

A Final Word

These suggestions have developed from conversations over decades of helping musicians find instruments.

I am not a financial professional, and it is vital that you speak to financial professionals to ensure that any solutions are correctly tailored to fit your particular situation and needs.

Remember that any financing options will incur a greater cost; the lowest price you can get is to pay in full for the instrument at time of purchase.

Good luck!

And now, a word from our attorney: Under no circumstances whatsoever shall Charles J. Rufino Violin Maker LLC or any d/b/a/ or subsidiary be liable for any indirect, consequential, or punitive damages arising from following the advice or suggestions contained in this document. In the event of any damage to any person or entity due to reliance on the advice or information in this document, the maximum liability to Charles J. Rufino Violin Maker LLC or any subsidiary to the shall not exceed the consideration paid for this information.

About Charles J. Rufino

Master Violin Maker Charles J. Rufino studied violin making and restoration for ten years in some of the finest studios of Europe and the United States. Since 1983 from his own studios in Huntington, Long Island and New York he has made instruments considered by experts to be the equal of old Masters. Today, Rufino instruments are used by discerning musicians and heard live and in recordings of concerts and television, movie and Broadway soundtracks.

He established *The Long Island Violin Shop* to share his expertise with string teachers and their students. The *LIVS* specializes in excellent affordable instruments and expert services for serious young string players. Mr. Rufino is a member of The American Federation of Violin and Bow Makers, *L'Entente Internationale des Maitres Luthiers et Archetiers d'Art*, and the String Industry Council of the American String Teachers Association (ASTA) He is a well known spokesman for his art, and presents an illustrated PowerPoint lecture ***The Art and Lore of the Violin*** numerous times each year to student and professional groups.



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The Long Island
VIOLIN SHOP
CHARLES RUFINO VIOLIN MAKER

GUIDE TO FINANCING YOUR NEW INSTRUMENT

BY

CHARLES J. RUFINO,

MASTER VIOLIN MAKER

PRICE \$1.00

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In General

If you decide to finance a car or a new home, and you have a reasonable credit history, you can easily shop for the financing that best suits your needs. This is not so easily done if you want to buy a musical instrument. Without some other form of collateral, a banker is unlikely to approve such a loan because of the risk to the lender. Unlike a large machine or piece of real estate, a musical instrument could simply vanish if the borrower were unscrupulous. Banks are not singling out musicians for harsh treatment; wealthy people who borrow money to buy a work of art must secure the loan with other assets. However, financing an instrument is not impossible. Apart from installment loans, here are some other options to help you find the instrument of your dreams.

In-Store Financing Plans

These have never been popular with my clients, as they generally add a premium to the price of an instrument.

I have had little experience with them, although I do have colleagues who find their customers use them and are happy with them.

Friends and Relatives

Have you considered borrowing money from family and friends? If you offer to make a formal contract, like a Promissory Note, and pay the current interest rate and all fees necessary to make the transaction happen, you may find relatives or friends more willing to help you.

You will get the money with less trouble and probably for fewer fees than going through a bank.

Credit Cards

You may be able to write off the interest on a credit card if you can satisfy the taxman that it is a capital investment for your business. This works better if you use a card used exclusively for your business. Naturally, you should shop around for the card with the lowest overall costs.

Home Equity Loans

This is one of the easiest ways to borrow large sums of money from a bank. There are no points, attorney's fees, or closing costs. Also, as the interest on a home equity loan is 100% tax deductible, even if *you* don't own a home, this may be attractive to another family member.

State Arts Councils

These organizations may have some provisions for instrument loans to nonprofit music organizations. Individuals are not often able to apply directly. Be aware that they generally retain the title of the instrument until the loan is paid in full, so if you default in your payments you will lose the instrument.

Union Funds

You may be able to borrow money from your union local. Actor's Equity also has a credit union, which may loan money to professional

musicians. If you have a close relative who is a member of a union, ask them if they can help you.

403 Plans or Tax-Sheltered Annuities

If you have money in one of these savings plans, you may be able to borrow against these funds at very low rates. Say you there is a \$50,000 balance in the account, and you want to borrow \$20,000. The financial company may be able to establish a secondary (interest bearing) account in your name and transfer in a sum of your money (from the original account) equal to the amount you wish to borrow. Then they loan you \$20,000. (technically their money), using your money in the new account as collateral. Because the secondary account is drawing interest, the effective rate (the difference between the interest you are paying and the interest being earned) can be much lower than current borrowing rates. This procedure ensures the tax-sheltered status of the money in the account is not violated.

Margin Debt

If you have access to a brokerage account, you can borrow money from it. Depending on current market conditions, the interest may run close to the prime lending rate. This can make borrowing this money a bargain and is and it may also be tax-deductible.