarkable	reliable
revealing	revolutionary
rich	rush
save	scarce
secret(s)	security
selected	sensational
simplified	sizable
skyrocket	special
spectacular	starting
step-by-step	stop
strange	strong
sturdy	successful
super	superior
suppressed	surprise
techniques	terrific
tested	tremendous
try	ultimate
unconditional	uncovered
unique	unlimited
unsurpassed	unusual
urgent	useful
valuable	wanted
wealth	weird
win	wonderful
you	

How To Reduce The Word Count

Classified ads are charged by the word and not by how much space they take up. You should therefore write yours using the fewest number of words possible that still conveys your sales

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

message. You don't have to explain your complete sales story in the ad, but must include just enough information to entice the prospect to follow through on your offer.

Look through any classified section and you'll see examples of ads using unnecessary words. These extra words do not add to the pulling power of the ad, but they do increase its cost and reduce its punch. They usually indicate the work of an amateur. Here's an example of an overlong 40-word ad, and how it can be shortened:

Earn good money by clipping newspaper items in your own home. Magazines pay you up to \$25 for each item they use. Write us for our free information. Franklin Publishing Co., Dept. CH, 1526 Main St., Apt. 3A, Mount Haven PA 17609.

This ad should be trimmed down by cutting all unnecessary words. The following revised version contains just 16 words, a 60 percent saving in your advertising expense. (Names of cities—in this case, Mount Haven—are generally counted as one word. Some publications charge for the zip code as a word, others include it for free).

Good Money ! Clipping newspaper items – to \$25 each! Free details: Franklin-CH, 1526-3A Main, Mount Haven PA 17609.

Here's my own ad for this item that I ran for years. It further cut the word count—to 12 words.

Clip Newspaper Items !! To \$25.00 Each !! Details – Foster, 252JR, Sheepshead NY 11235.

Notice how I start each word with a capital letter. This helps make the ad stand out more and makes it more readable. I've also printed **\$25** as **\$25.00** to take up more space without costing any more. The use of punctuation also helps the ad stand out and take up more space. I didn't even include the word Box before 272: the volume of inquiries was so high that the post office sorters recognized 272

as my box number. In fact, I once received a letter from Europe addressed simply to Foster, Sheepshead NY 11235. Some advertisers print the box number as X272 or B272, but many publications charge this as two words. It's a continual game. These shortened ads not only cost less, but have greater impact. They pack punch!

The following ad is the shortest version I ever wrote for this item—10 or 11 words, depending on how the magazine charges for the zip code. It is cheap enough to use in some borderline publications that otherwise would not be profitable. Because most ads in business opportunities classified sections include the phrase **Free Details**, or something similar, I've found I can often leave this action phrase out of my ads completely. It becomes implicit because the surrounding ads say it. I use the words **Begin Immediately** as my action device instead.

READ NEWSPAPERS FOR PAY !! Begin Immediately ! Foster, 252GG, Sheepshead NY 11235.

Some publications—*TV Guide*, for example,—charge up to \$39.95 per word. So you can see how eliminating words adds up.

Some advertisers ask readers to send a self-addressed stamped envelope (a SASE) when requesting details about the offer. Generally, this is not profitable because it cuts down on the number of inquiries. About the only time it may pay is when other ads for the same type of item do it. In my experience, it only pays when advertising home typing, addressing, or mail processing type offers. The following is taken from an ad that appears in *TV Guide*. Obviously, it pays in this case because the advertiser repeats the ad regularly.

\$1000's WEEKLY PROCESSING MAIL Free Supplies ! Genuine Opportunity ! Rush SASE: Name, address

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Keying Your Ads

Before sending your ad off to the magazine, you must “key” it (insert a code number or letter) so that you know from which publication you received each response. Since you’ll eventually be running a number of different ads in different magazines, you have to know exactly where each prospect read your ad and which ads persuaded him to write to you.

Tally each inquiry you receive so as to tack each ad and each publication’s effectiveness. In this way, you will know the results of each ad, and which publications pull the best. This information will tell you which ads to repeat and where.

To key your ads, you simply identify your name or address in such a way that you will know which publication generated each inquiry. Since you’ll be paying for your classified ads by the word, you have to be careful so you won’t be paying for keying the ads. An easy method is simply to assign a letter to each magazine, followed by a number to indicate the month (or week) of publication. For example, *Popular Mechanics*’ February issue could be coded **P2**; *National Enquirer*’s issue #36 could be keyed **N36**; *TV Guide*’s October 15 issue indicated by **G1015**, and so on. You can assign any code you wish.

The most common place to put the key is after your name, box number, or street building number. For example: **Enterprises-G1015; Box 335-NE36; 1312-P2 Main**. This way, we incorporate the key into the name or address so that it is not counted as an extra word. If we used the key **Dept. NE36**, we would be charged for two additional words.

Another way to key your ad is to use subtle spelling changes in your name or address. **Enterprises** could be spelled **Enterprise, Enterprize, Enterprizes, EnterPrise, Enter-prise**, and so on, each variation indicating a different magazine.

Testing And Running Ads

Testing is the heart and soul of the mailorder business and is what makes it so potentially profitable for the individual operator. Before you spend big bucks, you can test an ad, a product or a magazine with one or more test ads. If the initial tests prove profitable, then you can gradually roll out your campaign, placing your ad in a second publication, then a third, fourth, and so on, testing every step of the way.

