



# MONEY MISTAKES



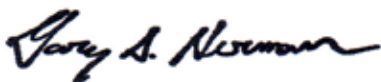
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*Congratulations on taking this important step to learn about issues dealing with common money mistakes. Consolidated Credit Counseling Services, Inc. has been helping Americans across the country solve their credit and debt problems for more than a decade.*

*Our Educational Team has created over forty publications to help you improve your personal finances. By logging on to **www.ConsolidatedCredit.org** you can access all of our publications free of charge. We have the tools to help you become debt free, use your money wisely, plan for the future, and build wealth. The topics Consolidated Credit addresses range from identity theft and building a better credit rating to how to buy a home and pay for college. On our web site you will also find interactive credit courses, a “Best of the Web” debt calculator, a personalized budgeting tool, and much more.*

*We are dedicated to personal financial literacy and providing a debt-free life for Americans. If you are overburdened by high interest rate credit card debt, then I invite you to speak with one of our certified counselors free of charge by calling **1-800-210-3481** for free professional advice. We also have partnership programs available where groups, businesses and communities can hold financial workshops and received free money management guides and workbooks like the one you are reading now. Please call **1-800-210-3481** if you would like to discuss pursuing a personal financial literacy program. Text JOIN to 71610 and receive financial tips, free money advice, and much more!*

*Sincerely,*



Gary S. Herman  
President

Consolidated Credit Counseling Services, Inc.

## Money Mistakes

Everyone makes mistakes with their money. It happens, but it can lead to problems, and these problems may escalate if you don't do the right things to correct them. The following is a guide to help you solve the money mistakes that could occur during your lifetime. The world of finances can be tricky and if you don't act to correct these mistakes you could be putting your financial future at risk.

### “I missed a mortgage payment. What should I do now?”



Your mortgage should be your top priority when it comes to paying monthly bills. You do not want to find yourself in a legal battle with your lender.

The first thing you should do if you miss a mortgage payment is to contact your lender. Don't pretend that it never happened. Your lender may not start repossession proceedings immediately, but they will most definitely want to know what is going on.

As soon as you realize your mistake, contact the lender and explain to them what happened. You may have just forgotten, or there may have been a banking error, or you may not have enough money in your account to cover the mortgage.

If you missed the payment due to a lapse in memory, then explain to the lender that you will be sending in the check immediately – and make certain that you do it as soon as possible. If it was a banking error, then correct that error and be sure that your lender receives the check. If you are short on cash then you will have to work out an arrangement with your lender. Perhaps they will let you pay that month's payment in installments or you could make a double payment the next month.

If you find that you are in danger of being late every month because you lost your job or because of some other financial emergency, you and your lender will have to sift through the alternatives that may be available to you, like lower monthly payments.

Remember, a home loan is a secured loan and that means if you fail to make your monthly payments your lender has every right to take away your home. Many people are facing foreclosure because they can't make their home loan payments. The important thing to remember is that the lender does not want you to go into foreclosure; it usually isn't a healthy financial situation for them either. They want their money and they want you to pay it. The bottom line is to contact your lender and try to work out a deal that is beneficial to both parties.

## **“I maxed out my credit cards. Now what do I do?”**

You certainly aren't alone. The median credit card debt in American households is over \$8,000. Many people are carrying more debt than that and they are sinking rather than swimming. Seven out of 10 low and middle-income households reported using their credit cards as a safety net—relying on credit cards to pay for car repairs, basic living expenses, medical expenses or house repairs. One-third of households report using their credit cards to pay for basic expenses, such as rent, groceries and utilities. Of course when this takes place, credit card debt sky rockets and it becomes nearly impossible to keep up.



The first thing you should do if you maxed out your cards is to avoid obtaining any other credit cards. Stop using them. Then you need to begin the process of wiping out your debt as quickly as possible. Since you are carrying balances on multiple cards, focus on paying off the highest rate cards first while continuing to make the minimum payments on your other accounts.

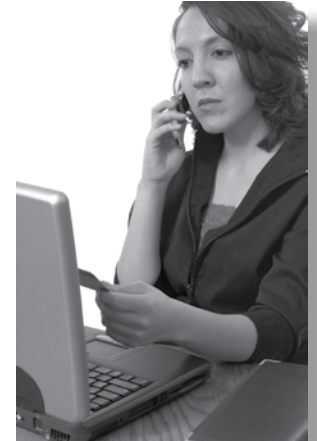
If you have a credit card charging 18% interest or more and another card that is charging 14%, it makes the best financial sense to concentrate any additional payments toward your high-rate credit card.

Do some research on transferring your balance to a card with a lower rate – be careful though, these are introductory rates and they will rise substantially after a period of usually six to twelve months. If you think you can pay off your balance over that introductory period then check into this option. Remember to read through all the details. Credit card companies are in business to make money.

