



MAKING THE MOST OF YOUR MONEY

FINANCIAL TIPS FOR TODAY'S CONSUMER

CONSUMER CREDIT COUNSELING SERVICE OF MONTANA & WYOMING

June Is Homeownership Month

Recognizing that with some careful planning, realistic goal-setting and a clear understanding of the costs involved, home ownership can be an achievable dream for tens of thousands of Americans. The National Foundation for Credit Counseling (NFCC) is marking June as Homeownership Month by helping consumers to take a realistic look at what to expect from homeownership.

To that end, the NFCC suggests the following tips for potential homebuyers when exploring homeownership opportunities:

- Determine the right time for homeownership. If you know you want to own a home, whether it's today or in a few years, you first should determine if you can afford to buy a home and what kind of home. How much money will you be able to borrow? What types of mortgages are available and which mortgage is best for you? Before calling or meeting with real estate professionals or potential lenders, be sure to have these answers to these questions.
- Analyze how much money you have saved. There will be up-front costs associated with buying a home, such as a down payment, home inspection, appraisal, and closing costs that can range from 3 to 6 percent of the cost of the house. Don't forget additional costs such as movers and/or repairs.
- Be realistic about increased maintenance costs. Compare your current expenses to the ongoing costs of a home purchase. How does your current rent or mortgage compare to the new monthly mortgage payment? Don't forget that if you're now renting, with home ownership you acquire taxes and insurance, as well as other costs like utilities and maintenance. It is likely that you'll need more furnishings, both indoors and out. And, once you're the proud owner, responsibilities such as plumbing and roofing fall to you.
- Examine your credit report and credit score. Before shopping for the dream house or meeting with the mortgage lender, obtain a free copy of your credit report at www.annualcreditreport.com or by calling (877) 322-8228. Your credit report is used extensively by potential lenders to evaluate your credit worthiness. Your credit score can impact your interest rate and costs for other items such as homeowner's insurance and private mortgage insurance. Often times the higher your score, the better chance you have of getting a lower interest rate.
- Decide what type of home you want. Not everyone wants the white picket fence. Prior to house shopping, a prepared homebuyer will develop a checklist of "must have" versus "would like" features to compare properties. When creating the checklist, consider the following: how much space your family needs; the style and layout you prefer; a specific part of the city more convenient for your lifestyle; and what amenities are "must haves" such as a garage, large backyard, appliances, etc. Also consider distance from work and family, environmental and utility factors, neighborhood and school zones and other nonphysical preferences.
- Do some "window shopping." To find the right home, check as many leads as possible. Let your friends and acquaintances know you are looking to buy. Drive through neighborhoods and check out the "for sale" signs and then look them up on the Internet. Newspapers and shoppers' guides are full of listings.
- Shop for a mortgage that's best for you. Select a mortgage and loan terms that are most favorable to your financial situation. Mortgages are available from a number of sources including savings and loan associations, commercial banks, mortgage companies, federal credit unions and financial companies. Research the many types of mortgages including fixed-rate, adjustable-rate mortgage (ARM) and federal government-insured loans from the Federal Housing Administration (FHA), Department of Veterans Affairs (VA) and Rural Housing Service (RHA). Shop around for the best deal, which may begin with a financial institution where you already have a financial relationship, such as a checking or savings account, or from friends, family, co-workers and real estate professionals.
- Be prepared for your first meeting with a lender. To save time, gather the following items in advance of your meeting: bank information such as account number, branch address, latest bank statement; pay stubs, W2 forms for the past two years, or other proof of employment and salary; information about debts, including loan and credit card numbers and creditor contact information; and evidence of mortgage or rental payments such as canceled checks or money order receipts. If you are self-employed, collect balance sheets, tax returns for the past two years and a year-to-date profit and loss statement.
- Sign up for a free or low-cost homeownership session. To find out if homeownership is right for you, determine how much home you can get with your money, what mortgage lenders look for in approving a loan, and how first-time homebuyers and low- and moderate-income households can stretch your borrowing power. Owning a home can be within reach for educated homebuyers. Contact your local CCCS to find out about our next first time home buyers education class. 877-ASK-CCCS

Client Newsletter June 2008

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A Bright Way To Save Money

Below are five huge reasons why you should switch your home light bulbs to CFLs today. (Even if you already use CFLs, you may want to read this list. There's something on it for you, too.) For this exercise, I'm going to refer to a six-pack of General Electric 26-watt CFLs, which you can get from Walmart.com for \$15.16, giving them a cost of \$2.53 a bulb. These bulbs claim 100-watt equivalence, but I actually find their brightness to be between that of a 75-watt and a 100-watt incandescent bulb, so we'll compare them to 75-watt bulbs. For comparison's sake, a four-pack of GE's 75-watt incandescents at Amazon.com is \$4.10, or \$1.03 a bulb.

