New tax law will cost credit consumers

America's 72 million credit card consumers are getting the "double whammy" with the new tax law that eliminates interest rate deductions, warned the Bankcard Holders of America (BHA), who advises credit card users to switch to low interest rate cards before the Internal Revenue Service implements the new law in 1987.

Elgie Holstein, BHA director, urged consumers to reduce their debt as soon as possible because "under the new tax law, consumers in the 50 percent bracket who now receive deductions of fifty cents on every dollar they pay in interest will be able to deduct only three cents on each dollar in 1990."

"The new tax law makes credit card borrowing, already the most expensive form of loans, even more expensive," said Holstein. "Congress refused to put a cap on the interest rates banks can charge credit card holders and now they have taken away the only form of relief consumers have had from excessively high rates."

"With over $80 billion in outstanding balances, high interest rates mean millions of dollars in extra profit for the banks. For those two-thirds of all cardholders who carry an average monthly balance of more than $1,500, this could mean over one hundred dollars in extra interest costs each year," said Holstein. "It's time to stop paying outrageous interest rates like the 19.8 percent that Chase Manhattan and Citibank charge. Consumers can switch to those rare banks offering credit cards with 12 percent or 13 percent interest rates — you just need to know where to look for them."

BHA offers consumers a list of banks that have low interest rates ranging from 10 percent to 16.5 percent. According to Holstein, thousands of people contact his office each week for a copy of this low - interest - rate list.

"The banking industry continues to charge astronomical rates plus high annual fees for credit cards, and provides the consumer with very little information in their advertising about where they can find the best deal," added Holstein.

Studies show that six out of every ten credit card consumers do not know that interest rates vary from bank to bank. BHA contends that even if they knew how to shop around for the best deal, they still would have a hard time learning the terms and costs of each card offer.

"Banks don't want that information to get out to the public because they make too much money," said Holstein, adding "we don't want unreasonably low rates, we just want fair rates." Last year, banks made over $3.6 billion in profit from their credit card operations.

According to government statistics, the rates banks have paid for money has declined by 50 percent since 1981. While rates for all other consumer loans have dropped dramatically, credit card rates and fees continue to climb.

To help credit card holders find low - interest - rate credit cards, BHA has compiled a list of banks throughout the country offering the lowest rates. Consumers can obtain the list by writing to BHA, 333 Pennsylvania Ave., SE.

The first electric shavers went on sale in 1931.

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Consumer group reveals 'ripoffs'

WASHINGTON — Some banks are charging $30 bounced check fees and 22 percent credit card interest rates, but consumers can get better deals - just as with airline and phone rates - if they shop around, a consumer group says.

The Consumer Federation of America said Americans can live with a deregulated banking industry just as they learned to live w h deregulated airline and elephone industries - with patience and comparative shopping.

"There's a wide variation in sophistication. There are tens of millions of American families that are unfortunately financially illiterate," CFA Executive Director Stephen Brobeck told a news conference.

"Surveys show that tens of millions of American adults are unable even to maintain a checking-account. If you can't maintain a checking account, apparently even including some people in this room, how can we expect them to go out and secure the most favorable adustable rate mortgage"

Brobeck offered "The Bank Book," a new CFA publication, to help consumers educate themselves.

"Banks are charging what the traffic will bear and because of the illiteracy, it will bear a lot," he said in an interview.

But Kirk Willison of the American Bankers Association, said many banks charge high credit card interest rates because the consumer demand is higher and banks with higher fees are more willing to take on riskier customers.

He said, "That's what competition is all about. Going back to airlines, you can fly first class or you can fly coach or you can fly People's Express.

"If you're willing to give up convenience to look for the best deal . . . . u can do real well."

The book exposes as banking "rip - offs:"

- Bounced check charges of $30.
- Credit card interest rates as high as 22 percent.
- Money order fees of $10.
- Monthly service fee of $5 on passbook savings when a minimum balance is not met.
- Early withdrawal penalties nearly $1,000 more on some three - year $10,000 certificates of deposit than on others.
- Application fees on car loans as high as $100 that are not included in the annual percentage rate.
- A $4 charge for paying a monthly bank card in full.
- A $25 charge to close an account within a year after it is opened.

The book advises:

- Place funds only in federally insured institutions.
- Use a checking account with low minimum balance require' ments.
- Against keeping saving savings over $1,000 in a passbook account.
- Avoid borrowing from a finance company or retailer.
- Fixed-rate mortgages are generally the best way to finance a home.
- Refinance a home when interest rates drop.
- Shop around for loan rates and other charges that can vary by 100 percent.

—Ainsworth Paint

(Continued from page 16)

productivity by allowing all employees to have a vested interest in the success of the corporation. This objective will be achieved by establishing profit-sharing/stock-option plans, end-of-year bonus and an excellent employee benefits package.

