

Defeat Debt

Credit Advisors Foundation

Volume 47, Issue 9

The Real Story—September is Self Improvement Month

September is Self Improvement Month. Any self-improvement project can be difficult to start and even more difficult to maintain. (How many of you are still following your 2004 resolutions? Do you even remember what they were?)

A self-improvement project can be simple or complex, but any improvement effort must have goals.

Setting goals can seem scary but it basically comes down to this: if you don't know where you're going, how will you know when you get there?

To answer that question you'll want to keep your goals SMART: Specific, Meas-



Self-Improvement Month means time to improve your financial outlook.

urable, Achievable, Realistic, and Timely. Forgetting any one of these elements can seriously compromise your ability to achieve your goals.

What about improving your financial outlook? Doesn't that qualify for self-improvement? It sure does! Developing the skills and mastering the behaviors necessary to improve your financial outlook are a definite effort toward self-improvement and this effort requires SMART goals too.

What hints can Defeat Debt give you to assist you in achieving this worthy goal? Well of course, first, get your budget in gear! Is your budget working for you? Do you know what you have coming in and going out each month? If your budget is not working, this is the time to figure out why.

Next eliminate waste. What are you spending

money on that is truly unnecessary? What are you spending money on that is not helping you achieve your goal? If something in your budget is not working toward your goal, eliminate it!

Then make every effort to decrease your debt. We know you've heard this before—but that's because IT'S IMPORTANT. Don't forget your basics, like avoiding the build-up of lots of debt on credit cards (your DMP works for you here), using care when increasing your mortgage debt (talk to the CAF Housing Counselors for housing goal coaching and ways to ensure you are making wise mortgage choices for your situation), and (if you're a student) limiting student loan debt. All of these can create big financial problems if you should have to face one of life's financial setbacks like illness, divorce, income reduction, or job loss. The

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The Real Story—continued

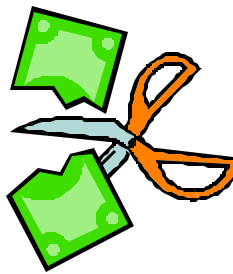
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best rule of thumb: never get in debt just because you can (pre-approved offer) and never access more credit than you absolutely must.

Need some ideas of smart ways to spend money that can actually help you avoid financial hardship? One smart way is to get and keep health insurance of some kind. When the experts at Harvard say that medical bills are a factor in 1 of every 5 bankruptcies filed nationwide, we must recognize that when attempting to improve (and protect) ourselves financially, insurance will play a vital role in achieving our goal. To minimize the costs of insurance check with your state to see if they offer special rate policies for those with low-income or consider a higher deductible on a policy that can assist you with catastrophic medical bills.

Finally, also consider, creating a savings plan for emergencies. Forty-three percent of us have less than \$1000 saved that we could access in the case of an emergency. Did you know that sixty-six percent of all American households would not survive more than three months of unemployment without serious financial difficulty, and the average length of unemployment is eight months?

Experts recommend that families, at minimum, have cash equal to three months worth of expenses, preferably six, for emergency situations. Without a plan or goal this will be difficult at best. If necessary, start your savings plan



*Now is the time to check your budget. Is it working **for** you?*

small, but do it now. Even \$25 a month will start to add up. Better yet, take advantage of any savings programs offered through your employer or opportunities for payroll deductions into savings accounts—before you ‘see’ the money.

Once you complete your DMP you will already have created a habit (or new behavior) to set aside funds each month. Right now it's to pay off debt, but later it can be a strategy for a beautiful savings plan.

So celebrate September as Self Improvement Month. Review your financial outlook, update your financial goals and set your sights on improving your financial future.

Report Suggests More Minorities Face Homeownership Problems

The Fannie Mae Foundation (a private nonprofit organization devoted to affordable housing and community revitalization) recently reported on research conducted through the analysis of 2000 census figures. Some of the news reported was good, but some of the news was at least apprehensive if not cautionary in its indications for the future of homeownership retention.

During the 1990's, according to the report, homeownership grew nationwide. These increases were slightly higher for minorities in comparison to whites, particularly in the 25 largest cities in the U.S. Unfortunately for minorities, this progress appears to have come with increased risk of affordability issues, and in many cities these problems actually nullify advances in homeownership growth.

What exactly does this mean? The report defined serious affordability issues as a homeowner coping with the necessity of committing over half of their income to housing costs.

According to census figures, as of 2000, in 47 of the 50 states the number of homeowners facing serious affordability problems increased, including 43 of the nation's largest 50 cities.

In the 25 largest cities, 14 percent of black homeowners were spending at least half of their income on housing costs. In these same locations, 13 percent of Latino homeowners were dealing with these issues. Los Angeles led the cities in the severity of the problem with 20 percent of both black and Latino homeowners facing the challenge of spending at least half of their income for housing. Not far behind, minorities in New York, Philadelphia and Seattle also encounter critical homeownership affordability problems.

The problems put a strain on family budgets with the inability to allot adequate amounts towards essentials such as food, health care or education. These issues also suggest the potential loss of homes, grave long-term credit damage, and limited prospects for the homeownership advantage of wealth

accumulation.

