

THE ALERT

VOLUME 20, NO. 2

MARCH-APRIL 2004

It Is Never Too Late to Start Saving Money

When that pension, Social Security, payroll or SSI check comes each month, it may be hard for many to decide what to pay first.

Should you set aside money for groceries first? How about your prescriptions? Or should you make sure to save a few dollars for future needs?

Sometimes it seems as though the dollars just fly

out of our control.

To get control, it is necessary to know where the dollars go.



"... the dollars just fly out of our control."

The way to do that is to write down everything you spend for at least two weeks.

That will help you to the critical next step: making your own budget.

All the experts insist that it is critical that you put some money away for emergencies. We all have those—a car that needs immediate repairs or a stove that won't work.

How much should you

IN THIS ISSUE:

It Is Never Too Late to Start Saving Money 1

**Mortgaging Home to Pay
for Repairs May Be Risky 4**

**OCC Says Watch Those Bills
for Utilities Services 6**

Senior Citizen Centers and Legal Aid Offices 7

(Continued from page 1)

save? At least two or three months worth of income is the usual recommendation.

Because people are living longer, you have to think about the future, advises Aletha Adams, project coordinator for ClevelandSaves.

"It is never too late to start saving," she adds.

That view is supported by George Barany, executive director of WECO Fund, Inc. "Our general advice is spend less than you earn and save the difference. There always are ways to find money to save," he advises. "Pay off your debts as fast as you can."

What do you budget for first?

The priorities have to be groceries, medicine (taking advantage of programs that can get you medicines at a lower cost), mortgage payment or rent, utilities and insurance.

Take a good look at each item. Do you really need call waiting or voice mail or might an answering machine be a better choice?

If you have credit card debt, you should put a real effort into paying it off as soon as possible to avoid the high interest charges.

Paying only the minimum each month raises the actual cost of whatever you buy

For example, if you pay only the minimum due on your credit card bill, a \$500 television could end up costing you \$800 and take eight years

to pay. If it is a high interest rate credit card, minimum payments may not be paying even the monthly interest.

Avoid putting more charges on an account you are trying to pay off.

Using credit is a convenient way to do business, but it also can trap us into spending more than we can afford.

Restrict yourself to one—and at most two—credit card.

Don't be an impulse buyer. If you see something you must have, wait a day or two to buy it. After you have thought about it, you may decide that

Stay away from payday loans, tax refund anticipation loans, auto title loans and rent-to-own deals. All charge excessive rates of interest...

you can live without it

Maybe you can stop paying for premium channels on your cable bill.

Consider whether you could save some money by eating out fewer times a month.

If you are on certain programs like SSI and Medicaid, remember there are limits to the amount you can save. For example, Medicaid limits you to \$1,500. SSI without Medicaid limits you to \$2,000.

If your income is from Social Security, veterans benefits, public assistance, pensions and some similar types of income, you may want

to get your credit card from a bank where you do not have an account.

If your credit card is at a bank where your account is and you get behind on payments, the bank can take the overdue amount out of your savings or checking account without going to court. However, the bank may be able to go into your account with other types of loans.

If you don't have a bank account, you might consider opening one.

For one thing, you can have your monthly check automatically deposited and avoid the risk of lost or stolen checks.

Too, You can cash a check without paying the very high fees charged at stores and check cashing places.

Many banks offer free checking. At least one local bank is offering to cash checks at selected branches at a rate lower than now offered at check cashing operations.

Stay away from payday loans, tax refund anticipation loans, auto title loans and rent-to-own deals. All charge excessive rates of interest and cost too much.

With a payday loan, for instance, you write a check for the amount of money you want to borrow and you pay a fee. You end up paying interest close to an annual percentage rate of nearly 400%. That interest rate, as high as it is, is allowed by Ohio law.

(Continued on page 3)

(Continued from page 2)

If you can't pay on time, you could end up having to borrow still more money and pay more fees and interest to make good on the first loan.

If you find you are unable to pay a bill, go immediately to whomever you owe. Explain the circumstances and ask to have your payment reduced or ask to have fees waived.

If you own your home, be careful about taking out new mortgages that end up costing you more money and that put you at risk of losing your home.

We will give you some pointers on avoiding predatory loans in the article on Page 4.

If you find you have too many bills, the solution may be to buy only when you have the cash to pay for the purchase.

If you are struggling with too much debt, there could be help for you.

The Consumer Credit Counseling Service can help you by working out a debt repayment plan that calls for one payment to cover all of your creditors and may result in elimination of interest charges and fees.

The service also can help you learn how to budget your money so you can remain debt free.

Some municipal courts, including the Cleveland Municipal Court, make available a debt repayment plan called a trusteeship. It can help avoid garnishment of

wages if you still are working.

ClevelandSaves is another organization that can help get you started on a plan by which you pay off your debt and start saving money.

ClevelandSaves has arrangements with 19 banks and credit unions to set up low-or-no-fee accounts for persons enrolled in its wealth building program.

KeyBank has begun a program in several East Side branches to serve persons who may have bad credit histories.

