

# **Don't Pay Your Debts "The Financial Vigilante"**

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Don't pay your debts. That's right. How's that for a heads up on 2009?

Are we talk'n bankruptcy? No.

Financial suicide? No.

We're talk'n how to get ahead in 2009 if you're in the hole with too many credit cards or you're paying way too much on your mortgage and you want out from under. Hmm...

Forget those financial gurus who say, put aside eight months in expenses to save for a rainy day – just in case. In case you lose your job. In case a massive tsunami swoops down and carries us away to a place where lenders throw the economy into chaos by letting all the buyers in and pumping - and then, pushing all the homeowners out through foreclosures and distressed sales ... and dumping. Pumping and dumping. Pump till values are sky high. Dump till values take a nose dive and lenders eat themselves alive and all those billions in equity go wee-wee-wee all the way home. Yuk - imagine that.

## **Modification Agreements to Make Your Mortgage Kinder and More Gentle**

Say you've got first and second mortgages and you're upside down with the mortgages topping your house by a hundred grand. And say those mortgages look even uglier with interest on the first being eight percent and interest on the second – ten percent. Kind of hard to write those checks every month, huh? Even harder if you don't have the money. So what to do? Pay or no pay?

Maybe the answer lies in what's good for numero uno. And most would say that more in the pocket's always good. Less in the pocket ... eh. Don't pay and maybe you'll set the stage for a modification agreement where your lender will agree to reduce that rate to something more consistent with desperate times - and leagues more affordable. And if you're in arrears by a month or two – possibly more, keep your chin up and they'll likely roll it over so you won't have to throw in cash. All in all, a good deal. But take heart and

don't despair if you'd like to keep paying so your lender doesn't get upset – perhaps they'll send you a glossy card when the holidays roll around. A token of their appreciation one might say, for all the billions in taxpayer money so they can name stadiums after themselves and cover the cost of those fancy rugs that never seem to go on clearance – or maybe they'll do the bonus thing for a job well done.

### **Hope for Homeowners Program Can Reduce Mortgage Principal**

And don't forget good ole Uncle Sam who's ready to slide down the chimney with a few goodies if you're under water, in default or your rate's not quite right. FHA's got a brand new program called Hope for Homeowners that'll trim your mortgage to ninety percent of your house and get your lender to write off any deficiencies, including arrears, and make them go puff. Say it: P-U-F-F. It's that easy. Fixed interest rates. Thirty year payout – it can't get any better. Don't worry about credit scores – no problem. And ditto for late payments on your mortgage.

### **Don't Cry For the Credit Cards**

And what about those credit cards that keep calling for a spare hundred or two so you make their cycle and keep things going till next month when they'll call again for more. Amazing how those numbers never go down – Newton's Laws of Physics, some may say. Check by phone. Protect your credit. Pay what you can to make the world a better place because good folks pay and bad folks, well ... they're the evil doers who got us into this mess to begin with. Or did they?

What about that federal law called the National Banking Act that allows credit cards to pick and choose their usury laws by moving their home office till it's j-u-s-t right. South Dakota's just wonderful, many would say. Lots of snow. Sub zero temps. Buzzards. And it just so happens that usury allows thirty some odd percent. Oooo...

And so, water always seems to settle at around thirty some odd percent on many of those credit cards, regardless of how you may try. Pretty oppressive for consumers? Sure. But – just splendid for the cards.

Are we all about the cards or do we care about our own pockets?

Sure you can pay and pay till Congress finally wakes up and says, gee, maybe we need to second guess those lobby's and how thirty some odd percent can kill the economy. Or, maybe you can take matters into your own hands and stop paying – kind of like a financial vigilante. Cut'm off cold turkey.

And if you do – what happens? Will they sue? Get a judgment? Attach your bank accounts? Dig an eight foot ditch and toss you in? Solitary confinement? Perpetual damnation?

What about none of the above?

### **Credit Cards Settle for Cents on the Dollar**

Did you know that as folks get deeper and deeper into the *S List* – as your account gets more delinquent – it'll get easier to settle for cents on the dollar. Ninety days. One hundred twenty. Count'm. Collection agency or no collection agency – it doesn't matter.

Eventually those nasty souls will do a complete turnaround. They'll smile. Then they'll cup both hands – face up – and beg for a little forgiveness. Fifty percent. Forty percent. And sometimes even ten percent.

Imagine that. Imagine taking a twenty thousand dollar debt and settling for six – five – four. How badly would you feel? Should we shed any tears for the credit cards who stuffed their faces with thirty some odd percent, plus late fees, plus over the limit fees – plus whatever? All courtesy of our federal lawmakers who can't seem to figure out why folks can't pay their debts. Uh huh ... uh huh.

So next time you're thinking survival and financial planning for the decade, think twice about where your money's going and why. Become a financial vigilante.

Till next time.