



Newsletter

JULY 2005

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Our office will be closed for the following holidays:

July 4th, 2005 – Independence Day

August 31st, 2005 through September 17th, 2005 – For Vacation

Our next newsletter will be mailed out the beginning of October 2005.

Remember if you have an article that you would like to contribute to our newsletter just fax it to us for our review. We must receive the article no later than September 15th for our October newsletter.

OFFICE CLOSED FOR 2005 VACATION

August 31st through September 17th, 2005 our office will be closed. The office will reopen on September 19th, 2005. You may leave a telephone message however your call will not be returned until the week of September 19th. If you have questions you may email us at info@biz-usa.com. Email will be checked every other day and responded to. Please contact us if you have any questions or need any additional information.

DO I REALLY NEED ALL THESE EXPENSIVE COMPUTERS

Anyone over 40 years of age will probably remember how computing was done years ago: There was a main computer in some undisclosed room, and people had *terminals* on their desks. Remember? These so called *dumb terminals* were made by Wyse, TeleVideo, IBM or Digital and could usually only display text in either amber or green.



The main computer – the one hidden away in the basement or even across town – was often referred to as the *mainframe*.

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One of the benefits of this type of centralized infrastructure was that, as the name implies, everything was *centrally managed*. This meant that any updates to the system only needed to be done once – on the mainframe itself. Installing new software or software updates, performing backups, in fact, anything at all, was done on the mainframe. Since the dumb terminals were simply running programs and displaying data from the mainframe, any software updates or system changes affected everyone on the system. It was simple, elegant and very effective.

These days, however, with an actual computer on everyone's desk, things can be much more complex.

For example, installing or updating operating systems, software and settings that everyone in a company uses can be such an intimidating and expensive task that many business owners just continue using old software and take the approach of "...if it's not broke, don't fix it.." just to avoid the headaches and the expense.

Take a business with 50 PCs for example: if a software update requires an average of just 20 minutes of an expert's time per PC, that's almost 17 hours! At an average rate of \$120.00 per hour for computer consultants, the "free update" you just received may actually cost you over \$2,000.00 in installation labor alone! Now consider that installing a new operating system on a PC may take two hours per computer, and it's easy to see how the expenses get rather significant.

Add to these expenses the fact that most businesses replace their entire computer systems every three to five years, at a cost of at least \$750.00 per PC, and we can see how expensive Information Technology can become.

So, is there a better way? Absolutely! It's called a Terminal Server!

A Terminal Server is nothing more than a computer with a specialized Microsoft and/or Citrix operating system, designed to be simultaneously accessed by multiple users.

Each user has a screen (flat panel or CRT), keyboard, mouse, speakers, printer and more. All of these connect to an inexpensive, solid state *thin client / terminal* device that is then connected to the Terminal Server over standard network cabling.

The solid state thin client has no moving parts, does not store any data and is not unique to the person using it – that is, every thin client unit is identical to the next one and are 100% interchangeable. When they are turned on, they start up in less than 2 seconds and the user then sees the familiar Microsoft "user login" screen.

Once users log in, they are presented with a standard Microsoft Windows *Desktop*, a *Start Menu* and everything they have come to expect from a PC. And, just like with a PC, each user can customize their system based on personal preferences.

In fact, the only noticeable difference between using a PC and using a Terminal Server thin client is the size of the box sitting on or next to their desk! The user who uses a Terminal Server has an inexpensive little box about the size of phone, with no fans, no moving parts and no heat generated.

Any customizations done by users, including documents, emails, internet favorites, etc., is stored on the server and "follows" the user. In fact, *where* they login to the system is irrelevant. By simply supplying a designated username and password, they are presented with 100% of their system. Personal settings, documents, email messages – everything about each individual user – is securely stored on the server and is separate from another user's data.

Since everything is stored on the server(s), tasks such as backup, software installation, software updates, anti virus scans, system maintenance – practically everything – is all done on a single system – the server itself! This significantly reduces the complexities and expense associated with all these tasks. So instead of spending \$2,000.00 on labor for a simple software update in the example above, the expense is now only \$40.00. **That's a savings of 99.98%!**

But there are more than just the obvious financial benefits to using Terminal Server technologies. For example:

- * Properly administered centralized systems allow businesses to rapidly deploy new software and features without having to visit each desktop.

- * Changes made to any software immediately affect all users of the software.

Company policies regarding computer usage (such as web surfing, personal email, etc.) can be more easily managed and enforced since it's all going through a single system.

Removal of sensitive data and documents from the business premises becomes virtually impossible since thin clients normally have no diskette or CD drives in them (If needed, thin clients with diskette and CD/RW drives are available, though).

Accessing the system remotely, from home or while on a business trip is complete, simple and secure.

Lastly, when it's time to upgrade your systems, you only concentrate on the server(s), and leave the thin clients in place, without anyone ever having to visit each office and desktop. It is estimated that thin client hardware technology will last as long as 10 to 15 years without ever needing to be replaced or updated!

