



# MAKING THE MOST OF YOUR MONEY

## FINANCIAL TIPS FOR TODAY'S CONSUMER

CONSUMER CREDIT COUNSELING SERVICE OF MONTANA & WYOMING

### Your Quick Guide to Credit Cards

Use a credit card wisely and you can reap benefits like cash back, bonus points and airline miles, not to mention a better credit score. Use it unwisely and you could end up under a mountain of debt.

**The No. 1 rule is:** Pay off your balance every month. Otherwise, you'll pay interest on your purchases. Paying the balance takes discipline. About 40% of households carry credit card debt, according to the Federal Reserve.

#### Protect your good name (and score)

- Make your payments by the date -- and time -- they're due. Late fees are \$29 or more. A couple of late payments will trigger an interest rate increase. Because late and missed payments lower your credit score, the interest rate can go up on your other credit cards and for future loans as well. (See "7 fast fixes for your credit score.")
- Limit the number of cards you have. Experts recommend having two to six cards. Applying for lots of cards can hurt your credit score. Conversely, closing several credit cards at once will trigger a decrease in your score.
- Read the fine print. Know the interest rate you will be charged, the grace period for paying your debt before interest kicks in and your credit limit. Does your company use two-cycle billing? (Better look, because two-cycle billing means you could pay interest even when you carry no balance.) Also, almost half come with a "universal default" clause, allowing an increase in your interest rate if you are late paying any other bill. (See "Credit card companies' evil tricks.")
- Negotiate. If your credit score is 700 or above, you may be able to get a lower interest rate or get the company to drop a late fee. (Estimate your credit score.)
- Don't exceed 30% of your credit limit on each card. Credit bureaus don't care if you pay off your balance each month. They're interested in how much of your available credit you use. If it's excessive, your credit score will drop.

#### The devil in the details

Credit card companies market different types of cards, featuring low interest, rewards or other benefits. Be careful about the terms, which are subject to change.

- If you're transferring a balance to a new card with lower interest, find out how much the company will charge for the transfer. Urge that it be done electronically so you don't accumulate interest on both the old and new accounts. Low-interest introductory offers may apply only to the balance transfer and not to new purchases.
- Reward cards that provide dividends like rebates and airlines miles sound too good to be true, and can be. The higher interest rate charged by most reward cards can more than offset the reward if you carry a balance. Reward offers can change with little notice and may come with budget-busting conditions -- for instance, you have to spend a certain amount to earn the reward.

#### Getting back in the game

Getting and using a credit card could be the easiest way to re-establish credit if yours has gone sour. But getting back into the credit game comes with potential hazards.

- Cards issued to those considered credit risks come with interest rates in the 18% to 22% range and low spending limits. Such cards sometimes have extra fees hidden in the fine print.
- Don't take the bait when companies want to issue you one low-limit card after another. You can find yourself back in debt, paying late fees, over-limit fees and high interest rates on multiple cards.

**Tired of unsolicited offers of pre-approved cards?  
Call 1-888-5 OPT-OUT.**

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# FORECLOSURE SCAM ARTISTS PREYING ON HOMEOWNERS

If there were ever an example of kicking a guy when he's down, preying upon a homeowner who fears foreclosure rises to the top of the list. The National Foundation for Credit Counseling (NFCC) cautions consumers to be wary of any offers that seem too good to be true.

Rising foreclosure rates have led to a growing number of scam artists offering to "rescue" homeowners in financial distress. They use a wide variety of scams and target people of all ages in virtually every community across the country. Anyone can become a victim. Foreclosure rescue scams usually revolve around heavily promoted deals supposedly designed to save the homes of people facing foreclosure – those who have fallen behind on their mortgage payments. They proclaim to "save your home" or "pay your mortgage," but in reality generate a quick profit for the scam artist or strip away the value of the home with no benefit to the owner. "Scam artists can evict a family from their own home and then sell it on the open market before the homeowner has any idea of what is going on," said Gail Cunningham, spokesperson for the National Foundation for Credit Counseling.

## How does a foreclosure rescue scam work?

- The "rescuer" identifies distressed homeowners through public foreclosure notices in newspapers, via the Internet, or at government offices.
- The "rescuer" then contacts the homeowner by phone, personal visit, card or flyer left at the door, or advertising.
- The initial contact typically centers on a message that tells homeowners that they can stay in their house easily, get a "fresh start," keep their credit rating or receive instant cash.
- During the first meeting, the unsuspecting homeowner is often told to stop all contact with lenders, credit counselors or lawyers and let the "rescuer" handle all the details. This cuts off the homeowner's access to legitimate financial solutions and digs a deeper financial hole.

The scam artist generally looks to make a quick profit through fees or direct mortgage payments that are never passed on to the lender. Sometimes the scammer assumes ownership of the property by deceiving the homeowner. Once it is too late to save the home, the "rescuer" either takes the property or the owner loses the home to foreclosure after it has been drained of equity through fees and charges.

## What are the red flags to keep in mind?

The NFCC advises homeowners to proceed with extreme caution if an individual or company:

- Calls itself a "mortgage consultant" or "foreclosure service."
- Contacts people whose homes are listed for foreclosure, including anyone who uses flyers or solicits for business door-to-door, by phone or email.
- Encourages you to lease your home so you can buy it back over time.
- Collects a fee before providing any services to you.
- Instructs you to cease all contact with your lender, credit or housing counselors, lawyer or other legitimate experts.
- Tells you to make your mortgage payments directly to him or his company (not the lender).
- Requires that you transfer your property deed or title to him or his company.
- Makes a promise that seems too good to be true, for example, instant cash with "no strings attached."
- Tells you that as part of the deal you will need to move out of your house for some period of time for remodeling or other reasons.
- Offers to buy your house for cash at a fixed price that is not set by the housing market at the time of sale.

## What should a homeowner NEVER DO?

- Don't be pressured to sign a contract. Take your time to review all documents thoroughly, preferably with a lawyer who is representing your interests only.
- Don't send or give your mortgage payments to someone other than your lender, even if he promises to make the payments for you.
- Don't sign away ownership of your house to anyone without advice from a credit or housing counselor or lawyer.
- Don't rely on verbal agreements – they mean nothing. Get all promises in writing and keep copies of all documents, especially those you sign.
- Don't sign anything containing blank lines or spaces. Scammers can add information later without your knowledge or approval.
- If you do not speak English, use your own translator. Don't depend on someone who is provided by the "rescuer."

## Don't fall for promises that are often used to lure homeowners into scams. For example:

- Claims to save your credit rating
- Promises of instant cash
- Guarantees that a buyer will be found within a certain number of days
- Help in filing for bankruptcy to "stop the foreclosure"
- Offers of free rent or gifts

**You don't have to solve your financial problems alone.  
Your certified counselor can help you call 1.877.ASK.CCCS.**

## Red, White, and Blue Wreath

**Supplies:** paper plate, white tissue paper, red tissue paper, blue tissue paper, silver streamers or ribbon, silver pipe cleaner, glue, stapler

### Directions:

Start by cutting out the center of a paper plate - discard the center (or save it for another craft). Cut tissue into 6"x6" squares. Scrunch a piece of tissue up and dab it into the glue and place on the plate. Continue doing this and alternating colors until the plate rim is filled all the way up. Add a little sparkle by adding some silver streamers or ribbon here and there. Staple a pipe cleaner to the back of the wreath to make a hanger.