

Get your credit house in order

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able to you is to identify credit cards or lines of credit that you don't use and notify those creditors that you wish to close the accounts. Be sure to ask the creditor to indicate on your account that it was "closed at the customer's request." This notation makes it clear that the account was not closed by the creditor for "adverse" reasons. You should allow 60 to 90 days for creditors to close your accounts and notify the credit reporting agencies of the accounts' closing.

Get financial records in order

Once you apply for a mortgage, you'll need to submit a great deal of paperwork. You can get a head start by beginning to pull together what you can. Precisely what you need will vary by lender, but you can be certain that your lender will want to verify your employment information to ascertain whether your income is not only sufficient, but also if it is stable enough to meet monthly mortgage payments. To pave the way for a timely response to your

lender's request for employment verification, you may want to alert your human resources or payroll department in advance to elicit their cooperation in completing and returning the information promptly.

Some of the other items you may be asked to produce include: the names, addresses, and phone numbers of previous employers; IRS W-2 forms; your last two paycheck stubs; copies of your bank statements; account numbers and balance information for each of your credit cards and any outstanding loans; and copies of your tax

returns from the last two years. The latter item is particularly important if you are self-employed. You also may be required to provide verification of other income, such as Social Security benefits, interest and dividends, rental income, and alimony that you want the bank to consider in qualifying for the loan.

Taking these steps to get yourself in financial shape may help improve the chances that your mortgage loan will be approved.

REITs can be sound investment

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too much debt, and a portfolio with either too much or too little diversification.

High yields can seem attractive, but the higher the yield, the less capital is going back into redevelopment and acquisitions. Lower yields mean greater room for growth. Find out what management's stake is in the REIT, and look at management's track record, too. You'll find both kinds of information in the prospectus.

One more note: watch for demographic and economic trends such as vacancy rates, affordability of home ownership and new apartment construction. REITs can be a sweet deal for you if you choose wisely.

Specialty REITs

REITs can specialize in several

different areas. The wide range of types can make choosing one difficult. Some focus on geographic regions. Others buy only certain types of real estate such as apartments or office buildings.

One REIT is known for strategically timed buying and selling, that is purchasing buildings in an economically depressed area and selling when the area rebounds. Another REIT employs the sound demographically-based tactic of buying primarily nursing homes or retirement facilities, precisely the properties that will be in high demand as the population ages. If you are interested in diversification or simply don't want to spend your time choosing a REIT, look for a mutual fund that specializes in them. REITs

can be a good income-oriented investment option.

Recycling troubled cars

Ever wonder what happens to those lemons, used cars that are returned by their owners because of chronic problems that are unfixable? Unfortunately, many of them wind up back on the auction block, or worse, at dealers, where you could get stuck with them.

If you want to find out a car's history before you buy it, your dealer can do that by contacting one of several services that provide data on every car registered in the U.S. States vary as to their lemon laws. In some, there are no restrictions on reselling a lemon; in others, dealers must inform potential buyers of the

car's unsavory past.

Ford recently began identifying the lemons it buys back. Cars repurchased by Ford carry a warning label on the doorjamb to alert potential buyers that the previous owner was "unsatisfied" with the car.

Overbooking

Overbooking is not illegal. Airlines do it to make up for no-shows. But they can't bump you without compensating you in some way. The airline must first ask for volunteers to give up their seats in exchange for booking on the next available flight plus either a cash payment or a free flight in the future. If the flight is still overbooked, the airline starts bumping, beginning with the last passenger to check in.

Black women can go entrepreneurial

By Pierre A. Clark
NATIONAL NEWSPAPER
PUBLISHERS ASSOCIATION

African American women are you ready to take the self-employment plunge? If so, you'll become part of a growing army of female entrepreneurs.

Some surveys estimate that by the year 2000, half of American businesses will be owned by women. The latest Census Bureau statistics say that women are starting businesses at a faster rate than any other population segment. What's motivating this burst of entrepreneurial activity?

It's clear most women starting businesses are driven by the classic entrepreneurial motivations: Desire to earn a high income and maximize the profit from a unique set of skills, to control one's destiny and to achieve freedom and variety.

African American women, you have traditionally started businesses at a lower rate than any other ethnic group, but we're happy to say that trend seems to be reversing itself. A quick review of publications for African American women indicates that more of them are publishing articles about entrepreneurship. I

believe there has never been a better time for you to take the entrepreneurial plunge. There are some special self-employment opportunities you can tap as African-American females. Here are some of the major ones:

Special start-up loan/grant programs. The Small Business Administration, Department of Commerce and most state economic development agencies have developed special programs to encourage African American women to start businesses. These programs combine loan pools, seminars, workshops, and technical assistance special-

ists. Through your participation, you can develop a business plan, identify potential clients, and qualify for a start-up grant (up to \$5,000) or loan.

Social Security's challenges

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let's take a good look at how it works, what its current status is and what challenges lie ahead. Examining the facts may actually inspire some confidence in a system that has been very successful, by anyone's standards.

