



Dealing with Debt



Are you having trouble paying your bills? Are you getting dunning notices from creditors? Are your accounts being turned over to debt collectors? Are you worried about losing your home or your car?

You're not alone. Many people face financial crises at some time in their lives. Whether the crisis is caused by personal or family illness, the loss of a job, or simple overspending, it can seem overwhelming. But your financial situation doesn't have to go from bad to worse.

Consider these options:

- Realistic budgeting
- Credit counseling from a reputable organization
- Debt consolidation
- Bankruptcy

How do you know which will work best for you? It depends on your level of debt, your level of discipline, and your prospects for the future.

Developing a Budget

The first step toward taking control of your financial situation is to do a realistic assessment of how much money comes in and how much money you spend. Start by listing your income from all sources. Then, list your "fixed" expenses - those that are the same each month - such as your mortgage payments or rent, car payments, and insurance premiums. Next, list the expenses that vary each month, such as entertainment, recreation, or clothing.

Writing down all your expenses - even those that seem insignificant - is a helpful way to track your spending patterns, identify the expenses that are necessary, and prioritize the rest. The goal is to make sure you can make ends meet on the basics: housing, food, health care, insurance, and education.

Your public library has information about budgeting and money management. Most communities offer low-cost budgeting counseling services that can help you analyze your income and expenses and develop a budget and spending plan. Check your Yellow Pages or contact your local bank or consumer protection office for information about them. In addition, many universities, military bases, credit unions, and housing authorities operate nonprofit financial counseling programs.

Contacting Your Creditors

Contact your creditors immediately if you're having trouble making ends meet. Tell them why it's difficult for you, and try to work out a modified payment plan that reduces your payments to a more manageable level. Don't wait until your accounts have been turned over to a debt collector. At that point, the creditors have given up on you.

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Dealing with Debt Collectors

The Fair Debt Collection Practices Act is the federal law that dictates how and when a debt collector may contact you. A debt collector may not:

- Call you before 8 a.m. or after 9 p.m.
- Call you at work if the collector knows that your employer doesn't approve of the calls
- Harass you
- Make false statements
- Use unfair practices when they try to collect a debt

Debt collectors must honor a written request from you to stop further contact.

Credit Counseling

If you aren't disciplined enough to create a workable budget and stick to it, can't work out a repayment plan with your creditors, or can't keep track of mounting bills, consider contacting a credit counseling service.

Your creditors may be willing to accept reduced payments if you enter into a debt repayment plan with a reputable organization. In these plans, you deposit money each month with the credit counseling service, which in turn pays your creditors.

A successful repayment plan requires you to make regular, timely payments, and could take 48 months or longer to complete. Some credit counseling services charge little or nothing for managing the plan; others charge a monthly fee that could add up to a significant charge over time. Some credit counseling services are funded, in part, by contributions from creditors.

While a debt repayment plan can eliminate much of the stress that comes from dealing with creditors and overdue bills, it doesn't mean you can forget about your debts. You still are responsible for:

- Paying any creditors whose debts are not included in the plan
- Reviewing monthly statements from your creditors to make sure your payments have

been received

- Making sure that your billing statements reflect any agreement your creditors made to lower or eliminate interest and finance charges, or waive late fees

A debt repayment plan doesn't erase your negative credit history. Accurate information about your accounts can stay on your credit report for up to seven years. A demonstrated pattern of timely payments, however, will help you get credit in the future.

Auto and Home Loans

Debt repayment plans usually cover unsecured debt. Your auto and home loan, which are considered secured debt, may not be included. You must continue to make payments to these creditors directly.

Most automobile financing agreements allow a creditor to repossess your car any time you're in default. No notice is required. If your car is repossessed, you may have to pay the full balance due on the loan, as well as towing and storage costs, to get it back. If you can't do this, the creditor may sell the car. If you see default approaching, you may be better off selling the car yourself and paying off the debt: you would avoid the added costs of repossession and a negative entry on your credit report.

If you fall behind on your mortgage, contact your lender immediately to avoid foreclosure. Most lenders are willing to work with you if they believe you're acting in good faith and the situation is temporary. Some lenders may reduce or suspend your payments for a short time. However, when you resume regular payments, you may have to pay an additional amount toward the past due total. Other lenders may agree to change the terms of the mortgage by extending the repayment period to reduce the monthly debt.

If you and your lender cannot work out a plan, contact a housing counseling agency.

Debt Consolidation

You may be able to lower your cost of credit by consolidating your debts through a second mortgage or a home equity line of credit. But think carefully before taking this on. These loans require your home as collateral. If you can't make the

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payments - or if the payments are late - you could lose your home.

The costs of these consolidation loans can add up. In addition to interest on the loan, you pay "points." Typically, one point is equal to one percent of the amount you borrow. Still, these loans may provide certain tax advantages that are not available with other kinds of credit.

Bankruptcy

Personal bankruptcy is generally considered the debt management tool of last resort because the results are long-lasting and far-reaching. A bankruptcy stays on your credit report for 10 years, making it difficult to acquire credit, buy a home, get life insurance, or sometimes land a job. However, it's a legal procedure that offers a fresh start for people who can't satisfy their debts. Individuals who follow the bankruptcy rules receive a discharge - a court order that says they do not have to repay certain debts.

