

Be Aware of Credit Counseling Agencies

You probably see the many ads on television for credit counseling agencies that say they can “help you get out of debt”. Many of these agencies claim to be non-profit organizations, but are not providing the services required by a non-profit. For example, credit counseling agencies usually help you develop a debt repayment plan in which you pay the agency a monthly amount and they, in turn, pay your creditors. These agencies charge a monthly fee for distributing your payment to your creditors. Sometimes the agency will arrange for interest and late fees to stop while you are in the repayment plan. Non-profit credit counseling agencies are also required to provide budget and credit counseling. The ongoing counseling and education is required in order to be classified as a non-profit.

FHR’s Director of Homebuyer Programs, Cris Poor, has first hand experience working with a homeowner who had a debt management plan with a credit counseling agency. “After the initial payment plan was set up, the credit counselor did not contact the homeowner again. After paying on the plan for over one year, the homeowner discovered that one month’s payment had been missed, which threw off the sequence of the plan. The homeowner was charged late fees for the year, which caused her debt to increase by over \$500.” This homebuyer was not offered debt counseling or education by the credit counselor. In fact, the only correspondence she received was the billing form.

In May 2006, the Internal Revenue Service (IRS) revoked the tax-exempt status of 41 credit counseling agencies around the country. This means that these agencies must now pay taxes on their earnings, just as any other for-profit agency. Credit counseling agencies can be very helpful. Make sure that the agency you select will provide ongoing services.

Keep Your A/C Working Properly



- Clean and replace the air filter to keep dirt from clogging and ice from building up.
 - If the compressor sits on a pad, make sure it is level. It can become damaged if there is a slight slant.
 - Maintain insulation on the refrigerant lines.
 - Keeps shrubs trimmed and away from the compressor.
- Keep dryer lint and other debris away from the compressor, which can prevent air flow.
- These tips come from Gary Hickey, a local home inspector. To read more of Gary’s tips visit www.garyhickey.com

FHR WANTS TO HEAR FROM YOU!

We welcome your questions and comments. What kind of articles do you want to see?

CALL DANITA AT:

318-0993

or

1-800-622-7462

A Pregnant Single Mother of Two Gets Her House



Marisol, (name changed for confidentiality) appeared at FHR’s office one day asking if we could help her purchase a home. At 40 years old, Marisol was a working mother of twin boys and had another child on the way. She had been employed at the same job for over 10 years. Marisol said that she had some credit problems from her divorce but had not seen her credit report for years. FHR obtained a copy of Marisol’s credit report at no cost to her and helped her identify the accounts that needed payment or disputing. She kept all of her appointments and worked diligently to pay off the collections on the report. Within one month, Marisol found a home to purchase and two weeks following closing, gave birth to a baby girl. FHR provided Marisol with \$5,000 in down payment assistance and was also able to provide \$15,000 in additional assistance to match the \$5,000 Marisol contributed to the home.

Family Housing Resources*

1700 E. Ft. Lowell Rd.
Suite 101
Tucson, AZ 85719

Phone: (520) 318-0993
Fax: (520) 323-3788



- **Assisting families obtain decent, affordable housing**

Check out our website at www.familyhousingresources.com

***Family Housing Resources is a HUD certified housing counseling agency and accredited by the American Homebuyer Education and Counseling Training Institute (AHECTI).**

Foreclosures on the Rise

Foreclosures are increasing in Pima County. According to the Arizona Daily Star, foreclosure filings are up 27% in the first quarter of 2006 compared with 2005. Many issues are to blame: increased gas prices, property taxes and living expenses in general. Experts expect that Arizona will see more foreclosures as a result of the many adjustable rate and interest only loans that were originated starting in the year 2000.

If you are experiencing problems paying your mortgage, Family Housing Resources may be able to help you. FHR provides delinquency counseling which means that we can educate you about the process of foreclosure with your mortgage company, inform you of your options and help you negotiate with your mortgage company. We can help you determine how to bring your mortgage current, such as loan restructuring or repayment plans, or advise you of other options depending on your lender.

If you are facing a mortgage delinquency, **ACT RIGHT AWAY!**



1. Call your Lender. Don't avoid talking with your lender. Do not ignore the letters from the mortgage company. When you call, have a positive attitude and acknowledge to the lender that you are going to be late with your payment. State your reason for being late and let them know that you have a plan to resolve the late payment.

2. Ask for help, from relatives, take a second job, cut back on expenses, revisit your budget and look into any social service assistance. Do what needs to be done to avoid foreclosure and don't waste time.

3. Work with a housing counseling agency like FHR, before you get too far behind. This type of agency is a valuable resource to you. They have worked with many lenders in the loss mitigation (collection/default) departments and they understand the process.

Be aware of scams! Solutions that sound too simple or too good to be true usually are. If you are selling your home without professional guidance, be aware of buyers who try to rush you through the process. Be cautious of anyone calling you to offer assistance. Most likely, they obtained your name from the public foreclosure records. Unfortunately, there are people who may try to take advantage of your financial difficulty.

10 Tips to Avoid Predatory Lending



1. Get advice - let a professional at a non-profit organization review your home purchase or refinance loan.
2. Don't get talked into taking out a loan you can't afford. Lenders may qualify you for more than you can afford. You are allowed three days by law to change your mind.
3. Don't sign papers if loan terms are different at the closing table compared to what you were originally told.
4. Don't consolidate other loans into your home loan. The payment may be lower, but it could cost you more in the long-run. If you are having trouble paying off debt, talk to a credit counselor first.
5. Get it in writing. Ask for copies of everything that you sign. If possible, get documents early so that you can look them over before closing.
6. Check your credit report. Make sure your credit report is accurate when applying for a loan. Creditors can charge you higher fees and rates if your credit is bad, so know your credit when applying for a loan.
7. Always shop around. Try to check with at least 3 lenders when applying for a loan. You don't want to go with the first company that approves you, so shop around for the best deal.
8. Don't sign anything that doesn't seem right. Protect yourself by not signing anything that seems confusing, or different than what you thought you were getting. Also, don't sign blank loan documents, even if they tell you it can be filled in later.
9. Ignore high pressure sales tactics. Be aware of offers you receive in the mail or by phone. If you need a loan you should be the one to contact the lender.
10. Know the terms of the loan. Don't just look at the payment, but also the rate, fees and amount of time it will take to payoff the loan.

BEWARE OF DOUBLE CYLINDER LOCKS



Do you have entry locks that require a key to exit your house? Double-cylinder locks are against the fire code and can cause danger, even death. These locks need to be opened from the inside with a key, and during a fire it may take too long for a person to escape. The Arizona Daily Star reported that a man ripped down his wrought-iron security door in a desperate attempt to escape a fire at his midtown Tucson home. He suffered second and third-degree burns on his face and hands, but luckily did survive. The man could not get to his key in time, so he could not open the door. Replace your double cylinder locks today!