At a starting cost of about \$250.00 per thin client (excluding a display), this technology becomes an obvious choice for almost any business.

However, as with any business solution, there may be downsides. Implementing Terminal Server technologies means that everyone with a keyboard and display is really using a single *remote* computer – the Terminal Server. Obviously, if the Terminal Server fails, everyone using it now has a failed system. To minimize the chances of this occurring, it is recommended that any Terminal Server be a highly robust system, with lots of redundant critical systems, such as power supplies and hard disks.

Additionally, depending on the number of users involved, a "cluster" of servers may be more suitable. A cluster of servers means that two or more servers simultaneously handle the needs of all the users. Should one of them fail, the other servers just keep going, with no down time and no lost data.

If you wonder why you haven't heard of this amazing technology before, consider this: Terminal Server technology means that **you don't have to buy and maintain a separate computer for each desk**. This means your computer vendor will not be selling you nearly as much equipment. Also, some consultants may be reluctant to mention this type of technology due to lack of experience, or, simply because this type of technology requires less time to manage and maintain than a traditional computer network, resulting in much less billable time.

A Terminal Server solution should be considered by any business interested in saving time, money and the headaches associated with buying, managing and maintaining multiple PCs.

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WHEN TO SELL YOUR PROPERTY FOR NO CASH DOWN

A possible solution for negative cash flow property: Sell it to a buyer who can afford to cover the negative cash flow. Would you buy such a property? Someone who can buy the property on non cash down terms.

A buyer, for instance, may foresee a \$20,000 or \$30,000 negative cash flow before he can revitalize the property and increase its income to break even. This same buyer will more enthusiastically tackle the project if he can use his down payment to instead cover the negative future cash flow.

When you face foreclosure you can no longer afford to offer your property on conventional terms – a high price and healthy down payment. Your goal is to sell your property before you lose it. Therefore, you must either sacrifice price, down payment, or both. If you have a reliable buyer and can well secure yourself with a mortgage on the property, you'll sell fastest demanding only a small down payment. This is more important to most buyers. Greedy sellers often end up with nothing but foreclosure because they ignored this advice.

Tip: You may inevitably lose your property. You may have swarms of creditors and be facing certain bankruptcy. This is the time to tap any equity in the property you can salvage either by refinancing or selling. You may not be able to squeeze very much from the property, but whatever you do salvage is money in your pocket. Common sense? Sure. Yet people go bankrupt or lose their property everyday having made no effort to first extract more dollars from equity remaining in their property. A second mortgage lender is your best money source. They loan up to 80 percent of appraised value. Some go as high as 90 percent. How much extra cash would that give you before you lose the property.

HOW TO HANDLE THOSE DANGEROUS BALLOON MORTGAGES

Many mortgage defaults involve “balloon” mortgages. With a balloon mortgage the borrower must pay the entire principal on a mortgage on a fixed date. Sellers, for example, often accept balloon mortgages from buyers who can only afford interest payments in the early years. This arrangement assumes that eventually the buyer will refinance the first mortgage and receive sufficient proceeds to pay the first mortgage. This may occur several years after the sale.

Balloon mortgages make sense when the parties anticipate an increase in property values and the buyer then has the opportunity to refinance and pay the balloon mortgage. Unfortunately, property values do not always increase as predicted and buyers then have no means of refinancing the property. If you're that troubled borrower don't overlook these two options:

- Offer the mortgage holder a higher interest rate in exchange for an extension. This is a reasonable proposal when there is sufficient cash flow to accommodate a slightly higher monthly payment.
- See an equity investor who will put in sufficient cash to pay the mortgage. It doesn't have to be an even exchange. If the numbers don't work, give the investor a part equity plus a mortgage on the property.

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Plan ahead and act well in advance of the mortgage due date. Allow yourself ample time to find an investor and negotiate a sensible deal. If your property operates with a positive cash flow, shows signs of appreciation, and offers favorable tax advantages, you'll have little difficulty locating the right investors or buyers.

HOW TO USE THE POISON PILL STRATEGY

Lenders will do anything to avoid foreclosure on property with hazardous waste problems. A lender who forecloses and takes possession of the property becomes liable for the cleanup costs plus any damages that occur during the lender's control over the premises. The lender will, of course, find it exceptionally difficult to resell the property because no buyer wants to assume such mammoth cleanup cost. Those few buyers willing to assume the problem will certainly look to steal the property. Whatever the lender loses under such a distress sale may be substantially less than what the lender would incur as penalties under the environmental laws.

If your property has hazardous waste problems, do everything possible to avoid and eliminate the problem, but also use the problem to your advantage. Your lender may decide that it is smarter to be very lenient with you rather than inherit the “poison pill” property.

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We don't see things as they are, we see things as we are.
Anais Nin

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