There are two primary types of personal bankruptcy: Chapter 13 and Chapter 7. Each must be filed in federal bankruptcy court. Both types of bankruptcy may get rid of unsecured debts and stop:

- Foreclosures
- Repossessions
- Garnishments
- Utility shut-offs
- Debt collection activities

Both also provide exemptions that allow you to keep certain assets, although exemption amounts vary.

Personal bankruptcy usually does not erase:

- Child support
- Alimony
- Fines
- Taxes
- Most student loan obligations

Also, unless you have an acceptable plan to catch

up on your debt under Chapter 13, bankruptcy usually does not allow you to keep property when your creditor has an unpaid mortgage or lien on it.

For more information:

http://humandev.personaladvantage.com/logon?target=debt_and_bankruptcy



Taking Your Healthy Diet on the Road

What Makes Us Want to Throw Caution to the Wind When We Travel?

Whenever we travel, whether on vacation or business, we're tempted to ignore healthful eating habits until we return home. Traveling can result in the breakdown of an otherwise nutritionally sound diet.

"A lot of people associate having fun with eating foods they consider unhealthy," says Martin Yadrick, a registered dietitian at the University of Kansas Medical Center in Kansas City, Kansas, and spokesman for the American Dietetic Association. "They haven't quite gotten used to the idea that foods which taste good can also be healthful. Vacations can mean a deviation from normal regimentation, including diet. But there are all sorts of healthy, great-tasting foods that still allow you to feel like you're indulging yourself."

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Ordering smart in restaurants

Eating in restaurants is part of travel fun. By following a few tips, you can eat out wisely whether you dine at a five-star restaurant or stop at a fast-food establishment.

- Choose restaurants with a lot of variety on the menu.
- Pick leaner foods such as pasta, chicken, fish, and salads, rather than red meat.
- Choose baked, broiled, poached, steamed, or grilled foods over those that are fried.
- Ask for sauces or low-fat salad dressings on the side, or request they be left off.
- Order salads minus high-fat toppings such as bacon, cheese, olives, or egg yolks.
- Never be afraid to make a special request, especially if the menu offers no healthful choices.
- Enjoy bread with your meal, but limit your use of butter, margarine, or other high-fat condiments.
- If portions are large, be careful not to eat the whole thing.
- Consider buffets a high-risk meal. It's tempting to get your money's worth by overeating.

Fast food rules

Passing through small towns, having kids along, or finding yourself with limited time to eat can mean a stop at a fast-food restaurant. Make these meals leaner by:

- Avoiding menu items labeled jumbo or deluxe
- Leaving off cheese and mayonnaise, and opting for mustard or ketchup
- Avoiding pizza with high-fat meat toppings and double cheese. Instead, opt for vegetable toppings
- Staying away from fried foods; Choose low-fat alternatives such as lean roast beef, turkey, grilled chicken, or the salad bar if low-calorie dressings are offered

Snacking on the road

Snacking while you drive helps break the monotony, but often the snacks that go on the road with you are calorie-laden and high in sodium, fat, and sugar. If you plan ahead, however, you can enjoy a variety of tasty, healthy snacks.

- Instead of high-fat chips, choose pretzels, breadsticks, graham crackers, ginger snaps, vanilla wafers, or a low-fat, low-sugar cereal.
- Pack a cooler with fresh fruit, yogurt, and cut up vegetables.
- Substitute dried fruit for candy.
- Breakfast on bagels instead of doughnuts.
- Prepare sandwiches with lean meat.
- Bring a bottle of water or pack a supply of low-cal beverages.
- Stop in grocery stores along the way to replenish your supply of nutritious food and drinks.

For more information:

<http://humandev.personaladvantage.com/logon?target=dieting>



August is Children's Eye Health and Safety Month

Protecting Your Child From Sports Injuries

Most children depend on recreational and school sports for exercise and fun. But too many young athletes suffer needless injuries. Each year, up to 5 million U.S. children suffer sports injuries severe enough to require emergency-room treatment, according to the National Youth Sports Safety Foundation. Sports are the second-most frequent cause of injury to teenagers, although, after puberty, boys are more likely to be hurt than girls of the same age.

Any physical activity involves some risks, but injury rates are highest in high-impact sports. Baseball, basketball, football, gymnastics, soccer, and softball account for more than a half-million injuries in children ages 5 to 14. Injuries become more severe as youngsters get older and play at higher levels of competition.

Ask questions

Whether coaches are volunteers, teachers, or other paid professionals, parents should make sure that the coaches are able to handle their teams safely, say experts at the American Sports Education Program in Champaign, Illinois. Unfortunately, only a small percentage of volunteer coaches have any training in safety or coaching skills.