Many people have gone broke because they went full steam ahead with a big campaign on the basis of just one or two test ads. Don’t fall victim to this. If your first one or two ads are successful, expand your advertising budget to run perhaps five times as much advertising (measured in dollars). Try magazines in several different categories that you think might be profitable. For example try *Popular Mechanics*, *National Enquirer*, *Spare Time* magazines. Then continue rolling out your advertising within each profitable category.

Where To Advertise

Once you have your ad, the question becomes: Where should you advertise? Once again, according to the copycat system, advertise where your competition advertises. Long-term, repeat advertisers have probably tested almost every likely publication. So you can benefit from their advertising expertise by doing what they are doing. If a magazine is profitable for them, it will most likely be for you, too.

Placing your ad in the proper category within the classified section is also very important. Again, study your competitors’ ads to see what they are doing. If they advertise in the “Moneymaking Opportunities” section, place your ad there, too.

Magazine categories: After you have tested your ad in one or more magazine, and the results were good, it is time to make some real money by rolling out your advertising into every magazine where it

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

will make money. Do this by testing publications in various categories of magazines that seem promising for your offer.

Magazine breakdown by category: The following are some of the important classified advertising categories and publications. If your ad will work, it should work in these. There are other categories of magazines (health, gardening, home, computers, to name a few). Depending on your offer, it may pay to test these other categories, too.

Men's Magazines: if your ad does well in *Popular Mechanics*, then test *Popular Science*, *Home Mechanix*, *Workbench*, and *Family Handyman*.

Outdoor Magazines: if men's mags work, try *Field and Stream*, *Outdoor Life*, and *Sports Afield*.

Opportunity Magazines: *Salesman's Opportunity* and *Specialty Salesman* are excellent for opportunity offers. If your ad works there, try *Spare Time*, *Income Opportunities*, and *Moneymaking Opportunities*.

Supermarket Tabloids: The king of all weeklies is the *National Enquirer*. It is often the most profitable ad buy you can make. (I've used this publication all by itself for some offers that weren't profitable in any other media.) If your ad works here, you can try its sister papers, the *Star* and the *Globe*.

TV Guide: Because of its gigantic circulation, this magazine is in a class by itself. If ads for offers similar to yours are running repeatedly, you must try it.

Local Newspapers: In general, don't use local or daily newspapers. They are not profitable. For an occasional offer, though, it may pay to test out daily or weekly papers because if they work, you can roll out to newspapers covering the entire U.S.—a combined circulation of over 30 million newspaper readers.

Women's Romance and Soap Opera Groups: These are groups of mass-circulation magazines—romance magazines, soap opera magazines, puzzle magazines, etc.—whose classified sections are sold as a unit by Classified Inc. in Chicago. The magazines don't sell space individually, only as part of a group. These groups are important because of their combined circulation.

Test large magazines first. They give you the lowest ad rates per thousand readers. And they generate the highest profits. If these large circulation mags work, then you can try lower circulation magazines. If your offer works in one or two magazines in a category, expand to the other large circulation magazines in the category. At the same time you are rolling out within a category, test out other categories.

Two ad agencies that specialize in placing classified ads in newspapers are:

American Classified Services, Inc.

24735 Fairbanks Ct.

Plainfield IL 60544

advertisingresults.com

Wide Area Classifieds

113 N. Minnesota St. PO Box 9

New Ulm MN 56073

www.wideareaclassifieds.com

The Follow-Up Letter

Classified ad selling is a two-step process. First, the classified ad generates inquiries. Then, a sales letter is sent to these inquirers to make the sale. Here's a 13-word classified ad I repeatedly ran for a booklet, *Home Earnings Opportunities For Men & Women*. (Notice how I used the dollar sign \$ instead of the letter S to jazz up the classified copy).

HOMEWORKERS ! Addre\$\$ Envelope\$. Begin Immediately. Stamped envelope: Marketing, 1723TH Franklin, Chicago IL 60605.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

When prospects answered the ad, they received the following sales letter, sent to them in their preaddressed, stamped envelope. The letter produced an average 18 percent sales rate.

1. <i>Heading</i>	<u>\$400 WEEKLY POSSIBLE ADDRESSING ENVELOPES ...</u>
2. <i>Salutation</i>	<p>"Howdy" from Chicago...</p> <p>How would you like to earn up to \$400/week by simply addressing envelopes? Let me introduce myself. My name is Matthews, with Marketing Publishing. Our firm specializes in the HOMEWORK INDUSTRY and I have something which might be of vital interest to you.</p> <p><i>You see...all across the country there are thousands of companies that send out millions of letters yearly. These companies could go out and hire office help to do this work. But rather than tie up valuable office space and pay extra insurance and taxes, they use home addressers.</i></p> <p><i>This is where you come in. If you can neatly fill in the enclosed coupon, then you can do this sort of work. No experience required. You put in as few or as many hours as you like. And you can address by hand or typewriter, whichever you prefer.</i></p>
3. <i>Indented Paragraph</i>	
5. <i>Subhead</i>	<p><u>IF YOU ARE INTERESTED ... THEN I AM INTERESTED IN YOU !</u></p> <p>We are currently showing interest persons like yourself how to go about contacting business firms and apply for such work. Everything is done by mail. The types of businesses you</p>