Contrary to what you may have been led to believe, Social Security is quite healthy and should remain so for many years. In fact, in 1996, Social Security received \$60 billion more in tax revenue than it paid out to beneficiaries. These extra dollars are held in the Social Security trust fund and are referred to as "surplus" funds. Current law mandates that these surplus funds be invested in U.S. Treasury bonds within the trust fund. With these facts in hand, it's clear that the current status of Social Security is good.

So, if there is enough to pay current beneficiaries, and a large surplus is tucked safely away in treasury bonds, why all the fuss about Social Security? The concern begins when we look toward the future health of the fund. In order to understand why the future could bring problems, we need to look first at the past.

Social Security was signed into law as part of the New Deal following the Great Depression. This 1935 law called for Social Security to pay full retirement benefits to eligible beneficiaries at age 65; yet, the average life expectancy at that time was less

than 62 years. Initially, most people didn't live long enough to receive Social Security.

Today, most people live an average of 76 years, yet the eligible age for drawing full benefits is still 65. This means that Social Security is now paying retirees for 10 to 15 years, and the system was simply not designed to pay for this long.

The original purpose of Social Security was to provide a social safety net that would keep the neediest of the retired and disabled above the poverty level. It was, and is, a pay-as-you-go system. Contributions from taxes on current workers are immediately given to retirees. When the system started, about 45 workers paid taxes for every retiree receiving benefits. Today, people live longer and have fewer children. The result is a current ratio of just 3.2 workers for every retiree. By 2030, when the last of the baby boomers retire, it will likely be 2-to-1.

To understand the impact these ratios have on the system's strength take a look at the numbers. In 1995, about \$2,600 was paid into the system by every worker (including the employer's matching payment). The average payout to each Social Security recipient was \$7,944. With the current 3.2-to-1 ratio, a surplus of funds is still created. However, if the expected ratio of two workers for every retiree becomes a reality, it is clear that the current system will not be able to sustain its future obligations.

If Social Security is a pay-as-you-go system, why do we have a surplus in the trust fund? In 1983, Congress realized that Social Security would face big problems in the future since birth rates had declined and retirees were living longer. That same year, Congress passed laws that increased tax revenues into Social Security by raising payroll taxes and income taxes paid on Social Security benefits. These laws contributed to the surplus collections, which are designed to provide a cushion for a system that is expected to be underfunded within 15 years.

If you're wondering whether the fund's surplus can pick up the slack, the answer is yes. In 2012, when experts estimate payouts will exceed tax revenues to the fund for the first time, the trustees of the fund will start withdrawing interest and principal to make up for the revenue shortfall. This will allow Social Security to continue to meet its obligations - for a time. In 2030, it is estimated that all surplus dollars will be depleted, and projected tax revenue for that year will cover only 75 percent of the fund's expected obligations. This is why experts say the fund will be "bankrupt" in 2030.

All of the recent discussions in the news about Social Security deal with the expected problems in 2030. In our next article, we will discuss some of the proposed solutions.

OMAR DILLARD is an investment counselor at Edward Jones investments in Charlotte.

Ability Transportation

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this month, making a regular van \$75 a day, compared to \$85. The luxury van is \$94 during the special, \$117 per day regularly. The first 100 miles each day is free and then each mile is 25 cents per mile.

Hanna is a South Carolina native who moved to New Jersey when he was young. He went in the military, where he was injured and

lived in Richmond, Va., for 14 years before moving to Charlotte last year.

"I was trying to get back close to home," Hanna said. "That's my reason for landing here in Charlotte. There is a lot going on here. I wanted to start something on my own. The obvious thing for me was to attempt to help people."

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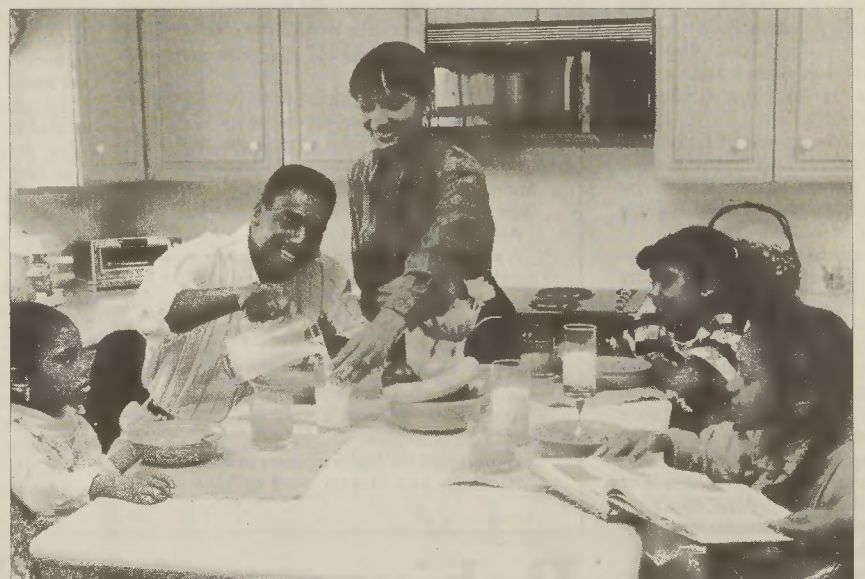
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