Before your children sign up for a sports league,

find out about:

- **Certification and training.** At minimum, coaches should be certified in first aid and CPR.
- **Emergency preparedness.** A well-equipped first-aid kit, a checklist for what to do in emergencies, and a cell phone should be taken to practices and games. Leagues should also adopt policies regarding inclement weather, including canceling practices or moving them indoors when prudent.
- **Safety equipment.** Coaches should require young athletes to wear appropriate safety gear, such as helmets, face and mouth guards, chest protectors, and athletic supporters. All gear and field equipment, such as goal posts and backboards, should meet national safety standards.
- **Preparation and conditioning.** Coaches should lead team members through warm-ups and stretching routines before games and practices and cool-downs afterward.
- **Match-ups.** Young athletes should play with and against others of similar age, weight, and skill levels.
- **Coaching philosophy.** A win-at-all-costs attitude can push children past their capabilities, resulting in injuries. Coaches should stress skill development and fun. No child should be forced to play when tired or in pain.
- **Field command.** Horseplay and aggressive or rowdy behavior can result in injuries. Coaches should be required to stay in control.
- **Background checks.** Before hiring any coach, league managers should do a background check to make sure the person has no criminal record.

Play your part

Even the best coach can't do it all. As a parent, you can also play an important role in making sure your children's sports experience is a safe and happy one, experts say.

ASEP recommends these steps:

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- **Offer to help.** Your presence shows you care, and it can give a coach valuable help in maintaining control.
- **Play with your children.** Help them stay fit by making physical activity part of everyday family life. Go biking, running, or walking together.
- **Value good sportsmanship.** It's common sense - when children respect the game and one another, they're less likely to behave in ways that put them at needless risk. Parents need to instill the principles of good sportsmanship in themselves and their youngsters.

For more information:

- <http://humandev.personaladvantage.com/logon?target=content&sub=10000265>
- <http://www.preventblindness.org/>

- Mortgage nonpayment
- Probate after a death
- IRS tax seizures
- Real estate tax nonpayment
- Condemnation or abandonment

You can find information about houses in legal foreclosure from:

- Local newspapers
- Subscription newsletters
- The county deed recorder's office

Buying From A Bank After Foreclosure

There's little risk involved with property a bank has already purchased at a foreclosure auction. A bank will generally pay any other outstanding debts - such as property taxes or amounts owed to the IRS - in order to sell the house with a clear title. Plus, the bank will have already evicted the tenants or former homeowners, and appraised the house prior to auction.

A bank has the flexibility to negotiate on the selling price, down payment, interest rate, and closing costs. Added together, these factors can make a big difference in whether you can afford a home, especially for first-time homebuyers.

One disadvantage to buying from a bank is that the property may be sold "as is," so it's important to inspect carefully and budget for any needed repairs.

Buying From The Homeowner Prior To Auction

If you can communicate with a homeowner whose property is in legal foreclosure, it may be possible to buy a house prior to auction by giving the homeowner a small amount of cash in exchange for any equity in the house.

But it's important to thoroughly check out any existing liens or other debts on the property, so you know what you're getting into. You may be able to negotiate a discounted settlement with any lien holders.



Buying Foreclosed Property

It's possible, even in a hot real estate market, to get a good deal on property that's in foreclosure. But you'll have to put in some elbow grease and pay attention to details.

There are many homes near or in foreclosure due to:

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You'll also want to inspect the property and estimate the costs of necessary repairs. If the costs of paying off the lender, cashing out the homeowner, and making repairs are more than the fair market value of the home, it's a bad deal.

If you decide to purchase the property directly from the homeowner, it's important to have a local real estate lawyer draft the purchase agreement.

Buying At A Foreclosure Auction

Buying at a foreclosure auction is the riskiest way to purchase foreclosed property, and shouldn't be attempted by a first-time buyer.

You may not be able to inspect the property, and will likely have to come up with the entire purchase price in cash in a short period of time (sometimes measured in hours rather than days). Plus, you'll still end up owing any unpaid property taxes and junior liens (debts put on the property after the debt which caused the property to kick into legal foreclosure).

Buying at auction also comes with the possibility that the former owner will exercise their right of redemption by coming up with the cash to buy the house back within a certain period of time. The IRS also has 120 days to redeem the property if back taxes are owed. A local real estate lawyer can fill you in on the redemption laws in your state.

If you're tempted to buy at a foreclosure auction:

- Research the condition of the property and any existing debts such as liens, unpaid taxes, and previous construction debts by ordering a full title search on the property
- Scope out land use problems such as zoning or toxic waste issues
- Find out how the auction process and rules work
- Sit in on some other auctions ahead of time
- Decide what your maximum offer will be and don't go above it
- Arrange any financing you may need ahead of time

Buying A HUD Home

The federal Housing and Urban Development ("HUD") often has houses for sale which are sold to the public after HUD or FHA mortgage foreclosures.



HUD pays up to five percent of closing costs. And a HUD home which has been pre-approved for an FHA mortgage has already been appraised, so you can move in faster.

HUD properties are sold "as is" on a cash basis through a conventional lender other than HUD. You can only purchase HUD property through an approved HUD broker or agent, who will submit an offer for you.

For a list of foreclosed properties or local broker/agents, you can call HUD national headquarters at (202) 708-2720.