6. <i>Benefits to Readers</i>	<p>contact and who respond with addressing work available supply everything needed. There is nothing to buy.</p> <p>And the best feature is that since you'll be working as an independent self-employed home addresser for these companies, and not an employee, YOU'RE YOUR OWN BOSS. You work at home. You set your own hours. You work when you want so that the amount of money you make depends on how much time you want to put in. And you can quit anytime.</p> <p>In order to get started immediately, you will find all you need in our SPECIAL INDEPENDENT HOMEWORK PROGRAM. It gives you everything to make this the Opportunity of a Lifetime!</p> <p>You'll be given Special Application Form Letters for Home Work; you'll be shown how to send them to firms by mail; you'll be shown how to work by mail, no matter where you live. And you'll receive our valuable US Government Copyrighted Money Book, "How To Make Money Typing & Addressing At Home".</p> <p>It tells you ... in plain, simple words ... what to do and how to do it. How to get \$40 per 1000 envelopes; an extra \$12 per 1000 for putting stamps on them; an extra \$18 per 1000 for putting a letter inside them. And you'll discover the three insider's secrets you can use right away to bring you double these rates.</p> <p style="text-align: center;">I wish I could send this</p>
----------------------------------	--

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

7. <i>Justification of Price</i>	PROGRAM to all deserving persons free of charge. But this is impossible. It took time and research to put this program together. The Post Office would not deliver it for free. The printer would not work free. BUT IN ORDER TO get this opportunity into the hands of as many sincere persons as possible, I am asking ... NOT \$20. NOT \$15. NOTE EVEN \$10 (it would be a bargain at fifty times this price). But my SPECIAL LOW LOW PRICE TO YOU OF JUST \$7. That's right – only \$7.
8. <i>Subhead</i>	<u>AND THAT IS NOT ALL ...</u>
9. <i>Money-back Guarantee</i>	<p>When your program comes, I want you to examine it, read it, ACTUALLY USE your INFORMATION PROGRAM for up to 90 full days. I want you to see for yourself how much money you can make. And if at any time in this period you do not agree “this is the opportunity of a lifetime” ... that this is the best opportunity you ever had to help solve your money problems ... send back the Money Book and I'll cheerfully refund your money. <u>You can keep and continue using the rest of the program – free!</u></p> <p>I'll hold one HOMEWORK PROGRAM for you for a few days. But you'll have to mail the enclosed no-risk coupon with your remittance right away!</p> <p>I have a feeling you'll be glad you did. As soon as I hear from you, I'll send it right out!</p> <p style="text-align: center;">That's a promise!</p>
10.	

<i>Signature</i>	Bob Matthews, Manager
11. <i>P.S.</i>	P.S. Remember, complete the no-risk coupon NEATLY and return it to me now. I've enclosed a return address envelope for your convenience.

Writing the Sales Letter

Think of the sales letter as your salesperson who speaks one-on-one to your prospects. When writing the letter, “talk” to the prospect as if he were there in person. Almost every profitable mailorder sales letter follows a few simple guidelines:

1. It should look like a letter, typed on a typewriter.
2. Start off with a powerful headline that captures the reader's attention and promises a benefit.
3. Use a salutation such as **Dear Friend**.
4. Follow up with a copy telling how the prospect will benefit and what your item will do to make his or her life better. Create a desire on the part of the reader to purchase your item.
5. After you have made him want your product, you must now justify the price or prove it's a bargain.
6. Make the letter as interesting to read and look at as possible. Use small paragraphs, subheads, indented sentences and paragraphs, check marks, handwritten notes—all techniques to use so that it doesn't look like the page of a book. Start saving all the direct mail letters you get. All mailorder pros keep such a “swap file” to get ideas to incorporate into their own letters.
7. Always include a strong guarantee.
8. Always tell the prospect what to do. Near the end of the letter, tell him how easy it is to order.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

9. Include a **P.S.** Many readers scan this before they read the letter. Use it to restate the main idea of the letter. Or to offer a bonus for quick action.

10. Always include a separate order form and reply envelope to make it easy to order.

When starting out, send for the free details offered in the competitions' classified ads. If you're going to advertise in *Star* magazine's "Financial" classified category, for example, write to every ad printed there. The sales letters you get back will be the basis for your swap file. Then, just as you used the copycatting method to write your ad, so you should use this method when writing your letter, adapting parts of competitors' letters into your own sales letter. Using a pair of scissors, cut out sentences, phrases, words and paragraphs that appeal to you, paste them up in the proper sequence and then retype in your own style, using your own words.

When mailing the sales letter back to prospects, get a rubber stamp to stamp the outside of the envelopes:

**HERE'S THE INFORMATION YOU
SENT FOR**

or

\$\$\$\$ YOU SENT FOR THIS \$\$\$

or some similar expression

MANAGING YOUR CLASSIFIED MAIL ORDER BUSINESS

In order to run a classified business profitably, there are certain business matters you will have to

attend to. These include depositing checks, placing ads and shipping orders. Managing these operations efficiently could mean thousands of extra dollars in profits.

Banking

These days, most banks charge for every check you deposit, as much as 15 to 20 cents, and this can add up to real money. Depositing just 150 checks a week at 15 cents will cost you over \$1,100 a year. That's \$1,100 out of your pocket that you could use to grow your business or put away for your kid's education or take the kids to Disney World.

Therefore, it is very important to locate a bank that offers business checking accounts with no fees for depositing checks. Most likely, you'll be able to find one in your area. The 1st Nationwide Bank (1-800-652-1760), for example, with about 200 branches across the US, offers such accounts. If you cannot find a bank with no-fee business checking, you can at least save the deposit fees on money orders by cashing them at your local post office.

Placing Ads By Starting Your Own House Agency

Since you'll be writing and placing your ads yourself, you can have the 15 percent commission that magazines pay advertising agencies. These commissions can really add up. All you have to do is set up a house agency. There is nothing disreputable about this: some of the largest companies have house agencies.

