

CLIENT TELL

MORTGAGES: New Frontier . . . Choice Overload?

By Rahn V. Barnes

Shopping for a mortgage today has become quite intimidating for average consumers who are often trying to make one of the biggest decisions of their lives. This represents the opportunity to have a piece of the proverbial American Pie. The free market reacted to legislative encouragement to make the American Dream more affordable. The outcome is a plethora of products and a potential decision minefield for the average buyer.

What's in a Name? Many mortgage organizations boast of having 1200 or 1500 products. Just the names of the products evoke images of movie characters. When you price a loan at a 3/1 LIBOR, is this a mortgage or a friend of C3PO in *Star Wars* or a member of *Star Trek's* The BORG? Is Subprime a planet? And can you tell me what is an 80/20 option ARM?

Current Events: Reviewing recent headlines: *No Money Down Falls Flat – Help for Homeowners, Not a Bailout for Mortgage Pushers, An End to Easy Money, Mortgage Trouble Clouds the Homeownership Dream*, it is clear the previously mentioned encouragement had consequences. The Congressional and consumer advocacy debate on intended or unintended consequences, which may lead to some legislative solution, is neither timely nor assured. In the meantime, new seekers of the American Dream and those who may have already purchased a tarnished version because of their mortgage will need help navigating the minefield or recovering from unexpected and in some cases serious adjustments in paying for their dream. **(Continued on Page 3)**

With pre-foreclosure notices and auctions up 22.5 percent nationally this past quarter, it's clear that many consumers face tough decisions on the "home ownership" front. Whether their dilemmas are due to poor purchase decisions or predatory lending, the impact is still the same: They very possibly may lose their homes.

Until now, CCCS of MD & DE has not provided services that focus on home ownership. But due to the magnitude of this current problem, we have decided to become involved:

Current Strategies: CCCS recently has begun to provide housing counseling and education to consumers who are currently renting public housing. Our partnership with the Innovative Housing Institute of Baltimore will help these **(Continued on Page 3)**

Payment Options

Here are three ways to make your monthly debt management plan (DMP) payments:

Online Payments: Have payments withdrawn from your checking or savings account by accessing the system via our website (www.cccs-inc.org) or by calling CCCS Operations.

ACH EASY PAY: Have payments automatically withdrawn from your checking or savings account.

Money Order: Mail in or bring a money order to CCCS Headquarters. Be sure to: Print all info so it's readable. Write *CCCS of MD & DE* in the Pay to Order Of blank. Sign the money order. List your address and phone number below your signature and your client number in the corner. Include the top portion of your statement, and retain a receipt for your records.

Inside this issue:

Guest Mortgage Article	1
From the President	1
Payment Options	1
From the Trenches	2
Credit Score Quiz	2
The LEARNING ROOM	2
Credit Score Quiz Key	3
Ask a Counselor	4
Sounding Board	4

FROM THE TRENCHES

by Kathy Skidmore-Williams

It's not easy to live in a world where you are constantly bombarded by messages to "buy this" or "try that" so you'll be more successful, more beautiful, or more stylish than anyone else. (Well, certainly better off than that Jones family that lives next door!) Even on my metro ride to work, there are ads for a department store that flash on the *tunnel* in-between stations! We live a very "I want it and I want it now" lifestyle.

Participating in a debt management program through CCCS has caused me to change that lifestyle in some pretty fundamental ways. For example, I am always looking for ways to live more frugally. Now I stay away from department stores and, instead, buy at consignment stores when I need clothes or household items. You can find amazing deals there, if you are careful. I've bought like-new Levis for \$4 and Old Navy blouses for half that.

I visit the library to check out DVDs instead of renting them at Blockbuster. They even have fairly current releases. I try really hard to grocery shop only once a week with no trips in-between, and I always shop with a list so I'm not tempted to buy something on impulse.

That impulse to want something—Now!—led me into serious credit card debt. And though it's really hard to only spend what I have, I'm learning to live a less materialistic and simpler way of life. I don't think the Jones family could do any better than that.

Kathy Skidmore-Williams is CCCS's first "client" reporter. She joined our program in October 2006.

The LEARNING ROOM

Home is where the heart is. It's also a pretty costly investment. Here are resources for reducing your housing costs:

EnergySavers.com: This U. S. Department of Energy sponsored website shows how to make your home more energy efficient. It includes info on home insulation, heating and cooling, water heaters, windows, lighting, and appliances.

Pueblo.gsa.gov: This Federal Citizen Information Center website includes a timely "Consumer Focus" unit on "Home Buying Basics" and online housing publications about home owner's insurance, mortgage shopping, and moving.

Heloise from A to Z: This book by the noted columnist's daughter has an easy to use alphabetized format and includes info on everything from taking out stains to saving money on meals. Check it out at your local public library.

