

MINDING YOUR FINANCES



By Atty. Raymond Balaban

I AM often asked: *If I am not paying my creditors and a lot of my accounts are already in collections, what can creditors possibly do to me or my property? Can I go to jail for not paying my debts? Can my creditors force me to appear in court? How can I possibly protect myself and my property?*

Serious debt problems can put your financial security at risk. I am always perplexed as to why people wait until things get worse before taking action. For example, if you have just been sued by a creditor, the best time to find out what your options are is NOW, not after the creditor has obtained a judgment against you. Why is this important?

If you are already pulling your hair out just trying to make ends meet with your limited income, how much more painful would it be if your paycheck got garnished? Can you live on less income and still keep the lights on? If you are a homeowner, the judgment creditor can also place a lien on your property. This makes the creditor a "secured creditor" and the lien becomes an "encumbrance" on your property. What this means in layman's terms is that if you ever decide to sell your house in the future, you will need to pay the judgment amount in full, plus all the interest that has accumulated since the lien was recorded. Pretty convenient for the creditor, don't you think? Like

CAN'T PAY BILLS

'What Can Creditors Do to Me?'

money in a savings account that earns interest, they just wait for the day you sell your property so they could collect on their investment. In certain cases, it may also make sense for the creditor to sell your property to enforce their lien and collect their money now instead of waiting until later.

Now if you have several creditors and they all got judgments and filed liens against your property, the lien amounts could potentially exceed your equity in the property at the time of the sale. This could make it IMPOSSIBLE for you to sell your property especially since you still have to pay your real estate broker. Is this what you want to have to deal with when the time comes? Thus, your home which you had originally thought to be "a good investment" turns out to be your worst nightmare!

But what happens if you have no assets? Well, if you're unemployed and own nothing, maybe you can tell the creditor to go "pound sand." In legal parlance, you may be "judgment-proof." What this means is that although the creditor has a judgment against you, it may be worth no more than the paper it's written on if the creditor is unable to collect. Thus, you may have to put up with the harassing phone calls and the nasty collection letters (in some cases you may also be called to appear in court for something called a "debtor's examination," in which case, a bench warrant for your arrest may be issued if you ignore it.) Other than that, if you own nothing, obviously, there's nothing

to lose. The reality, however, is that most people at least have a job and that is all a creditor needs to know before proceeding with a lawsuit. Once you've been sued, things could get ugly pretty fast. If you have a bank account where you keep what little savings you have and where your paycheck gets direct-deposited, the creditor could take all your money in one fell swoop and you'd be scratching your head trying to understand what just happened.

Should you file bankruptcy or work it out with your creditors? An experienced and knowledgeable bankruptcy attorney can help you explore your options. Don't jump into filing for bankruptcy right away without knowing all your options. Things can also be critical. Some cases require some advanced planning so that the sooner you see an attorney, the better.

Since 1997, I have helped thousands of clients get out of debt. Let me help you determine if bankruptcy is right for your situation and/or if other options are available. Call Toll-Free 1-866-477-7772 to schedule a free office consultation. We have offices in Glendale, Cerritos and West Covina.

Atty. Ray Balaban has successfully helped more than 4,000 clients get out of debt. To schedule a free attorney consultation, please call Ray Balaban Law Offices at TOLL FREE 1-800-224-7224 or 1-866-477-7772.

None of the information herein is intended to give legal advice for any specific situation. (Advertising Supplement)

BARRISTER'S COLUMN



By Kenneth Reyes Reyes

THE date of separation is one of the most litigated issues in a divorce case. Its determination can have a significant economic consequence in the outcome of the case. The reason being, a spouse's "earnings and accumulations" after a judgment of legal separation are his or her separate property. A spouse's "earnings and accumulations" while living separate and apart from the other spouse are his or her separate property as well pursuant to *Family Code*, § 773(a).

"Separation" requires more than a rift in the spouses' relationship. The date of "separation" occurs only when the parties have come to a parting of the ways with no present intent to resume their marriage and their conduct evidences a complete and final break in the marital relationship. In simple terms, it the first point in time when either party decides to finally end the marriage with no intent to

Why is the Date of Separation Significant in Divorce Cases?

return to their spouse. The burden of proof required to prove this is a preponderance of the evidence.

A spouse must show that 1) the spouse entertains the subjective intent to end the marriage, and 2) there is objective evidence of that intent. A party's intent may be evaluated in terms of the spouse's words and conduct evidencing this intent and this should occur simultaneously.

Moving out of the house from where your spouse resides may not be sufficient to signify a separation. The party's conduct toward each other evidences ongoing economic, emotional, sexual and social ties such as joint checking accounts, credit cards, tax returns; joint acquisitions; joint vacations; exchange of gifts and cards; continuing financial contributions to the marital community; attempted reconciliations may show conduct inconsistent with a complete and final breakdown in the marriage. Discontinuing sexual relationship with your

spouse and commencing extramarital cohabitation may not suffice to signify a separation date either.

The parties must be living apart physically. The Court usually looks at all objective facts and circumstances in determining whether the parties are living apart physically. Living in separate dwellings alone may not meet this requirement. Some couples have successive series of separation then reconciliation. The act of reconciling in essence vitiates any evidence of a complete and final breakdown of the marriage. Due to the heavy factual showing required in litigating this issue, the date of separation is susceptible to trial bifurcation.