Setting up a house agency is simple. Just give it a name that is different than your mailorder business, open a separate checking account, and print up some forms like that show below on standard 8 1/2 x 11 inch paper. A simple way to name your agency is to use your last name: for example, Young Advertising.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Young Advertising
111 Main Street
Midtown NY 11111
Phone (123) 111-1111

CLASSIFIED ADVERTISING INSERTION ORDER

To: _____ Date: _____

Order No: _____

Advertiser:

Product:

Please insert the following classified advertisement:

Issue:

Category or Heading:

Number of words: _____ Rate: _____

Gross \$ _____

Net (Gross less 15% less 2% cash) \$ _____

____ Repeat ad from _____ issue with key change to _____

____ New copy (Key: _____)

Sincerely,

Stephen Young

More Ideas For Booklets

Here are more topics, ideas and titles for booklets. You can change or rearrange titles and ideas in order to come up with new ideas or to adapt them to your own situation. For example, Job Opportunities in Las Vegas might be changed to Job Opportunities in Atlantic City.

SALESMANSHIP

Ten Ways To Close The Sale
Selling At Flea Markets
Is Retail Selling For You?
Ten Successful Selling Tips
How To Improve Your Sales Technique
How To Sell Sporting Goods
Directory Of Direct Selling Firms
How To Get Leads By Telephone
How To Recruit Salesmen

WRITING

Writing Mystery Stories
Writing Gags For Television
How To Write For Newspapers
Opportunities In Ghost Writing
Can You Write Science Fiction?
How To Write For Trade Papers
Writing For Children
Today's Market For Short Stories
How To Write For Religious Magazines
Write Pornography! It Sells!
How To Write Book Reviews

MONEYMAKING IDEAS

There's Money In Turquoise
Cash In On Today's Hobby Market
Investing In Real Estate
Twenty Ways To Get Rich Quick
How To Be Your Own Boss
Turn Your Ideas Into Dollars
Open An Art Gallery
How To Start A Delivery Service
Collecting Bills Can Be Profitable
Start A Bookkeeping Service
Pen Pals Are Big Business
Cash In On The Nostalgia Craze
Form Your Own Rock Group

Shipping Orders

After advertising, postal costs are usually the most expensive part of operating a mailorder business. You should learn the rules and rates for mailing under different classes of mail. One of the benefits of the book business is that the postal service lets you mail books at a discount "Media Mail" rate.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Start A Resume Service

Teach Children How To Dance

How To Run A Garage Sale

Making Money With Comic Books

Profits In Auctions

AUTOMOBILES

How To Tune-Up Your Own Car

Save Money On Auto Parts

Start Your Own Salvage Yard

Revitalize Your Transmission

How To Test A Car Before You Buy

Repair Brakes Yourself

GAMBLING

How To Be A Blackjack Dealer

Job Opportunities In Las Vegas

Gambling Secrets Revealed

Win At The Race Track

How To Play Keno

Baccarat For Beginners

Roulette Self Taught

Poker Players Handbook

How To Win At Blackjack

Better Bingo

Improve Your Bridge Game

How To Cure A Compulsive Gambler

BUSINESS AND CAREERS

How To Ask For A Raise

How To Mold Public Opinion

Write Your Own Resume

Earn Money Tutoring

Become A Professional Astrologer

Raising Funds For Profit

Gun Repairing As A Career

HEALTH

Old-Fashioned Cold Remedies

Facts About Arthritis

Ten Ways To Cure Insomnia

Recipes For Diet Candy

How To Care For Your Skin

How To Reduce

Foods That Keep You Young

MISCELLANEOUS

How To Be A TV Contestant

Facts Every Inventor Should Know

How To Read Blueprints

Retiring In A Mobile Home

How They Make TV Commercials

Are Employees Stealing From You?

How To Prepare A Publicity Release

Understanding The Stock Market

Effective Lecturing For Beginners

All About Mutual Funds

How To Pass A Lie Detector Test

Get Free Publicity For Your Business

How To Pan For Gold

Learn Tattooing

Build Your Own Canoe Job

Opportunities For Commercial Artists

Have Fun! Be A Ski Instructor

Jobs In Law Enforcement

Can You Manage Apartments?

Become A Book Finder

Writing For Small Newspapers

Opportunities In Advertising

Are You A Born Mechanic?

Is There A Place For You In TV?

Show Business Opportunity Guide

Environmental Careers

A Career In Nursing For You?

How To Break Into Public Relations

Be A Management Consultant

Your Future As A Travel Agent

Opportunities For Part-Time Workers

How To Succeed In A Job Interview

Summer Jobs In Nevada

Job Opportunities In Alaska

How To Be An Exotic Dancer

Start A Shopping Service

How To Start A Trade Paper

How To Be A Ventriloquist

The Florida Flea Market Guide

101 Ways To Decorate A Cake

How To Identify Counterfeit Money

Guide To Professional Cooking Schools

Facts About Franchises

20 Ways To Get Your Name In The Paper

How To Meet Celebrities

Guide To TV Talk Shows

Recipes For Homemade Jelly

How To Train A Hunting Dog

How To Hold A Fashion Show

Handbook For Street Musicians

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

OCCULTISM

Witchcraft Secrets Revealed
True Mystical Experiences
Your Handwriting Reveals The Real You
ESP For Beginners
You Can Change Your Destiny
Yoga For Beginners
An Introduction To Hypnotism
Relax! Learn To Meditate

Resources – Wholesale Book Sources

Here are some publishers and distributors that offer book selling programs, wholesale prices, or drop shipping of many different book titles.

