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Lost income, debt and foreclosure

A recent survey by the Pennsylvania Association of Realtors shows that the top contributing factors to home foreclosure in the state are job loss and unexpected medical bills.

These circumstances don't necessarily have to lead to the loss of your home, but it's critical to get help right away. As soon as you lose your job, experience some kind of reduced income or get hit with a medical bill, you should seek help through a housing counseling agency.

Advantage CCS has certified housing counselors who will assess your situation and help you find the best solution to avoid foreclosure. The housing counseling session is free.

It's important to assess your situation right away and look at how you can stay current on your mortgage rather than wait to get help after you've fallen behind. It's like the old saying goes: "An ounce of prevention is worth a pound of cure."

The counselors can help you work directly with your lender. There are also a variety of federal and state programs available to help homeowners who are delinquent and/or facing foreclosure, if you are already in that situation.

The counselors know all the options, can help you understand your options and choose what might work best for your individual circumstances.

You can schedule a free housing counseling session by calling (888) 511-2227.

Do you know ...

Do you know what's in the new Financial Reform Bill signed into law over the summer? The bill is over 800 pages long, but here are some key highlights:

- The FDIC deposit insurance coverage is permanently increased to \$250,000 per individual.
- There will be a new federal office to monitor the insurance industry.
- The bill creates the Consumer Financial Protection Bureau, which will regulate mortgages, credit cards and other consumer financial products.
- Mortgage lenders will be required to evaluate a consumer's ability to pay off a mortgage before making the loan.
- Pre-payment penalties against borrowers will be barred.
- Banks will be required to offer consumers overdraft protection coverage on debit card transactions and ATM withdrawals, however, the coverage could be costly.



Q: I have never checked my credit report, but I keep hearing about credit reports and the importance of checking them. Where do I get a credit report? What's on it? What should I look for when I check it?

A: First, you can get a free copy of your credit report from all three credit reporting bureaus by going to www.annualcreditreport.com.

Your credit report will list general information about you such as your address, previous addresses, your birth date, etc. It will also list your credit history including any past or current credit such as credit cards, personal loans, mortgages, school loans and car loans.

Your credit report will detail the original balance of these loans and your payment history, including any late payments or accounts that have been sent to a collection agency.

When you look at your credit report, you want to make sure that all the information is accurate and that you have opened up all the credit accounts listed. Checking your credit report is a good way to make sure you haven't become the victim of identity theft.

If there is inaccurate information on your report, you will be able to select an option online to report the error to the credit bureau.

You should also note that your credit score is not included in your credit report. You have to pay extra for that.

Car shopping: To lease or to buy?

Shopping for a new car is a year round concern that can't be linked to any month or season. Everyone has their own schedule as to when it's time for a new vehicle. Most veteran shoppers who have already owned a new vehicle or two already have their preference as to whether to buy or lease. For those that are looking at purchasing their first new vehicle, the decision can be a confusing one.

Buying

Buying a new car means that you will own the car. When you buy, you are paying for the entire cost of the car plus the fees, taxes and interest rates assessed by the dealership. There is usually a down payment involved, and the interest rate depends on your personal credit rating. After the specified length of time, generally four to six years depending on the terms you agreed to, the vehicle is yours to do with as you see fit. You may keep the vehicle until it's no longer running, or sell the vehicle or use it for its trade in value towards a new purchase.

Leasing

Leasing a vehicle is like renting it for the next two to four years depending on the terms of the lease. You are paying only a portion of what the vehicle is worth for the right to "use" the vehicle for that length of time.

In most cases you are still responsible for any taxes that apply and any fees your dealership charges. Sometimes a down payment is required. At the end of the leasing term, your options are to either purchase the vehicle at a depreciated cost, or to return it to the dealership.

The difference in cost between buying and leasing a vehicle can often be a large one.

When buying a vehicle, your monthly payment amount can sometimes be three times as high as when you lease. This is due to only paying a portion of the value with a lease as opposed to paying the whole value when you buy.

If you are considering a lease, be sure to take into account how many miles you drive each year. Most leases have a limit on how many miles can be put on the car, and if you go over that amount, you will likely have to pay a "per mile" price for every mile you have gone over. If you are a high-mileage driver, a lease may not be a good option.

While the cost of a lease in the short term is much less than buying, in the long term the cost of buying is much less. At the end of the lease you have nothing left of value, but at the end of the loan you now have ownership of a vehicle that hopefully has worth attached to it. Another cost factor is warranties. While a leased vehicle has a warranty that doesn't run out during the lease term, the warranty of a vehicle you purchase runs out after a few years leaving you open to paying for repairs.

Whether you choose to buy or lease, getting a new vehicle can be exhilarating and horrifying depending on the outcome.

Everyone who has ever driven has stories about the best car they ever drove and the worst car they ever drove. Make sure that you are in control of the outcome when you walk into a dealership. This can easily be accomplished by educating yourself beforehand by researching not only the vehicle you are interested in but also the dealership.

Always remember that if you don't get what you want from one dealer, you can always go to a different dealership.

Resources

The Dollar Stretcher:
www.stretcher.com

Car buying and selling:
www.kellybluebook.com
www.edmunds.com
www.carbuyingtips.com

Credit report sites:
www.annualcreditreport.com
www.bankrate.com

Get more information about debt and money management at:
www.advantageccs.org

Testimonials

"I felt comfortable and able to speak honestly about my financial situation."

"This agency has helped me with unsecured debt to work out payments with my lenders, and that's why I called them when my mortgage company was not working with me. I felt I could trust [Advantage]."

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