

IMMIGRANT LIVING: 101 AND BEYOND



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(Much of the economic woes we struggle with these days can be attributed to the impulse for instant gratification which American society, through its powerful influence-peddling media and with the help of the internet, engenders without apology. Need or want something? You can have it immediately, with little or no consequence. So the story line goes. By now, we know that's a brazen lie.

Experience has taught us that anything worthwhile takes perseverance, tough-minded discipline and the requisite time to see things through to fruition. Sadly, as many of us have found out while dealing with the heartbreak of foreclosures in a brutal recession, shortcuts often lead to short circuits.)

The practice of deferred gratification is a painful one. And who wants pain? It means letting go of the perceived whimsical, multiple yet tiny pleasures of the moment over a length of time in order to be in a financial position to afford the more significant purchases in one's life. It involves avoiding spending money on trivialities in order to save and accumulate substantial sums for the really important things in life—like being able to afford to have more time to do the things one likes to do:

Deferring Gratification

... So many of us define ourselves by what we have, what we wear, what kind of house we live in and what kind of car we drive ... If you think of yourself as the woman in the Cartier watch and the Hermes scarf, a house fire will destroy not only your possessions but yourself.

— Linda Henley

study, travel, paint, dance, write and a host of other things that one would have liked to do if there was time enough or the money to buy time. In the mundane world, it means quite simply, to be able to afford to buy what he believes to be important to his life, whatever these may be.

Deferring gratification involves patience and sacrifice and having to make do without the things that one wants right at that moment. Our natural tendency is to get the things that we want right at this moment to satisfy a whim or placate that impatient part of ourselves—even if we have to go into debt to do it.

Most trailblazing, first generation immigrants who have had to start from scratch and have had to make do during the early part of their immigrant lives, do not have a problem with sacrifice. It is part of who they are and what has made them strong and resilient in the face of adversity. The supreme irony is that patience as a virtue is not something that is automatically, genetically passed down to young people. We all have a natural aversion for pain

and sacrifice yet this feeling is strongest among the young ones in an affluent society.

Teaching a person to save and not spend all the money that he has in one fell swoop in consumable, useless, mere image-building, ego-satisfying items is done best at a very young age. Parents who succeed in teaching their children to save even small amounts of money will have laid one of the basic foundations of building character in a young person.

The way to save money has always been to pay one's self first and accumulate small amounts prodigiously over a length of time. In the world of ordinary, earned money, it is not what you make that counts, it is what you get to keep.

Out of any amount earned, won or received, and before buying anything, a minimum of 10 percent is taken out and is socked away in a savings account that should earn interest. In some cultures, parents teach their children to put away 20% or more of whatever money their children receive. This account

is maintained and added to on a regular basis and kept until it reaches a critical mass and can then be placed in fail safe financial instruments for longer terms that can earn compound interest. This practice teaches patience and a healthy respect for saving money over time and keeps a run-away consumer frame of mind in check.

Young people will be tempted to spend it all on one big purchase that they feel is something that they need. It is their money after all and they should be able to do so. Their decision to spend it all after they have taken the time and the effort to save it can provide them one valuable learning experience about how to make judgment calls when it comes to money. The idea is to start them thinking and developing the discipline of paying one's self first with any amount of money they earn or receive as a gift. They will begin to regard small bits of money as tiny droplets that in time can form a pond or a lake that is ready to be tapped when a really important need arises.

One benefit of saved money

is that when a rare opportunity arises for those in a position to take advantage of it, like a trained soldier in full battle gear, he can be at a vantage point to make a decision, act on it and score a hit. Picture making a strong, hard-to-resist offer on a house you really see yourself living in for the rest of your life and getting it on your terms. Saved money can act as a buffer against the unforeseen, such as losing one's job to help tide you over the rough spots until you find another. It can even serve as a welcome salve for an emotional downturn. Transitions are always tough. Money makes it easier to navigate. That Cami-

val cruise to the Caribbean can help soothe a broken heart.

A caveat is in order though: BALANCE IS THE KEY. It is quite possible to go to the deep end and become a soulless, dried-up old prune like Scrooge. There's just no sense being moneyed yet miserable.

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Too much debt making loan modification difficult or impossible?



Minding your Finances

Atty. Raymond Bulaon

AS the mortgage crisis continues unabated, more and more people facing foreclosure are also being forced in to bankruptcy. It appears that a lot of homeowners who couldn't make their mortgage payments have been tapping into their credit cards and other personal lines of credit to get the cash that they need. Once the credit cards and the credit lines are maxed out, of course, these people find themselves in an even bigger financial mess. According to a recent survey, credit card debts are at an all-time high and if this trend continues, I predict that bankruptcy filings will continue to rise as they have over the last three years since the new bankruptcy laws were passed.

Lately, I've been seeing a lot of homeowners who are considering bankruptcy but are also in the process of trying to get a loan modification with their lender because they have a foreclosure pending. A lot of them are telling me that their lender has told them that they do not qualify for a voluntary loan modification because of their high debt-income ratio. What this means is that if you owe a lot in other debts (such as credit cards, personal loans, etc.) besides your mortgage, the bank may think that even though your mortgage payments are lower after your loan is modified, it would still be difficult or impossible for you to keep your home because you have other debt obligations that must be paid (and a lot of people in foreclosure are also behind on all their other debts so these debts are showing up as collection accounts on their credit report). In other words, the bank may be telling you that given your current debt load, you simply cannot afford to keep your home and they would rath-

er cut their losses and foreclose on your home because they are left with no other option. Bear in mind that banks hate foreclosing on any property but will do so as a last resort.

Because of the massive number of foreclosures that banks are currently dealing with, I find that a lot of lenders are slow these days in initiating the foreclosure process even when the borrower is already several months delinquent. However, in California, once a Notice of Default is filed against the property, the 90-day statutory period begins to run and the clock starts ticking. Unless the foreclosure is stopped, by filing bankruptcy or other legal means, the lender only needs to give 21 days' notice (by sending the borrower another document called "Notice of Trustee Sale") after the 90-day period in setting a sale date for the property being foreclosed on. Filing bankruptcy, Chapter 7 or Chapter 13, will immediately stop the sale from going forward and the bank will need court permission to continue with the process if mortgage payments are not being made. An experienced and knowledgeable bankruptcy attorney can explain to you how Chapter 7 or Chapter 13 may help you save your property or at least postpone the foreclosure sale so that you can look at all other possible options. In Chapter 13, it is also possible to "strip down" or remove your 2nd mortgage if the current market value is below the amount of the 1st mortgage.

Eliminating (or at least consolidating) your debts may improve your debt-income ratio and this may be what your lender wants to see when considering your application for a loan modification. Of course, this is just one of the factors that they take into account when evaluating your financial information. Just as important are your ability to show regular and stable employment as well as an assurance to the lender that whatever caused the financial hardship to begin with is now behind you so that you

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