Entrepreneur Group Inc., PO Box 19787, Irvine CA 92713

M.O.R.E. Inc., 305 E. Main St., Goessel KS 67053

Pat Flanagan Publishing & Design, 540 Imus, Mishawaka IN 46545

Premier Publishers Inc., PO Box 330309, Ft. Worth TX 76163

Profit Ideas, 305 E. Main St., Goessel KS 67053

MORE MONEY SECRETS

Mail Pushcart Vending

Pushcart or kiosk vending is an ideal first step toward the American dream. Such stands are increasingly common at shopping malls across the country. And weekly leases, relatively low rents, and ideal location keep risks low and the potential for profits high.

There are several advantages to operating a kiosk in a mall: First, you don't have to invest a lot in store fixtures. Your actual cost will be determined by how elaborate you make your stand, and how much of the work you do yourself.

Second, you'll need much less inventory to stock a kiosk than for a store. The average area may run about 100 square feet, and can be stocked for a much smaller investment than a store.

Third, owning a kiosk in a mall sounds more prestigious than a flea market or street corner stand.

Fourth, with the vacancy rate in malls way up, mall managers may be willing to negotiate attractive terms.

Fifth, an indoor mall location can remain open in the winter, or when it rains.

There are disadvantages, or course, and one of them is size. Your choice of merchandise is limited to smaller items. But even so, there's a practically limitless number of product lines you can specialize in:

Stuffed animals	Gloves
Jewelry	Kitchen utensils
Music boxes	Flowers
Balloons	Handmade belts and leather goods
Flags	Regional souvenirs
Sunglasses	Suntan lotions
Gift baskets	Handcrafted wooden toys
Key racks	T-shirts and sweatshirts
Key chains	Cosmetics
Nameplates	
Mugs	

And on and on. Fad items and impulse items are particularly popular. Most pushcart items sell in the \$10 range.

Your cart and display will have to compete with all that's around and catch and hold the shoppers' eyes. So the key to successful cart merchandising is to carefully choose and display your merchandise so it makes an immediate visual impact. Your merchandise line should be narrow in scope, focusing on a specific product line designed to create a strong visual identity for your

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

cart. If selling jewelry, for example, it should be all gold, or all shell, or all silver.

Kiosk policies vary from mall to mall. Some malls provide ready-made stands or booths, complete with electricity. In other malls, you'll have to construct your own. Lease arrangements vary too. Some malls will only give short term leases. Generally, malls want kiosks to sell items that fit the mall's image. Check out the retail shops in the mall to see that you don't compete. If you do compete, most mall managements won't rent you space.

Earrings Stall

More than 200 million earrings are sold annually by shops specializing in ear piercing and earring sales. And there's plenty of room left for others in this field—fantastic when you realize that markups typically range from 300 to 1,000 percent.

Specialize in jewelry geared to the teenage crowd. Set up your stall in a mall, at a flea market, or at fairs.

Buy the costume jewelry from wholesalers. Look in big city Yellow Pages for large costume jewelry wholesalers.

Purple Items

Her passion for purple led, a few years ago, to Louise Berenson opening her Purple Panache pushcart at Boston's Faneuil Hall (a historic waterfront building converted to a tourist mall). Berenson, a wife and mother of two, sells more than 100 purple-only products—including purple teddy bears, purple jogging suits, purple laundry bags. She has a list of 25,000 purple-loving tourists who've signed her pushcart registry. And between pushcart and mail order sales, she has annual sales of about \$250,000. The pushcart is open seven days, six evenings a week, and part-time employees help man it. You can close this idea in kiosks throughout the country.

Left-Handed Items

And in New Orleans, a successful mall stand sells items for left-handed people only.

Video Inventory Service

If you've ever filed an insurance claim for a loss due to fire or theft, you've seen the stalling tactics insurance companies have down to a science. Unless you had the foresight to keep a record of your possessions.

And what's the best documentation you can have? Photos are good. A videotape is better. A videotape with a narration describing the belongings – shot from several angles – is best.

Now here's the beauty of this plan. Not everyone owns a video camera or wants to be bothered. And that's where you come in. If you own a video camera, or rent one, you can start a Photo Inventory Service. Your prospects? Anybody who has homeowner's insurance or business insurance, or any kind of fire or theft coverage – and that includes homes, offices, stores, and factories.

How It Works

Insurance companies like detailed information regarding property and possessions before they settle claims for fire, theft or other loss or damage. The more specific proof a claimant can provide, the better his chances of effecting a favorable settlement. But, most people cannot readily remember what they own and its value after a loss occurs.

A videotape, however, of the insured possessions, can be excellent evidence when a claim is made. The insurance videotaping business is a simple field to get into, and aside from acquiring the necessary video equipment, a low-cost business to start. Potential clients include homeowners and business people. You go to homes, apartments, offices, businesses, and factories to photograph entire rooms and areas, individual items, valuable objects, closet and drawer contents, merchandise inventories and equipment.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

You can charge by the hour or by the job. Try to estimate how long a job will take so that you average at least \$50 an hour. The normal home should take one or two hours. Businesses are more complicated, take a lot more time, and therefore command higher fees.

Before doing any jobs for money, practice on your own home and those of friends and relatives. Then, when you've got the techniques down pat, you can videotape for money. Use your best tapings as sample videos to show prospective clients.