What can be done? Once again, the recommendations suggest that improving financial literacy is vitally important. Pre-purchase education to improve understanding of lending products and programs, homeowner education to enhance budgeting skills, continued efforts for early detection and remediation of mortgage repayment difficulties, and improved monitoring of the mortgage industry for lending practices with predatory characteristics would all assist in easing the struggle homeowners with affordability problems confront.

If you are facing similar affordability issues, immediately contact one of Credit Advisors Foundation Housing Counselors. Talk with them and discuss the options available to you.

Homeownership is a part of the American Dream. Don't allow your dream to become a nightmare.

Word Search

This month in the Word Search there are twenty-one words from the articles in this issue of Defeat Debt. See if you can find the words listed below:

GOAL ASSET

MONEY WASTE

BUDGET CENSUS

INCOME LATINO

TIMELY CHARGES

HOUSING MINORITY

MORTGAGE SPECIFIC

COMMUNITY

PREDATORY

ACHIEVABLE

BANKRUPTCY

CONCESSION

MEASURABLE

HOMEOWNERSHIP

M	H	B	A	N	K	R	U	P	T	C	Y
C	O	N	C	E	S	S	I	O	N	S	U
O	M	G	H	O	U	S	I	N	G	P	Z
M	E	C	I	S	S	E	G	R	A	H	C
M	O	M	E	A	S	U	R	A	B	L	E
U	W	O	V	N	L	A	O	G	U	A	G
N	N	N	A	S	S	E	T	L	D	T	A
I	E	E	B	C	Y	U	M	X	G	I	G
T	R	Y	L	L	K	O	S	A	E	N	T
Y	S	P	E	C	I	F	I	C	T	O	R

Bank of America DMP Assessments—Important Account Information

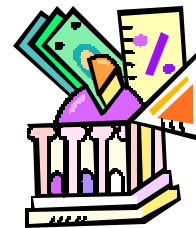
As part of an ongoing self-assessment, Bank of America has reviewed accounts enrolled in DMPs for compliance with their terms of debt management. While the majority of accounts are proceeding as planned, a number of clients who have received interest, payment and status concessions from Bank of America have not complied by their requirement to stop making purchases on credit and to not seek any further credit accounts.

Effective with the August billing cycle, these accounts will have their interest raised to 7.9%. All accounts affected by this change will have received a letter advising of the interest increase and the necessary payment amount needed to keep the accounts on schedule for payoff.

These notices are only one of many reasons that we request you open and review all correspondence received from both creditors and Credit Advisors Foundation. Please note: Accounts where Bank of America has requested an increase in the debt management payment but has not been received by Bank of America will also be removed from the DMP at this time and their original terms and conditions will be imposed including interest, status, overlimit and late charges. If you have received one of these letters please contact a CAF Client Care Certified Credit Counselor at 1-888-942-9027 as soon as possible to discuss necessary adjustments to your debt management program. If you have received a letter advising of interest and payment increase but feel you do not belong to the identi-

fied group, please contact a CAF Client Care Certified Credit Counselor as there is a process to appeal the individual account decisions with Bank of America.

Again, as always, CAF asks that you carefully check all correspondence from your creditors and your Bank of America statement for any changes as an added precaution and if you note any adjustments to contact us.



Bank of America reviews DMP accounts.

Credit Advisors Foundation

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We're on the Web!!

www.creditadvisors.org

Get out of debt, with no regret!

The Kitchen on a Dime—Baked Cheeseburger Casserole

Cheeseburger, cheeseburger!

Quick and easy, you'll get the taste of a cheeseburger in a casserole with Baked Cheeseburger Casserole. Simple to make, yummy to eat.

Ingredients:

1 1/2 pounds lean ground beef

1 1/2 teaspoon onion powder

1/2 teaspoon garlic powder

1/2 teaspoon black pepper

1/3 cup ketchup

1 1/2 cups (6 ounces) finely shredded sharp cheddar cheese

1 package (7 1/2 ounces refrigerated biscuits (10 biscuits))

Preparation Directions:

Preheat the oven to 450 degrees.

Coat an 8-inch square baking dish with nonstick cooking spray.

In a large skillet, brown the ground beef with onion powder, garlic powder, and pepper over high heat. Stir often to break the ground beef into small pieces.

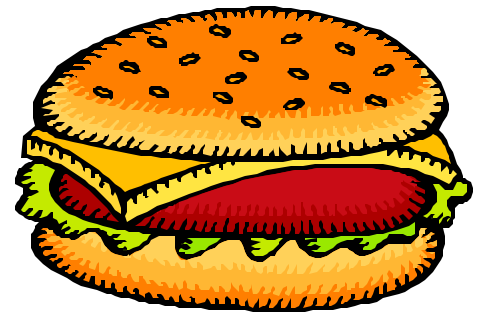
Drain off fat.

Add the ketchup and cheese to beef mixture in skillet.

Mix well and pour into the baking dish.

Place the biscuits over the top and bake for 8 to 10 minutes, or until the biscuits are golden and cooked through.

Four to six servings (Cost: approximately \$1.08 per serving).



Get the taste of a cheeseburger in a casserole with Baked Cheeseburger Casserole.