Atty. Kenneth Reyes is a member of the American Immigration Lawyer's Association (AILA) and the Los Angeles County Bar Association, Immigration and Family Law Sections. You may contact Atty. Reyes at (213) 268-1611 or via e-mail at kurreyes@aol.com. LAW OFFICES OF KENNETH REYES, P.C. is located at 2699 Wilshire Blvd., Suite 700, Los Angeles, CA. (Advertising Supplement)

A Little Goes a Long Way: Smart Secrets to Budgeting

By Nicholas Tan

THERE'S nothing more we want than to be able to efficiently manage our money. After all, the money that we want to manage is money that is oftentimes, hard earned. This is where a budget comes in. A budget executed properly, should help you see where your money is going, get more utility out of every buck, and help you save some extra for future use.

The first smart secret to a budget is to set a goal. What do you want to achieve? Do you want to correctly appropriate your income into bills payments? Do you want to put an amount aside for a big purchase or a huge investment? By having a goal, you will be able to shape your budget to best serve your interests. Secondly, you would want to take note of where your money usually goes. This includes bills, major but regular

purchases like grocery costs, healthcare costs, and the like, and every day miscellaneous purchases. Only when you list down where you know your money usually goes will you be able to identify which expenses you can do without.

Once you've identified these regular expenditures, take into consideration what you can cut back on. How much do you spend on your daily caffeine fix in the morning? How much do you spend on newspaper deliveries to your front door? The measly \$2 or \$5 of these small purchases cumulatively translates to more than \$3600 a year! Instead of buying your expensive latte or reading the newspaper on print, put aside the amount you would usually pay for these small routine purchases in a small container. You will be surprised at how much you're saving out of your older budget.

Being indebted is a vicious

cycle on its own. You're talking about continuous payments, not to mention huge interest rates. The best way to deal with this is to pay the minimum on all of your debts in order to avoid paying exorbitant late fees. Whatever cash excesses you may have, you can opt to add on to the payments you make in your biggest debt. This way, you are concentrated on getting the biggest debts first that cost you the greatest interest rates. Doing this progressively, you'll be amazed at how much you'll get off your huge debts.

The last and most important step is to jot down the amount you earn the sum you spend. You can make use of computer cash management programs, or make database sheets of your own. Make a system that works for you and will help you keep track of your monthly budgeting progress. (Articlesbase.com)

5 Ways to Leverage Credit to Generate Wealth

By Harrine E. Freeman

ACCORDING to the Spectrum Group, in 2005 there were 7.5 million millionaires in America. One way to leverage credit to generate wealth is by having a good credit score. Having good credit can save you thousands of dollars over the life of a loan. Even just 1 percentage point can save you \$20 to \$300 dollars a month. The money saved can be used to invest, or borrow money to purchase assets to generate wealth. A good credit score

usually 700 or above can help you in a number of ways, including the following:

- Increase your financing options
- Get the lowest interest rates
- Allow you to pay less for purchases
- Spur competition between companies for your business
- Invest in profitable opportunities
- Establish a solid credit rating
- Get approval for larger loans and higher credit limits

- Provide quicker approval times
- Look favorable when applying for a job

Here are 5 ways that you can leverage your credit to generate wealth:

1. You should become a homeowner. Becoming a homeowner increases your credit score, proves that you are a responsible spender, provides a tax write-off, and provides you with an asset that will appreciate over time which increases your net worth.

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How to Sell Your Home...

From PAGE C1

that myself," asks De Luca. Instead of spending thousands on an agent, he invested \$249 to market his three-bedroom home on ForSaleByOwner.com. De Luca's listing package included a guidebook to selling your own home, and other resources to walk him through the entire real estate process. He also received a ForSaleByOwner.com yard sign that signaled potential buyers to view his home on the Internet, and a home appraisal report that compared his home to others in the area and gave him market information so that he could price his home accurately. De Luca noticed that similar homes in his neighbor-

\$340,000 and hadn't moved. Figuring that he was saving on commissions, he sold his house for \$335,000 within 45 days. Had he gone with a commissioned agent, it would have had to sell for \$355,000 in order for him to pocket the same amount. "I'll never use a real estate agent again," De Luca proudly says.

Another ForSaleByOwner.com customer, Bruce Brandywine of Tampa, Fla., attracted a buyer who saw his online ForSaleByOwner.com property ad and toured it during an open house that he hosted himself. "Who knows my home and can possibly explain its features and attributes better than myself?" he asked rhetorically. To close the deal and give him piece of

locked, he hired a real estate attorney to handle all of the necessary paperwork.

Brandywine is not the only one choosing to skip the "middleman." ForSaleByOwner.com estimates that "for sale by owner" sellers saved almost \$9 billion in home value during 2007.

"The real estate market is expected to be tough for at least the first half of 2008, so we expect more people will avoid using a commissioned agent in order to price their home competitively and save more of their home's value," says Eric Mangano, director of consumer relations at ForSaleByOwner.com.

Whether you're planning to sell in the near future, or are looking to buy, log on to www.ForSaleByOwner.com for the help you need today.

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