Getting Clients

Word-of-mouth referrals, distributing flyers, and getting referrals from insurance agents who then get a commission, are the best ways to get business. The flyer should point out that even though many homeowners think they can do it themselves, the services of a professional videographer are essential because the average homeowner never gets around to it; he cannot do a thorough job of documentation; a complete, professionally-made video can pay for itself a thousand-fold when a claim is made.

Go through the Yellow Pages and make a list of insurance agents. Then contact each one, explaining how they can increase their incomes by offering inventory videotaping to their clients. You could either phone or write the agents. Explain that they contact their clients on their own letterhead to recommend your service. When a client buys the service, the insurance agent gets a commission. Prepare a flyer that the agent can print under his own name to send out to his clients.

As an inducement to homeowners, offer, at no additional charge, to tape their children for a permanent record, thus helping with the problem of missing children.

Call your clients back each year to see if there are new purchases to be added to the videotape.

Taping Household Inventories

The purpose of the video is to help determine the value of the objects by establishing exactly what is lost, and the value and purchase dates of major items.

Go through the home, room by room, taking both close-ups and long shots of the valuables. Tape labels inside suits and on the back of china plates. Tape close-ups of registration, serial or model numbers on appliances and other equipment.

Have the client narrate the taping by telling about the possessions—purchase price, when purchased, conditions, whether or not they've been damaged, modernized or upgraded, or altered in any significant manner.

Gather all stock certificates, bonds, deeds, insurance policies, any important contracts, health records, bank documents, purchase receipts, every potentially important piece of paper. Tape them face-up on a table and have the client flip them over while you hold the camera.

Videotape the garage and cars or other vehicles, including the mileage on the odometer and any stereo equipment or other improvements which contribute to the value.

Tape the building exterior, recording all repairs, improvements, and defects. Move slowly around the building, scanning every part of it including roof and chimney.

Have the homeowner narrate the tape, describing each item in detail. Have him provide information about when the items were purchased and the original prices, and take close-up shots of receipts.

The finished tape should be from 20 to 60 minutes of nonstop display and nonstop talk. Make a backup copy and give the finished tapes to the client so they can store one copy in a safe deposit box or other off-premises location.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Taping Business Premises

Tape the business premises and its furnishings and equipment the same way you would tape a home, with the business client or some other official narrating the tape.

Tape the office, factory, warehouse, selling area. Start with wide shots. Then go from area to area, corner to corner, taping everything you see including machinery, display fixtures, shelves, carpeting, light fixtures, heating and air conditioning equipment.

Tape merchandise inventories. Usually, inventories consist of manufactured items packed in cases; for instance, one dozen pairs of sneakers per case. To tape the inventories stock of each item, pan the entire area, showing the quantity of cartons. Then, unpack a representative case and tape its contents.

Give the client two to four days to review the tape for errors. You should be under no obligation if they have omitted something, but if your camerawork was faulty, they deserve a re-taping at no charge.

Equipment and Techniques

The most expensive investment will be the purchase of video equipment. Initially—especially if you will start out doing just residential jobs—your ordinary home camcorder will do the job. But if you plan on doing business-related taping, you'll need better equipment.

Home systems use 1/2-inch videotape; professionals use 3/4-inch tape which gives a better quality picture. The ideal situation, at least when starting out, would be to rent the equipment when you have a taping assignment. Some video professionals never buy their equipment. They rent so that they are always assured of getting the most up-to-date apparatus.

Some manufacturers offer training courses where you can have the opportunity to use their products. Sony, for example, has a program called Sony

Video Utilization Services which provides training for both beginners and experience video people. If a local college or high school has a video program, contact the instructor for his recommendations as to what equipment to buy, and where to buy it.

When the client narrates the tape, describing each item, be sure he covers the following details:

Make/manufacturer

Model

Serial number

Purchased on _____ from _____, for \$_____.

Purchase documented by (receipt, cancelled check, credit card statement, video/photographs)

Current value according to client's estimate or certified appraisal.

Underground Car Dealer

Take a look at the classified ads in your local newspapers. Chances are they're full of ads for used cars. Problem is, most people don't know how, or don't have the time, to sell their cars. You can earn up to \$1,000 to \$1,500 a week helping these car owners find buyers for their cars.

An underground car dealer operates as follows. Run a classified ad that reads:

***WANTED: CARS, TRUCKS! I will sell your auto fast without cost to you.
Call 1-234-113-4567.***

When sellers call, tell each caller that you help sellers find immediate buyers, and that you maintain a list of ready buyers who may be interested in their auto. Make an appointment to check out the car and negotiate a price. Determine its book value and decide if you can make a \$750 profit. Never offer more than the dealers' Blue Book value minus what it would cost to put the car back into good, clean condition.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

You can also find cars by calling owners who have been advertising cars. Classified ads are usually charged by the line, so to cram as much information as possible into ads, descriptive abbreviations are used. To make it easier for you to read ads, here are some of the more common, but not readily understood abbreviations.

- a/t, at/auto: automatic transmission
- cass: cassette tape player
- cpe: 2 door
- cruise: cruise control
- exc: excellent condition
- h/b: hatchback or 3 doors
- hd: heavy duty suspension or shocks
- K: number of miles in thousands
- pb: power brakes
- sac: sacrifice
- sed: sedan or 4 door
- snrf: sunroof

Most dealers determine the average wholesale and retail prices of vehicles by looking them up in the NADA Used Car Guide. The book is published by the National Automobile Dealers Association (NADA), and is available at many book stores, libraries, and from NADA at 1-800-544-6232. There are nine different regional editions and it is published monthly. Using the NADA guide, you will be able to determine the true value to within \$25 of any domestic or foreign car, van or light truck. You can also check prices on the Internet. The Kelley Blue Book site, www.kbb.com, for example, gives you the bluebook value of most cars.