3. To insure good channels of communication within the corporation. Communication is essential to the smooth and efficient operation of any endeavor. The directors of this corporation will ensure good communication by implementing a team approach to management. The organization will be lean and functional with an open-door policy and direct lines to all employees. Employees will be encouraged to enter training programs to increase their value to themselves and the corporation. Cross-functional mobility will be a reality within Ainsworth Paint and Chemical Corporation.

4. To serve as a vehicle by which gifted and motivated individuals may fast-track through the various functional areas to learn the workings of business and then contribute to this organization...or spin-off and form subsidiaries or other corporations.

5. To serve as a social conduit by providing inspiration and hope to the minority community and the community in general. In this time of increased emphasis on reduction in federal spending, it becomes necessary for business to implement programs to provide jobs for willing workers. Ainsworth is founded on the belief that minority business participation is essential in helping to reduce unemployment within the minority communities.

By locating near these communities, Ainsworth Paint and Chemical Corporation can help to re-vitalize areas within the city by strengthening the tax base and improving the health, safety, and well-being of the overall community.

Near future plans of Ainsworth Paint and Chemical Corporation include franchising retail outlets for the distribution of its paints, initiating scholarships and internships to local black colleges to develop a pool of resources in paint technology, and having the name "AINSWORTH" become a household word.

Ainsworth welcomes any inquiries that the public may have in reference to its franchising plans. You may contact Sonia A. Stockton or Peter A. Smith at 522-4743 for more information.

Housing bigger issue for states

WASHINGTON — Housing programs and standards will become larger issues for state-level officials as the federal government abandons its historic role in shaping such policies, a new report concludes.

The 28-page study, "Decent and Affordable Housing for All: A Challenge to the States," argues that as the Reagan administration retreats from a primary role in national housing policy, states will have to find new and innovative programs to provide adequate shelter.

The report, which found "a fundamental shift in federal housing policies," was reported by the National Governors' Association, the National Association of Home Builders, the Council of State Housing Agencies, the Council of State Community Affairs Agencies and the National Conference of States on Building Codes and Standards.

"Federal budget authority for programs designed to help the poor and elderly obtain decent housing has been cut more than 60 percent since fiscal year 1980," said Kent Colton, executive vice president of the home builders group.

"Six years ago, housing received 5 cents of each budget dollar authorized, while today housing gets less than one penny of each budget dollar," he said.

In addition, the report noted, the number of authorized subsidized housing units for the poor has declined by two-thirds since 1979 to a level sufficient to meet only a quarter of growth in eligible households.

"Housing has become much more costly since 1970, outstripping increases in income," the study said. "Real incomes are up only 7 percent, while real house prices have risen 28 percent and mortgage interest rates are still a third higher than in the early 1970s.

"High house prices and mortgage interest rates have pushed home ownership beyond the reach of thousands of younger households," it added. "Home ownership among households headed by person 30 to 34 years old fell from 63 percent to 54 percent since 1978, and the overall national ownership rate is down from 66 percent to 64 percent."

The report said that as housing begins to emerge as an important issue on the state level, policy makers should undertake "a housing needs assessment."

Today's Investor

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be good for you as an individual depends on your personal circumstances. It should be kept in mind that bonds have a fixed value and if held over a long period the only return is the interest you receive over the period.

The rate of interest paid by some good quality corporate bonds may be high enough to give you more net income after taxes than the municipals would. Also it should be kept in mind that for the last fifty years the return from stock has been more than twice that of bonds.

P.G. County named in city contest

Prince George's County has been named as one of 16 finalists in the annual All-American City competition, sponsored by the National Municipal League's Citizen's Forum for Self-Government and USA TODAY newspaper.

The county was selected for the finals from a field of several hundred applicants.

William Quinn, former governor of Hawaii and foreman of the All-American City award jury says, "we say All-American City — but the awards have gone to communities large and small . . . this makes clear that the awards do not go to a place but to the citizens."

"The awards do not recognize landmarks or beauty, but rather a way of civic life, filled with vitality, good will, perseverance and imagination," he said.

County Executive Parris Glendening explained that the County's presentation to the awards jury focused on citizen action and the renaissance in County affairs over the past few years.

Consumers Take Advantage! — October car sales up 22.6%

DETROIT (UPI) — The nation's automakers said Tuesday car sales rose 22.6 percent for the first 10 days of October as buyers took advantage of the final days of lucrative buyer incentive programs.

The seven companies, General Motors Corp., Ford Motor Co., Chrysler Corp., Honda Motor Corp., American Motors Corp., Volkswagen of America and Nissan Motor Manufacturing U.S.A., reported combined sales of 247,623 in the United States during the latest period, Oct. 1-10.

This compares with 202,002 units sold in the year-ago period.

The daily selling rate of 27,514 cars compares with 22,445 for the same period last year and marked the highest Oct. 1-10 selling period since 1978.

The annual rate for the industry during the period was 7.9 million cars, compared with a soft 6.4 million last year. So far in 1986, the companies have sold 6.63 million cars, down 1.5 percent from the 6.73 million units sold in the comparable 1985 period.

There were nine selling days in both periods.

