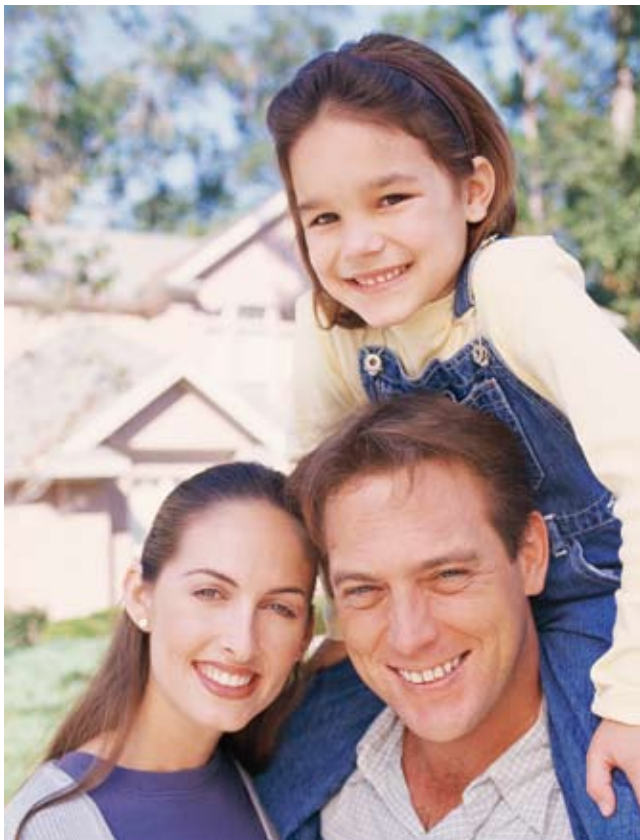




Steps to...Save Your Home from Foreclosure

When you find yourself having trouble making your mortgage payment, do your homework before you call your lender.

1. **Write** – down the facts. Prepare your case. What caused you to get behind on your payments? List other financial problems you are having.
2. **Calculate** – your income and expenses to determine how much money you have available to make payment arrangements with your lender. Do you have any equity in your house?
3. **Contact** – your lender to discuss options to avoid foreclosure.



Methods to bring your loan current

Reinstatement – Also called a cure. Pay the lender everything you owe including missed payments and fees.

Repayment Plan – Under a written agreement, you pay more than the minimum monthly payment over a period of time to bring the account up-to-date.

Modification – The lender agrees to change one or more of the terms of the loan including the interest rate, the type of mortgage, or extending the time to pay the mortgage balance.

Forbearance – The lender agrees to a lower payment or no payments for a period of time in return for higher payments thereafter or an extended loan term.

Refinance – A good option if you are current on your loan payments. If you are more than three months behind, it can be difficult to refinance.

Home Equity Loan – If you have enough equity in your home, this may be a good possibility even though you are behind on payments.

Bankruptcy – If you are in jeopardy of losing your property, this may be the only option, albeit the least desirable.

Be prepared when you speak to your lender to come to the best arrangements possible.





Payday Loans = Costly Cash

Payday loans are a quick answer to a need for quick cash. But, they come with a very high price to the consumer.

Usually, a borrower writes a personal check payable to the lender for the amount he or she wishes to borrow plus a fee. The company gives the borrower the amount of the check minus the fee. Fees charged for payday loans are usually a percentage of the face value of the check or a fee charged per amount borrowed – say, for every \$50 or \$100 loaned. And, if you extend or “roll-over” the loan – say for another two weeks – you will pay the fees for each extension.

The typical payday loan amount is about \$300 per two-week period, and carries an average fee of \$15 for each \$100 charged thus resulting in a 390% Annual Percentage Rate (APR).

The payday loan industry has exploded in recent years. There are now twice as many payday loan offices as there are McDonald’s locations across the country. It’s designed to be available for emergency situations, but many consumers end up renewing their loans and incurring even higher fees because they were not able to pay the original fee on the due date. This “loan flipping” can result in APRs ranging from 300% to 800%. Research shows that only 1% of payday borrowers limit themselves to one loan per year and pay it off on the original due date.

Under the Truth in Lending Act, the cost of payday loans – like other types of credit –

must be disclosed. Among other information, you must receive, in writing, the finance charge (a dollar amount) and the APR (the cost of credit on a yearly basis.)

Alternatives to Payday Loans

There are other options. Consider the possibilities before choosing a payday loan:

- When you need credit, shop carefully. Compare offers. Look for the credit offer with the lowest APR. Consider a small loan from your credit union, an advance on pay from your employer, or a loan from family or friends.
- Ask your creditors for more time to pay your bills. Find out what they will charge for that service – as a late charge, an additional finance charge or a higher interest rate.
- Make a realistic budget, and figure your monthly and daily expenditures. Avoid unnecessary purchases – even small daily items. Their costs add up. Also, build some savings – even small deposits can help – to avoid borrowing for emergencies, unexpected expenses or other items.
- Find out if you have, or can get, overdraft protection on your checking account.
- If you need help working out a debt repayment plan with creditors or developing a budget, contact your credit union for a referral.

As a member of (Credit Union), you can take advantage of the *Accel* program, a **free** financial education and counseling program. To use this service, simply call 1-877-33ACCEL (332-2235) or visit them on the web at www.accelservices.org.

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CREDIT UNION LOGO
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