If you decide to offer a car, tell the owner you will advertise and sell his car at absolutely no cost to him, and that the vehicle never leaves the seller's property without his permission (perhaps to be washed and cleaned, and taken for test drives). Have the owner sign a consignment form (available at office supply dealers) giving you the right to sell his car for a certain length of time, say one month. At this point you have a car to sell that cost you absolutely nothing.

Clean up the vehicle to make it look as new as possible. This means polishing it, cleaning the interior and wheels, steam cleaning the engine. Take a Polaroid photo.

After a few weeks, or even sooner, you'll have a long list of cars for sale. Prepare a photo album with pictures of the cars. Your next step is to advertise the vehicles. Word your classified ad so it lists the car's options and make it sound as desirable as possible. For example:

VOLVO 740 TURBO 1998TEAL. CAMEL LEATHER INTERIOR, FULLY LOADED, ALARMED, GARAGED, MANY EXTRAS. SHOWROOM COND. ORIG. OWR. 32K MI. MUST SELL IMMEDIATELY. 1-877-555-6789.

To save yourself time and bother, for each car that you list set up a specific time for all prospects to see it. For instance, if your ad runs on Saturday, you can have all prospective buyers see it on Sunday at 4:30 p.m. Never let someone take a test drive without the owner or yourself being in the car; he may not bring it back. And when you sell a car, accept only cash; checks can bounce. And before the new owner takes possession, be sure you transfer title legally according to regulations of your state's Department of Motor Vehicles.

How To Make Fast Cash

If you need fast cash and your bank turned down your loan request, you can get cash by starting a moneymaking business that will pay off at once and that you can start on a shoestring. Here are a few such moneymakers you should consider.

Prepackaged Lunch Specialties

I was recently walking down New York City's Broad Street, near Wall Street, when I saw perhaps twenty people lined up next to a small station wagon. I was amazed to discover two people in the wagon selling homemade, prepackaged Italian hero sandwiches and platters. Providing delicious, inexpensive lunch specialties should be a fast

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

money-maker where there are large numbers of workers. Downtown areas chock-full of office buildings, factories, construction sites, schools.

Spend a day seeing what food services operate in the area. Are lunch wagons and food carts serving the area? If there are a lot of food vendors, this means there are large numbers of potential customers. Canvas offices, talking with people to insure that you have a market. Find out what foods people are most interested in buying.

Your best form of advertising will be fliers listing selections and prices and distributed in or outside office buildings and factories. Concentrate on quality, not variety. Plan three or four daily items, perhaps one being the special of the day. Change the special each day, but repeat the sequence each week.

Buy as many of your supplies as possible in bulk from restaurant wholesale outlets. They sell bulk coleslaw, potato salad, and the like as well as paper supplies. Prepare the food specialties in the morning so that they'll be absolutely fresh and neat. Dress well, and smile. If all goes well, you can live off of your proceeds immediately.

Hauling/Moving

You don't even have to own a truck to get into this business. Start out by renting on each time you get a moving or hauling assignment.

One out of five people move each year. As do a substantial number of businesses. You won't handle large or interstate moves, but you can handle a lot of smaller moves. And then there are all those people who aren't moving but who want to discard an old refrigerator, oven, or broken-down chair. Or need to have garden debris or an old fence hauled away.

Call yourself a trucker and not a mover to avoid licensing and regulatory problems, have your customers take responsibility for breakage on their own insurance so that you can avoid high

insurance premiums. Customers usually don't mind that you're uninsured; your low rates make up for it. Sometimes you'll have to pay for a damage out of your pocket.

Promotion: Post attractive fliers on bulletin boards and telephone poles:

MOVING/HAULING. \$17 / HOUR. Light Moving—Local and Suburbs. 1-987-555-6543.

If you're still attending school, head your flier:

STUDENT MOVERS

People always want to help students pay for school.

All fliers should have tear-off tabs with your phone number at the bottom. Place ads in pennysavers. Leave fliers or business cards with college fraternities and dorm managers, churches, real estate agents, apartment managers, furniture and appliance stores, scrap-metal companies, secondhand stores. Keep in touch with them regularly so that they will refer business to you.

Your hourly charge includes the travel time it takes to get to and back from the job. Rent the truck when you need it. You can also rent a hand truck, dolly and furniture padding. For many jobs you may need a helper or two, usually your friends.

When hauling away junk, your hourly fee is not all you can earn. Much of this junk has value and you can sell it—at a garage sale, flea market, to used furniture stores, thrift shops, through classified ads, even to antique dealers.

Appliances, rare books, lamps, paintings, antiques, old china, furniture, tools, office furniture, rugs, musical instruments, and all sorts of collectibles are just some of the things you may discover that could have value and bring you good money.

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

Some items are salable just as you receive them. Others, like furniture, toys, appliances, might need a good cleaning, a little paint, or minor repair,

As soon as you've set aside enough of the profits to put a down payment on a used truck or van, you've got your own real business. Promote it and you'll soon have two trucks—driven by people you hire.

For more information, read "How to Earn \$15 to \$50 an Hour and More With a Pickup Truck or Van" by Don Lilly, Loompanics Unlimited, PO Box 1197, Port Townsend WA 98368, Order Number 64073, \$12.95. Also, read "U-Haul Moving Guide", available free at or through local U-Haul dealers.