For the period, GM's sales rose 28.6 percent, while Ford posted a 23.3 percent gain. Chrysler reported a 2.5 percent gain from strong year-ago levels.

Among the smaller companies, AMC's sales were up 8.7 percent. AMC was the only carmaker to announce it would extend its zero-percent financing on most 1986-model vehicles through October.

Sales of Honda's U.S.-built models only were up 152.4 percent due to increased capacity this year. Volkswagen's domestic-made models showed a 13.1 percent decrease. Nissan reported a 20.4 percent decline from last year.

Most analysts believe the cut-rate financing and cash rebate offers that have buoyed the industry for more than a year will return sometime in mid-November after carmakers see sales dry up without them.

"What we see in this period is the run-out effect — in other words buyers are running out to the dealers to take advantage of last minute deals," independent analyst Arvid Jouppi said.

Jouppi said he believes car sales will be weak in the next few periods and that incentives will return to the market by mid-November.

"It will be a double incentive — one by the carmakers and one by the tax laws," he said. The tax law next year forbids individuals from claiming any sales tax or interest payments from new car purchases.

Thomas O'Grady, head analyst of suburban Philadelphia consulting firm Integrated Automotive Resources Inc., said the expiration of incentives combined with the recent 1987-model price hikes posted by all automakers will mean about a 10 percent increase in car prices.

IN DETROIT — The Ford Motor Company showed this concept car, the Vignale Gilda, at the Paris Auto Show earlier this month. The high-priced, two-seat luxury car, based on a Mustang chassis could become a 1989 model.

—AFSCME blasts

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in-house management that can effect the same kinds of economics and efficiencies that good private managers achieve, without he added problems that contracting out brings," the AFSCME report concludes.

The AFSCME report also contains examples of local communities which considered contracting out professional services but decided that AFSCME members could perform the services better and more efficiently.

For example, in Erie County, New York a program to contract out medical services for the county's elderly population was rejected by local policymakers in early 1983.

A study of the situation convinced lawmakers that the proposed privately-run system would be more expensive and less efficient than the current system run by county employees.

In Philadelphia escalating costs associated with the contracting out to a private concern of the collection of the city's user and occupancy taxes caused the city administration to decide to turn collection of the fees back to public employees by late 1986.

Voicemail offers business tips

Associated Enterprises, Inc. is now offering its Voicemail® subscribers access to a concise, comprehensive audiotex library about business ownership at no additional cost.

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For more information about business-tips or Voicemail®, call associated at (301) 841-6920 in the Baltimore-Annapolis calling area and (301) 261-8775 in the Washington, D.C. calling area.

The lexicographer Noah Webster, instituted reforms in the English language that were largely responsible for the difference between American and English spelling.

Understanding Real Estate

Where to get money to buy a new home

By Elliott J. Glasser

With banks, savings and loans, government agencies, private lending companies and home sellers all getting into the financing arena, there's a lot to consider before you decide how to finance your new home purchase. (All these questions would have been welcome a few years back, when you knew exactly where to go to obtain a mortgage — but the loan-givers weren't faced with much competition, and pretty much had you at their mercy!)

Today's home (and land or business) buyers have a myriad of options to choose from — and at this year's interest rates, Americans are checking out those financing options like never before!

Especially for first-time home owners or small business buyers, federal government agencies such as the Veteran's Administration and the Federal Housing Administration offer assistance to buyers, within certain income and purchasing guidelines. Many state and local agencies also have programs to assist buyers.

Another good way to finance your purchase is to assume the seller's previous mortgage, if possible, and if the interest rate is favorable. First, check the terms of the seller's mortgage agreement. Sometimes a loan comes due upon sale of the mortgaged property. If this is the case, see if the original lender will forego that part of the agreement and accept continuing the payment plan.

In some instances, the seller has paid off a large portion of the loan, and your downpayment money may not be enough to cover his equity. If so, talk with the seller about financing the sale himself. He'll get the benefit of added interest income, while you can get the benefit of paying lower interest rates than you would at a bank.

The seller might also agree to carry a second mortgage on the amount between the existing mortgage and your downpayment.

Sometimes, though, the seller is unable or unwilling to help with financing. Ask your real estate agent if he or she knows of area mortgage brokers, who specialize in finding loans at lower interest rates than most banks or savings and loans.

Shop around at various banks and savings and loans — and go directly to the loan officers. It's their job to help you understand the types of loans available and at what interest rates. Different institutions will have different rates, and even a few varying percentage points will make a big difference in the total cost of your purchase in years ahead.

Whether you're buying a dream home, land or business, you can see that you have several options as to where to obtain the money. Ask your real estate professional for advice. He has had to deal with financing situations since becoming an agent, and if he doesn't know the answer, he can find someone who does.

Don't get involved in a "hometown hustle," unless you're willing to let more of your money go than necessary. An agent with a nationwide real estate firm will help you find financiers not only in our hometown, but in area cities, or maybe even through a special financing branch of his real estate company.

Your dream is attainable! But, don't just dream . . . take positive, knowledgeable action to finance that dream!