- 1. The bulbs themselves are cheaper.** If you compare the life spans of the bulbs listed on the packages, the incandescent bulb works for 750 hours, while the CFL has a rated life of 8,000 hours. Just using that number, that means that the cost of regular incandescents over 8,000 hours is \$10.99, while the single CFL over 8,000 hours costs only \$2.53 for the bulb -- a total savings of \$8.46. Even if you don't believe that the life span is really that long, even half that long for the CFL, the long-term cost is still cheaper for the CFL.
- 2. The per-hour cost of energy for CFLs is cheaper.** The CFL uses 26 watts; the incandescent bulb uses 75 watts. That's a difference of 49 watts per hour of usage in favor of the CFL. Let's say you use a bulb for four hours a day and your energy cost is 10 cents per kilowatt-hour. With those rates, one 26-watt CFL in a socket instead of a 75-watt incandescent bulb saves you \$7.15 over 12 months. Let's say there are 20 bulbs in your home. That's nearly \$150 a year.
- 3. The time involved is less.** Let's say it takes two minutes to change a light bulb, including the time involved buying it, fishing it out of storage, unscrewing the old one, screwing in the new one and disposing of the old one. Let's also assume 8,000 hours of usage, which at a rate of four hours a day is 2,000 days of usage, or about five and a half years. Over that time, you'll invest two minutes in changing CFL bulbs versus 21 minutes changing incandescent bulbs. Multiply that by a theoretical 20 bulbs in your house and you're talking about more than six hours of time lost changing incandescent bulbs. That number seems preposterous, but check the math yourself.
- 4. They cut carbon emissions.** Over 21 hours, a 26-watt CFL bulb reduces your energy consumption by one kilowatt-hour over a 75-watt incandescent bulb. At four hours a day, that happens for each bulb every five and a quarter days. Thus, for 20 bulbs in your home, over the course of a year you'll eliminate nearly a ton of carbon-dioxide emissions (1,877 pounds, to be precise). If you're concerned about disposal of CFL bulbs, most municipal areas have a recycling center that will take CFLs and properly dispose of them -- here's a locator -- so that the gases in them won't wind up in a landfill (and neither will the glass).

Wearable Animal Noses

Supplies needed: Styrofoam cups, Paint, Paintbrushes, String, Scissors, Pencil

To start this craft, punch a hole with a pencil in one side of a Styrofoam cup, near the top, through the thick lip portion. Pull the end of a length of string through this hole and tie it in a secure knot through the hole. Next, pull the cup up to your nose as though you were going to wear it on your nose and pull the string around the back of your head. This is to measure how long the string needs to be so that you can wear your nose. When you have determined how long the string needs to be, cut it to that length. Then punch another hole in the Styrofoam cup across from the one you have already made. Tie the other end of the string in that hole. Try on your nose to make sure that it fits properly. If it is too tight, remove the strings and make new measurements. If it is too loose, tie another knot in the middle of the string in order to shorten it.

The next step is the most creative and fun part of the project: decorating! Make sure that all children doing the craft wear paint smocks so that the paint does not get on their clothing. Remember to roll up sleeves! There are many painting options when it comes to animal noses. Try some of the following ideas:

Pig: Paint the entire Styrofoam cup pink and make flat nostrils on the base of the cup. Poke holes into the nostrils so that when you wear the cup as a nose, you have air flow. Add small hairs underneath the cup by punching holes into the bottom and tying bits of string into the holes.

Cow: Paint the round portion of the cup with black spots, but paint the base of the cup pink. Also paint big black nostrils on the base of the cup, making sure to punch holes in the center of the nostrils so that air can get in when you wear the nose.

Dragon: Paint the round portion of the cup green, and paint a line down each side. Add teeth to each side of this line to make dragon fangs. Paint the base of the cup red, add black nostrils, and poke holes into the nostrils so that you can breathe.

Lion: Paint the round portion of the cup yellow and add wisps of orange and brown. Paint the base of the cup brown and add a small pink nose. Add nostrils to the nose and poke holes so that you can breathe. Add whiskers to the base.

Cat: Paint the round portion of the cup gray. Paint the base of the cup gray as well, but add a small pink nose and black whiskers. Make nostrils on the nose and poke holes so that you can breathe when you wear the nose.