Delivery Service: you can add on delivery work to keep your calendar full. Contact large appliance stores, lumber dealers. Run ads for both your moving/hauling service and your delivery service.

Garage Sale Dollars

Whether you call it a garage sale, yard sale or moving sale it's a great way to turn items you don't want any more into cash. Here are ways to run a successful sale.

Preparing

1. Go to a number of sales to get the feel of them, taking note of effective merchandising and pricing. See which ads and signs draw your attention.
2. Plan your garage sale schedule. Weekends are customary, but many sales start Friday, and some start Thursday. They can range from one to four days.
3. Timing is important. Traditionally, the garage sale season is fall though spring, depending on where you live. Avoid holiday weekends because many people go away or to family events.
4. Most sales are held in the front yard, garage or even front stoop. Tell neighbors you're having your sale. Maybe they'll join in so you can offer more parking, plus you can split costs of newspaper ads and signs. And this increases

turnout because the more stuff on display, the more shoppers will feel it's worth pulling over to look.

5. When it comes to signs, you can't have too many. Make them bright, readable and identical. Post them starting at about a mile away from your home.

Setup

1. Set up card tables, benches and other horizontal surfaces for displaying items. Plywood on sawhorses works great. Hang dress clothes.
2. Think like a retailer. Most people like to shop in stores that are clean and feature attractive displays. Garage sale shoppers are no different. You want to show that this is a store, not a garbage dump. Keep merchandise organized and neat—that's the key to successful selling. People can't buy if they can't find it. Arrange items into logical categories. Keep small valuables, like jewelry or video games, close to where you'll be so you can keep your eyes on them.
3. Clean the merchandise. Put white sheets or paper across the display tables to provide a bright, clean surface to make items look newer and more valuable.
4. If you have some items that are showing their age, you may be best off not even trying to sell them. Otherwise, customers may assume that all the items are in similar condition. If you really want to get rid of them, consider placing them in a "freebie" box.
5. If you've got an item that still is a hot seller, such as a kid's toy, attach a picture of it from a recent catalog. Buyers can see that the price they're paying is a fraction of what it costs new.

Price to Sell

1. Typically, household goods and appliances that are in good, working condition and decent shape will fetch one-fourth to one-third of their original price. Make adjustments based on the condition of the item. This gives you "garage sale pricing" while still leaving room for negotiation.
2. Clothing, especially adult clothes, typically goes for less. People are wary of paying much money for clothes they can't try on. You should

CASH RESOURCES FOR INDIVIDUALS AND BUSINESSES

SOUTHWESTERN EDITION

By Joseph L. Chiappetta Jr.

have better luck with kids' clothes, since they're usually outgrown before they're worn out.

3. Try to price items in categories so you don't have to tag each item. Make signs like "All Items \$5" or "Books on This Table \$1 Each". When you do use price tags, place adhesive stickers where they're easily seen and won't cause damage. Otherwise, tie on stringed tags.

4. To start, have about \$50 cash and coins for change on hand. Decide if you will accept checks, hold items, or deliver larger pieces. Use a fanny pack or apron to collect money and make change—unattended money boxes can disappear.

5. Most people will probably pay the posted price. Others will make you an offer—haggling is part of the fun for many garage-buyers. But remember your rock-bottom price when bargaining.

Saving On Your Mortgage

For the great majority of us, the mortgage is the largest financial commitment we will ever make and the one where banks take largest advantage. Home buyers usually decide on a mortgage based on whether they can afford the monthly payments. Banks don't openly disclose that at typical interest rates, buyers repay about four dollars for every dollar they borrow over the standard 30-year term. So a \$150,000 mortgage will cost about \$600,000.

What to do: Increase the amount of your monthly payment. A very small increase—as little as 4%—can save you 25% or more of the total amount you repay the bank, and shorten the period to 20 years or less. While some tax experts advise keeping the longer period in order to take advantage of the homebuyer mortgage tax deduction, for the average homebuyer this is a big mistake. If you're in the 28% tax bracket, every dollar of unnecessary interest will cost you 72 cents after taxes.

The ARM (adjustable rate mortgage) is a terrible choice. It is a banking industry marketing gimmick to get you in with a deceptive "come on" discount

rate. And then it assures that banks get the absolute maximum from you, no matter which direction interest rates are headed. The risk is almost all yours: Bankers have tremendous influence over the way interest rates move; even if rates go down, they will fall more slowly than they rise.

The ARM is bad in another way: The prime rate tends to move in the opposite direction to the country's economy. So your mortgage payments will soar just when it is most likely you may lose your job or small business. And even if you keep your job, the larger payments may be so great you won't be able to afford them. If your ARM is based at 8% interest and then rises to 10%, your interest costs have actually risen by 25%—not the insignificant-sounding two percentage points advertised by your friendly banker. On a \$150,000 mortgage, that could mean hundreds of dollars more each month.

What to do: Go with a fixed-interest mortgage, unless you are sure you will be selling your house before the ARM interest rate can substantially increase.

Banks encourage mortgage holders to borrow against their home equity credit line. This is nothing more than a second mortgage in new packaging. It's true that the loan is tax deductible. But this advantage is quickly erased by fees for the application, credit check, appraisal and closing, and other costs. You'll probably wind up paying more in bank fees than you'll save in taxes.

In addition, because your home equity is your least liquid asset, you should save it for true emergencies. Using it to finance a car or home improvement is an unacceptable risk—if you default on the loan you could lose your home.