The program for low and moderate income persons includes check cashing at rates below those charged by check cashing businesses and money management classes conducted by WECO Fund, Inc. and ClevelandSaves.

The Financial Education Center of KeyBank and WECO is located at 114th and Buckeye.

Financial education programs also will be conducted at or near KeyBank branches in Broadway-57, Kinsman, Superior-105 and St Clair-60 neighborhoods.

Check cashing services will be available in those areas and will not require opening of an account.

For more information about the program, call 216-370-5630.

WHERE TO GO FOR HELP TO MANAGE MONEY

Consumer Credit Counseling

1-800-355-2227

Non-profit

Fees are voluntary

Counsels clients about budgeting and managing debts

Provides debt management help

ClevelandSaves

216-781-8090

Non-profit

Free informational workshops on how to pay off debts, spend less and qualify for a mortgage

Clients commit to saving and making regular debt payments

KeyBank and WECO Fund, Inc.

216-721-6060

Make check cashing services available to low-and-moderate income persons

Provide free classes on credit, budgeting, mortgages and investing taught by staff from WECO Fund, Inc. and ClevelandSaves, both non-profits

Mortgaging Home To Pay for Repairs May Be Risky

This is the time of year to be on the lookout for those fly-by-night door-to-door contractors and mortgage brokers.

Their too-good-to-be-true offer could end up actually being anything but true and could end up costing you your home.

First, go to your city hall or county offices to find out what is available in low or no cost repair programs and loans

There are a variety of programs available in the City of Cleveland to assist with financing of repairs, including Senior Housing Assistance (216-664-2833) Repair-A-Home (216-664-2045); Cleveland Action to Support Housing (216-621-7350); Neighborhood Housing Services (216-361-0516); Home Weatherization Assistance (216-664-4116).

In Cuyahoga County, for information about low-interest repair loan programs, phone 216-443-7260 and 216-443-2149. In other areas, phone your city hall or county offices.

Some programs

have income limits.

If you are handling your own financing, there are a number of things to keep in mind. If you have a

...ask neighbors and friends about contractors who have done satisfactory work for them.

mortgage on your home, consider a second mortgage or consider a home

improvement loan—both of which will leave your original mortgage in tact.

Only consider refinancing your old mortgage if it will result in lower payments and lower interest rates for the **full term of the loan with no**

NEVER get a new mortgage if you already have a no-interest or low-interest mortgage...you will lose the benefit of the no or low-interest loan.

balloon payment at the end.

NEVER get a new mortgage if you already have a no-interest or low-interest mortgage. If you get a new mortgage, you will lose the benefit of the no-interest or low-interest loan.

It almost always is a bad idea to deal with contractors who solicit door to door.

It is far better to ask

neighbors and friends about contractors who have done satisfactory work for them.

Once you get a reliable recommendation, check out the contractor with the Better Business Bureau and your city building department. Find out if the contractor is licensed and bonded by your city.

Make sure whomever you are dealing with has a permanent place of business.

Get a written proposal that spells out everything the contractor plans to do, including the materials to be used and the cost for each item.

Get written proposals from two other contractors

on exactly the same items you got from the first contractor.

Make sure that everything in the proposal is in the final document you sign. It should include the work to be done, the materials to be used, the cost for each item and for the labor, when each payment is due, the warranties and guarantees

MARCH-APRIL 2004 ALERT

and the date when the work will be completed.

If you are making a payment before the work is begun, it should cover only some of the materials.

Make sure the contract has the date, name, address and phone number of the contractor and is signed by the contractor.

Make sure the contract has the date, name, address and phone number of the contractor and is signed by the contractor.

Ask a friend you trust to check the contract before you sign it.

In most cases, the contract also should say you have the right to cancel within three business days of signing.

Once you have a contract, you probably will need to get financing.

Some unscrupulous lenders may offer loans to elderly or low-income homeowners and those with credit problems based on the equity of the home, rather than the homeowner's ability to repay it, warns the Federal Trade Commission (FTC).

It is best to secure your own financing. First, make a notation on your repair contract that says it is subject to your finding financing on terms acceptable to you NOT to the contractor.

You may be offered a

deal to consolidate all of your debts and your mortgage.

You could end up with a high-cost mortgage you cannot afford and end up losing your home. Don't allow anyone to talk you into using your home to borrow

money that you don't really need or money that you can borrow on your own at far

better rates.

Never sign for loan payments that you know you cannot afford to pay. The only result may be that you lose your home.

The Federal Trade Commission (FTC) offers these tips:

> Consult with an attorney or with a financial advisor before making any loan decisions

> Avoid any lender who tells you to falsify information on the loan application.

> Shop around and compare: the annual percentage rate (APR), points and fees, the term of the loan, the monthly payment and any balloon payments or prepayment penalties.

Never sign for loan payments that you know you cannot afford to pay.

> Be sure you understand all the documents you will be required to sign. If you don't understand, ask someone you trust to help you.

> At closing, be sure the monthly payments, dollar amounts, and interest rates are the same as those you initially agreed to. Be sure to get a copy of all documents you've signed.

> If you have second thoughts about your loan, the Truth in Lending Act gives most home equity borrowers at least three business days after closing to cancel the deal.