There will most likely be a fee to transfer the balance. This fee used to have a cap on it at around \$50 to \$75. Now instead of charging a straight fee, many credit card companies are charging a flat 3% on the amount transferred. So to transfer a balance of \$5,000, you will be charged \$150. Be certain to read the fine print in the credit card contract before you sign up. There could be more hidden fees that you were not originally aware of. Remember, if it sounds too good to be true, it probably is – especially in the credit card industry.

You can also simply call your credit card representative and ask for a reduced interest rate. This sounds impossible, but sometimes it does work. A 15-minute call to your lender could save you hundreds of dollars on interest charges and help you pay off your debts sooner.

The U.S. Public Interest Research Group asked 50 consumers of varying credit backgrounds to call their lenders and ask for lower rates. The strategy worked for more than half the group, with the average rate reduction going from 16% to 10.5%. That big of a rate reduction on a \$2,000 balance would save you nearly \$200 over 2 1/2 years.



Another option is to call a credit counseling agency and begin the process of consolidating your credit card debt into one payment. When you do this, you will speak with a credit counselor (make sure the counselor is certified) who will review your financial information and then work with your creditors to arrange reduced monthly payments, interest charges and fees for your unsecured debt.

It will then be your responsibility to make your single monthly payment to the credit counseling agency. The agency takes your payments and distributes them to all your creditors. Some credit counseling agencies have programs available that automatically deduct the required monthly payments from your bank account on a monthly or bi-monthly basis. This will make it nearly impossible for you to miss a payment, as long as you have the required amount of money in the bank.

## “I bounced a check. Now what?”

If you bounce a check or close a checking account before transactions clear, call the bank branch that you do or did business with immediately to correct this problem. The bank associate will assist you in solving this problem.

Your bank may charge you overdraft fees and other surcharges for the time they spend helping you correct this mistake. You may also face potential actions from the person or store/company that you gave the bad check to.

To prevent this from happening in the future you can get overdraft protection from your bank. With overdraft protection the bank pays off the bad check for you but then still charges you a fee for their trouble. There is a limit to overdraft protection and you should be aware of it because once you reach that limit the bank will start returning the checks and you will be paying more and more fees. Don't abuse overdraft protection. It's not a loan and you should use it only in case of emergency.

## “I forgot to pay a medical bill and I received a collections notice”

If you receive a notice from a collections agency then you probably did not respond to the place (hospital, doctor's office) when they sent you the original bill.

So, the first thing you should do is contact the collection agency in writing and let them know that you simply forgot to pay the bill and plan on paying it immediately.

If an agency representative calls, simply ask them to put everything they have to say in writing. If he or she refuses and keeps talking, hang up the phone. There is no law stating that you must talk to a debt collector. But debt collectors will use a variety of approaches to get you on the phone with them. You may receive a letter from a collection agency telling you to call their office "immediately" – don't bother. You are not obligated by law to call them. Communicate

with debt collectors

only in writing. Also, do not give your phone number out to a debt collector. The least amount of personal information they have the better. If you give them your



number, you are only inviting them to call you.

If you are being harassed by a debt collector, the first thing you should do is familiarize yourself with The Fair Debt Collection Practices Act (FDCPA), which was enacted to protect consumers from abusive, deceptive, and unfair treatment by debt collectors. The FDCPA applies to

personal, family and household debts, including past due credit card debts, mortgages, car loans, student loans and other personal loans, medical and insurance debts, utility bills, condo fees, unpaid legal judgments, and bounced checks. Of course the best thing to do is pay the bill and use this as a reminder to pay your monthly bills in a timely fashion.

**“I was careless with my financial information and now I think I’m a victim of identity theft.”**

You receive a credit card that you never ordered, debt collectors are calling you to collect on things that you never bought; you notice that your credit score is much lower than it should be because you are in good credit standing. If this scenario happens to you then you are probably a victim of identity theft.

The first thing that you should do is notify the credit bureaus and establish fraud alerts. Immediately report the situation to the fraud department of the three credit reporting companies -- Experian, Equifax, and TransUnion. Placing a fraud alert means that your file will be flagged and those creditors are required to call you before extending credit.

Under new provisions of the Fair Credit Reporting Act (FCRA), you can place an initial fraud alert for 90 days. The credit bureaus will each mail you a notice of your rights as an identity theft victim.

Once you receive them, contact each of the three bureaus immediately to request two things: a free copy of your credit report and an extension of the fraud alert to seven years. You will be required to have the proper evidence that someone was trying to open fraudulent accounts and an identity theft report (police report) to establish the seven-year alert. You may cancel the fraud alerts at any time.

