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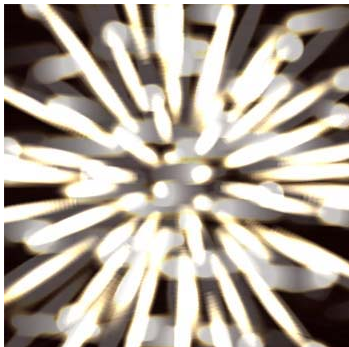
Paul Rafanello, CPA, PLLC Newsletter ISSN #1556-9497

News
April 2006**Dear Paul,**

April 15th is coming soon. Have you filed your tax return yet?

This month:

- Orange Networking Alliance, LLC
- Quickbooks Seminars
- Words to Live By
- Quote of the Month
- Write an article for my E-Zine
- Mastermind Groups and Accountability by Jane Pollak
- Weighing the Interest-Only Loan by Laura Moritz
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**Orange Networking Alliance, LLC**

The next lunch will be held on April 20, 2006 at Park Place Restaurant, 40 Park Place in Goshen, New York. The lunch runs from 11:30am - 1:30pm. You will be served a full 3-course lunch and given an opportunity to upsell your business for 2 minutes. The cost is \$30 in advance or \$35 the day of the event. Please make your reservations early

as I expect this event will sell out. Contact me if you need further information.

Quick Links...[Register Now](#)[Newsletter Archive](#)[Related Topics](#)[More About Us](#)**Affiliations**[Read on...](#)**Quickbooks Seminars**

I will be teaching a Advanced QuickBooks® course for Rockland Community College in April 2006. The classes will be held at RCC on April 17th, 18th, and 20th. The 17th & 18th will be classroom sessions, while the 20th will be hands on! Call (845) 574-4151 to register Call me for more information!

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Words to Live By

Relationship Building Are you lucky? Have events happened to you due to a decision you made that has enlightened your life? Ask a successful person if they consider themselves lucky, and you will surprised at what they say.

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Quote of the Month

"When the character of a man is not clear to you, look at his friends." **Japanese Proverb** "You can tell the character of every man when you see how he receives praise." **Seneca (5 BC - 65 AD), Epistles**

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Write an article for my E-Zine

Would you like to write an article for my e-zine? Please contact me with your ideas.

Mastermind Groups and Accountability by Jane Pollak

When I mailed my friend, Pat-a regular person, as opposed to an



entrepreneur--my latest direct mail piece, her response tickled me. She received it with appreciation and curiosity. "Nobody made you do this, did they?" Her wonder was focused on the fact that I had generated this piece of promotional literature without anyone telling me I had to. In a way, that wasn't entirely accurate. I had committed to my mastermind group that I would have a new direct mail piece by our next meeting time.

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Weighing the Interest-Only Loan by Laura Moritz

There have been many factors that have contributed to the greatest real estate boom of all time. These factors have included record low interest rates, booming immigration, less confidence in the stock market, and flux of new mortgage programs available to make a home purchase easier to the average American. Just 20 years ago, if someone wanted to purchase a home, a potential buyer had to put down five percent and there were no "zero-closing cost" loans. The menu was limited and those who had bad credit had to pay exorbitant interest rates. Today, we have "no-money down" programs, zero-point mortgages, and affordable alternatives for those with hard to document income, or uneven payment histories. Interest-only loans are a product that was barely available five years ago, and has grown to over 25% of the real estate finance market according to recent statistics. That is quite a record of growth. It's no wonder that this product is popular; those who obtain interest-only mortgages can have a payment that is up to 30% less than fully-amortized mortgages. With housing prices skyrocketing, many applicants have opted for this innovative mortgage



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instrument. The National Association of Realtors has recently issued a brochure warning consumers of the dangers of "exotic" products, including interest-only loans. The chairman of the Federal Reserve has also noted this issue, as have government regulators. We have fueled a real estate boom using these products. But are they dangerous? To answer that question, one would need to look at two aspects of interest-only loans; the loan is not amortized or "paid down", and typically tied to an adjustable rate mortgage. By comparing two mortgages, one a fixed 30year term at 6.25% , to the second 5 year adjustable interest only at 5%, over a 5 year period of time, the borrower would save \$14,455 or 22% of the payment .This savings comes with a cost. The 30 year mortgage will have a lower principle balance after 5 years , \$16,420 to be exact. If the consumer sold the property after this 5 year period, the net gain would be \$16,420 more with the amortized loan. One argument in favor of the interest-only mortgage is that it allows you to purchase a larger home. This gives the buyer the ability to purchase the home of their dreams, without having the future expense of real estate commission and closing costs for upgrading their home in the short term. Many younger couples, who are in their "income producing" years, will recognize large increases in household income over the future 5 years. There are risks associated with interest-only loans; primarily associated with the potential loss of value in the property. Property taxes and insurance are also likely to increase, as well as maintenance and general expenses associated with homeownership. The most important advice, don't purchase a home you can not afford over the long term. A home held for 10 years is highly unlikely to lose value. Real estate is a long -term investment.

H & R Block Part II

H & R Block has done it again! Overcharging fees to customers to set up IRAs. April 15th will be here soon. Find a qualified CPA who takes your concerns with passion and diligence.

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Quickbooks Training



Need help with QuickBooks®? Not sure which version to purchase for your business? Let me show you the way. I am a QuickBooks® Pro Advisor, and have trained clients since 1992 when it was a DOS program. Most of my new engagements occur when I am brought in to clean up a client's QuickBooks® file that has been improperly set up. Having problems with yours? I will come to your office for a free 1 hour consultation. Contact me if you need further information.

Quickbooks Training - First Hour Free



Not sure about Quickbooks®? I will come to your office and give you a demonstration free of charge! In addition, if you are a member of BNI, Rockland Business Association, or the

Orange County Chamber of Commerce, I will give the first hour of training free.

[Learn More](#)

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