> The Home Ownership and Equity Protection Act (HOEPA) may give you additional rights if your loan is a home equity loan, second mortgage or refinance secured by your principal residence.

> If you think your lender has violated the law or you want information about a right to

rescind (or cancel) the contract, consult an attorney, Ohio's Attorney General Office or banking regulatory agency or the FTC.

To find an FHA-approved lender and to get information about loan programs, call the consumer service center of the Federal Housing and Urban Development Department at 1-800-767-7468.

OCC Says Watch Those Bills for Utility Services

Consumers need to be aware of the utility charges they are paying, says the Ohio Consumers' Counsel (OCC), the residential utility advocate.

"Many times consumers pay their monthly utility bills without thinking twice," says OCC.

With the entrance of new companies to the market and more services being offered, residential customers have to pay attention to what charges are on their bills.

Although laws protect consumers from being taken advantage of by energy and telecommunications companies, you should double-check your utility bills and review any supplier agreements before signing on the dotted line to ensure that you are not paying for any services or features you do not want, according to OCC.

OCC offers these tips on how to become a wiser consumer.

Consumers paying their local and long distance telephone bills should review:

- > Every service and feature listed, such as Caller ID or Call Waiting, and look for

any services they do not recognize or did not order. Federal and Ohio law requires any changes in service to be "clearly and conspicuously" indicated on the bill. An illegal practice called "cramming" occurs when products or services are added to a telephone bill without a consumer's permission;

- > All features or calling packages to determine whether or not the services are actually used. Many consumers may be paying high prices for calling packages that offer more features than they need. To see a side-by-side comparison of a sample of current local telephone packages consumers can access www.pickocc.org.
- > The name of the company providing local and long-distance services. An illegal practice called "slamming" is the switching of a local or long-distance company without a consumer's consent.

Before signing up with an electric or natural gas supplier, consumers should

review the terms and conditions of any agreement for:

- > The type of rate being offered. Some agreements may offer a fixed rate for a certain period and then switch to a variable or other type of rate that could affect a consumer's monthly bill.
- > Any additional fees that may be charged for signing up with a supplier, changing suppliers or canceling an agreement before the end of the service period.
- > Renewal information. While some agreements may initially sign up consumers for a term of one year, many agreements may automatically renew customers for an additional period.

For more information about what to look for when reviewing utility bills and supplier agreements or tips for avoiding fraudulent charges, contact the OCC toll free at 1-877-PICKOCC (1-877-742-5622) or visit the consumer publications page at www.pickocc.org for a free copy of "Reading the Fine Print: A Consumer Protection Resource."

SENIOR CITIZEN CENTERS AND LEGAL AID OFFICES

CUYAHOGA COUNTY

For information or to make an appointment in Cuyahoga County
 phone 216-687-1900 (press 1)
 on Tuesday or Thursday between 1 p.m. and 4:30 p.m.
 or call 216-687-1900 from 9 to 11:30 a.m. and 1 to 4:30 p.m. weekdays

EAST SIDE

WEST SIDE

Buckeye Senior Center
 11802 Buckeye Road
 216-491-8450

Maple Heights Senior Center
 15901 Libby Road
 216-587-5481

Lakewood Office on Aging
 16024 Madison Avenue
 216-521-1515

Emeritus House Senior Center
 (at Indian Hills)
 1554 East 193 Street
 216-289-8586

Martin DePorres Center
 1264 East 123 Street
 216-268-3909

Metro Health Hospital
 2500 Metro Health Drive
 216-778-5551

Fairhill Institute
 12200 Fairhill Road
 216-421-1350

Murtis H. Taylor Center
 13422 Kinsman Avenue
 216-283-4400

Parma Senior Resource Center
 7001 West Ridgewood
 440-885-8155

Goodrich-Gannett Center
 1368 East 55 Street
 216-432-1717

Stella Walsh Recreational Center
 7345 Broadway Avenue
 216-441-0111

West Side Legal Aid Office
 3408 Lorain Avenue
 216-687-1900

Helen S. Brown Senior Center
 16100 Euclid Avenue
 216-761-8410

Woodland Branch
 Cleveland Public Library
 5806 Woodland Avenue
 216-623-7109

DOWNTOWN

Hough Opportunity Center
 8555 Hough Avenue
 216-421-5400

Downtown Legal Aid Office
 1223 West Sixth Street
 216-687-1900

For information or to make appointments outside Cuyahoga County
 phone the offices listed below

LAKE COUNTY

Lake-Geauga Legal Aid, 8 North State Street, Painesville, OH 44077
 440-352-6200 or TOLL FREE 1-888-808-2800

LORAIN COUNTY

The Legal Aid Society of Lorain County, 538 West Broad Street, Elyria, OH 44035
 440-323-8240 or TOLL FREE 1-800-444-7348

ASHTABULA COUNTY

Ashtabula County Legal Aid, 121 East Walnut, Jefferson, OH 44047
 440-576-8120 or TOLL FREE 1-866-873-9665

**The Legal Aid Society
of Cleveland
1223 West Sixth Street
Cleveland, Ohio 44113**