

The Business of New Jersey 4 Market Watch 5 Your Money 6



INSIDE

**MY BOSS** 

Don't go into business for yourself until you read personal-financial columnist Suze Orman's checklist.

Page 6

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## Debating subprime lending and who really pays the price BY SAM ALI Since December, a raft of bad loans has sunk more than For months, the news from 30 other mortgage lenders, and the subprime lending industry many banks and Wall Street has been relentlessly negative, firms have seen their shares fall as more and more borrowers because of their exposure to the with bad credit have fallen behind on their monthly payments How any of this might affect and one lender after another Joe Homeowner and the has gone belly up. broader housing and lending Consider the sobering boommarkets is an open question and-bust saga of New Century one now being hotly debated Financial, once the second-bigamong economists and housing gest subprime lender in America. The stock has fallen to near Federal Reserve Chairman zero from \$66, giving up 43 per-Ben Bernanke recently weighed cent in just three days in Februin, telling Congress the probary, and most of the rest when lems in the subprime sector the New York Stock Exchange don't appear to be spreading to the overall economy. "At this halted trading in its shares last [See RIPPLE, Page 7]

#### **SUBPRIME PRIMER**

#### What is a subprime loan?

The term subprime refers to borrowers with weak credit histories, including payment delinquencies, judgments, prior foreclosure filings and bankruptcies. Typically, subprime borrowers have low FICO scores (620 or below) or lack proper loan documentation, such as proof of income. As a result, the loans these borrowers qualify for carry significantly higher interest rates.

Why are there so many of them today? Subprime borrowers now account for one in five new mortgages and 10 percent of all mortgage debt, thanks in large part to Wall Street's appetite for high-yielding mortgage-backed securities. By extending

generous credit to subprime lenders, Wall Street firms financed the borrowing binge that helped fuel the housing boom. To get more business, subprime lenders kept lowering their standards, and many people who in the past never would have qualified for a loan have been able to obtain financing.

#### Why are so many subprime borrowers and lenders in trouble?

In a nutshell, too many people borrowed too much money they could not realistically afford to pay back. In the past, people who ran into loan trouble were able to refinance their mortgages or sell their homes. But rising interest rates have made it harder for homeowners to refinance. And a slow housing market makes it tough to sell their homes. In addition, many high-interest subprime loans have variable rates that adjust after a fixed-rate period. When the fixed-rate periods lapse, homeowners face higher mortgage payments they often can't afford.

ILLUSTRATION BY ANDRE MALOK/THE STAR-LEDGER

**SMALL BUSINESS** 

# Upfront payment terms, deposits can abate late bills

BY JOYCE M. ROSENBERG ASSOCIATED PRESS

bills on time — or reasonably on time — can be vexing for small-business owners. Besides creating cash-flow issues, late

they take phone calls and e-mails to get a customer to finally send a check. Business owners who have struggled with

the problem have a variety of ways to deal with the problem, including educating customers about payment terms, insisting on a substantial deposit before work begins and hiring someone to get after the foot-draggers.

Some business owners have found that unless they are very clear at the beginning about payment terms, customers may take

their time. It's human nature to put things off, and all of us have to prioritize what we Getting slow-poke customers to pay their use money for. But if a company states from the get-go: "Here is how we need to be paid,"

a customer is more likely to get the message. Dana Korey lost time and productivity at payments can be a time and energy waster if her professional organizing business trying to collect on invoices weeks or months after they were sent out. Korey, founder of Away With Clutter in Del Mar, Calif., said "being really clear about the deposit and being exceptionally clear about the day the balance

would be due" turned the situation around. Korey raised the deposit to 60 percent, from 50 percent, and put payment terms in bold-faced type in contracts and had customers sign or initial every provision that dealt [See **PAYMENT**, Page 7]

as photo uploading

# Firefox woos users with add-on tools

and file sharing.

To find add-ons,

visit the Firefox add-

ons page (addons

.mozilla.org), then

scan or search the

options available. In-

stalling an add-on is

a simple process re-

**TECHNOLOGY** 

ens of millions of Internet users have switched to the Firefox Web browser, often for its protection from scammers and spyware writers who generally tailor their coded mischief for Microsoft's Internet Explorer browser.

But security isn't the only virtue to Firefox.

Thousands of add-on tools are available for Firefox, essentially allowing you to customize your browser with features tailored for specific tasks, such as reviewing maps or posting to Weblogs. These mini-programs make Firefox even more handy and fun to use than it already is.

Once installed, they essentially become a part of the Web browser, extending its capabilities into areas such



ALLAN **HOFFMAN** 

the most out of them.

quiring you to select an "install now" button, then follow instructions and re-

start Firefox. Depending on the add-on, you may also need to visit its creator's Web site to learn how to use it. Some add-ons also require you to sign up for an ac-

count, typically for free, in order to get

Many add-ons have been created by independent software developers, but others are essentially adjuncts to wellestablished services or tools, such as iTunes and Yahoo, allowing you to use those services from within the Firefox

Once you start using add-ons, you may find you hardly ever have to leave your Web browser. That's part of the idea, it seems. With the add-ons, Firefox becomes a world unto its own.

If there is any downside to this, it is the proliferation of add-ons.

With so many available, how do you know which ones to try out? Here are eight add-ons to try. If you don't like one, you can always remove it by choosing the add-ons selection in

[See **HOFFMAN**, Page 8]

### **BEHIND THE NUMBERS**

## Hire ground

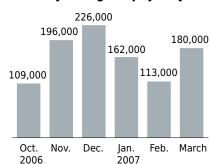
 $\times$ 

Clear-headed thinkers advise avoiding euphoria and recall that employment data are a lagging indicator. But wow, that's a lot of added jobs. Employers added 180,000 to payrolls during March, gains were revised up 16,000 for both February and January and the March jobless rate fell to 4.4 percent. Moody's Economy.com said, "The labor market continues to defy expectations, signifying that the contagion from the weakening housing market and consumer credit quality has yet to pervade the entire economy."

SOURCE: Moody's Economy.com

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## Monthly change in payroll jobs



#### **SCORECARD**

### HIGH: REINHARD FRANZEN



Local ownership of big companies is always best for the state economy, but foreign owners who plan to build operations are the next best thing. Reinhard Franzen, president of Germany's Baver HealthCare Pharmaceuticals, has big plans for the former Berlex operations in

Wayne and Montville.

### LOW: JEFFREY CITRON

"It is our goal to grow our business as fast



as possible," Vonage Chairman Jeffrey Citron told The Star-Ledger in an interview last fall. Those prospects dimmed Friday, when a federal judge, pending an appeal, moved to block the Internet phone company from signing up new customers.