In all communications with the credit bureaus, you will want to refer to the unique number assigned to your credit report and use certified, return receipt mail. Be sure to save all credit reports as part of your fraud documentation file.

You should also be able to "freeze" your credit reports with Equifax, Experian, and TransUnion. By freezing your credit reports, you can prevent credit issuers from accessing your credit files except when you give permission. You can do this if the identity thief is especially aggressive. This successfully prevents thieves from opening up new credit card and loan accounts. In most states, security freezes are available at no charge to identity theft victims and for a relatively small fee for non-victims.

Also, be sure to immediately report the crime to your local police or sheriff's department.

If the crimes were committed in a location other than where you live, you might also need to report it to the police departments in that town.

Give them as much documented evidence as possible. Be certain that the police report lists the fraudulent accounts.

Get a copy of the report, which is called an "identity theft report" under the FCRA. Keep the phone number of your investigator close by and give it to creditors and others who require verification of your case. Credit card companies and banks may require you to show the report in order to verify the crime.

Report the crime to the Federal Trade Commission (FTC) and be sure to include your police report number. Although the FTC does not investigate identity theft cases, they communicate with investigators nationwide who are battling identity theft.

In order to get new cards you will have to deal with your credit card companies and debit accounts. First, request replacement cards with new account numbers. In addition to phoning the credit card company regarding the fraud, you should also follow up in writing and you will probably be asked to provide a fraud affidavit or a dispute form. Send the letter to the address given for "billing inquiries."

If you notice new fraudulent activity by evidence through your mail and bills, report that activity right away.

Regarding debt collectors -- if debt collectors try to force you to pay the unpaid bills on fraudulent accounts, ask for the name of the collection company, the name of the person contacting you, phone number, and address.

Tell the collector that you are a victim of fraud and are not responsible for the account. Do not be intimidated by the debt collector; you have rights.

Ask for the name and contact information for the referring credit issuer, the amount of the debt, account number, and dates of the charges. Ask if they need you to complete their fraud affidavit form or whether you can use the FTC affidavit. Always follow up in writing. Under the new provisions in the FCRA, a debt collector must notify the creditor that the debt may be a result of identity theft.

## **An Overview**

As stated earlier in this booklet, it's easy to make mistakes with your money but it's imperative to act quickly to prevent those mistakes from advancing into a panic situation. The one thing you can do is be careful and be sensible – after all it's your financial future that could be at risk.



# CONSOLIDATED

CREDIT COUNSELING SERVICES, INC.™

When debt is the problem, we are the solution.

## About Consolidated Credit Counseling Services, Inc.

Consolidated Credit Counseling Services, Inc. is a consumer oriented, public education organization. We are an industry leader in providing credit counseling and debt management services throughout the United States, and a HUD Certified Counseling Agency.

Our mission is to assist individuals and families end financial crises and help them solve money management problems through education, motivation, and professional counseling.

We are dedicated to empowering consumers through educational programs that will influence them to refrain from overspending and abusing credit cards, as well as to encourage them to save and invest. We sponsor local free seminars that are also available to any group or organization that requests our educational services.

Our professionally trained counselors have assisted thousands of families across the United States. Regardless of whether your financial problems are due to the purchase of a new home, birth of a child, major illness, or any other circumstance, we can help.

Our organization is funded primarily through voluntary contributions from participating creditors. Our programs are designed to save our clients money and liquidate debts at an excellent rate.

Consolidated Credit Counseling Services, Inc. is a member of the Better Business Bureau, the United States Chamber of Commerce, the Greater Fort Lauderdale Chamber of Commerce, and the Association of Independent Consumer Credit Counseling Agencies.

# Now you can find FREEDOM FROM DEBT!

Consolidated Credit Counseling Services, a nationally recognized organization, will provide you with professional financial education, counseling and resources.

In addition, you can benefit from customized Debt Management Programs, which incorporate a bill consolidation plan to help you regain your financial freedom.



**Our professionally trained  
Certified Public Accountants  
will negotiate directly with  
your creditors to:**

- Reduce or even eliminate interest rates!
- Lower monthly payments by up to 50%.
- Eliminate late charges and over-limit fees.
- Consolidate debts into one lower payment.
- Help you pay off debt faster.
- Rebuild your credit rating.
- Save you thousands of dollars.
- Get you on a plan to be debt free!



Call today, and take your first step toward financial freedom!

# 1-800-210-3481

or visit [www.ConsolidatedCredit.org](http://www.ConsolidatedCredit.org)



You can be  
**debt  
free**



**There is help waiting for you now.**

- Reduce or eliminate interest charges.
- Consolidate credit card bills into one lower monthly payment.
- Pay off your debt in half the time.
- Save thousands of dollars.



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