CREDIT SCORE QUIZ

What do lenders, landlords, insurers, and employers have in common? At one time or another, they may all review your credit score. That said, very few of us know much about how credit scores work. Here's a quiz to help demystify the process. Please answer "true" or "false" to each of these questions. Then check the key on Page 3 to find out how you scored.

- You only have one credit score.
TRUE FALSE
- Checking your own credit will reduce your score.
TRUE FALSE
- The more you earn, the higher your score.
TRUE FALSE
- Your income, age, and sex affect your score.
TRUE FALSE
- To remove unfavorable information from your credit report, you just have to dispute it.
TRUE FALSE
- Shopping around for a loan can damage your score.
TRUE FALSE
- If you get married, your credit scores are merged.
TRUE FALSE

FROM THE PRESIDENT'S DESK

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consumers gain the knowledge and skills to move toward private housing rental and/or home ownership.

Future Plans: By this year's end, CCCS hopes to expand its home ownership services to include pre-purchase education, post purchase education, and foreclosure intervention counseling.

Taking Action: If you're a home owner who is having trouble meeting your mortgage payments due to increased interest or other problems, CCCS will assist in any way we can. To find out where you stand financially, begin by revisiting your personal budget. Also visit our website at cccs-inc.org for ideas on how to increase your income and reduce your expenses. For further help, check with CCCS Operations at 1-800-571-2227. We will do our best to help you assess and improve your situation.

MORTGAGES:

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If You're in the Market: For those in the shopping mode, seek experienced, legitimate help crossing through the minefield. Make thoughtful choices when selecting Real Estate professionals with whom to work. Place the same level of care in this selection as you would when arranging for care for your children.

If You Need Help: For those in tough and potentially tougher mortgage situations, there is help. In the Baltimore area, The Baltimore Homeownership Preservation Coalition has a program that offers assistance. The program, "Today . . . Every Minute Counts," is available 24/7 by simply dialing **311** if you're a Baltimore City resident. Those who live outside of Baltimore City may access the program by calling: **1-888-995-HOPE (4673)**. Free counseling from HUD approved nonprofit organizations is available, and one can also get help with a plan to work out financial difficulties.

EVERY MINUTE COUNTS

Your home is your biggest investment.
Don't wait another minute to get help.

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Rahn Barnes serves on CCCS of MD & DE's Executive Board. He also is a Vice President CRA Officer, Community Development Director for Provident Bank.

TIME'S UP! FIND OUT HOW YOU SCORED

Question #1: False. You have three credit scores — one from each of the three major credit bureaus. These scores can vary as much as 50 points or more.

Question #2: False. You can check your score as many times as you want without affecting it. But be sure to do so using the bureaus or a legitimate score seller.

Question #3: False. Getting a raise, winning the lottery, or inheriting from Aunt Bertie will not change your score. But paying off your debts on time and in full will improve it.

Question #4: False. None of this information has any effect on your credit score. Your employment is listed on your credit report, but it doesn't affect the credit score itself.

Question #5: False. Once you dispute information on your credit report, it is investigated. If the investigation shows the information to be inaccurate, it will be removed. Otherwise, it stays on record.

Question #6: False. When you apply for a loan, the lender checks your credit report, and this shows up as an inquiry. Too many inquiries can hurt your score. But inquiries of the same kind made within 14 days of each other count as a single inquiry.

Question #7: False. When you open accounts jointly, the information is shown on both your credit reports.

Ask a Counselor

A: I just noticed that we haven't been receiving all of our concessions from one of our creditors for the past six months. What should I do?

Q: Contact CCCS Operations immediately at 1-800-571-2227. We will help you evaluate and resolve the issue. In the future, take the time to review creditor statements as they arrive. It's a lot easier to fix a problem when it happens rather than months down the road. Also be sure to send us your creditor statements each quarter. Without these, it isn't possible to regularly update your account.

Sounding Board

More Ideas, Please! We're very excited to have Kathy Skidmore-Williams on board as our "client" reporter. If you'd like to share your experiences with Kathy, have ideas for future articles, or have input on how to improve **Client Tell**, please email or mail your comments to Editor Nancy Stark at nstark@verizon.net or **1301 Bernoudy Road, White Hall, MD 21161**.

Reach Out and Touch Someone: Bad things can happen to good people. If you have a family member, friend, or co-worker who is in serious debt with nowhere to turn, please encourage them to contact CCCS of MD & DE at 1-800-642-2227 — or to visit our website at www.cccs-inc.org. As we all know, it's often hard to take that first step to get help. Your advice and support could make a genuine difference in someone else's life!

Free Housing Counseling Brochure: If you'd like to know more about the *Every Minute Counts* program that Rahn Barnes discussed in his article, please contact Nancy Stark (see above) to receive a copy of an online brochure. Please note: The brochure is available in PDF format and also comes in Spanish.

A personal finance education advocate since 1966.



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