Jane Walstedt: And now I’d like to ask Sarah Miller, another Women’s Bureau National Office staff member who helps plan the Wi$e Up teleconference calls to introduce our third speaker. Sarah--

Sarah Miller: Thank you, Jane. I’m pleased to introduce Mary Hurlburt, Director of Community Outreach for Consumer Credit Counseling Service--CCCS--in Cincinnati, Ohio.

Mary is a Certified Consumer Credit Counselor who has been with CCCS for 13 years. For her first three and a half years, she counseled clients with money and budgeting problems.

Since 1998 she has developed and presented a variety of training programs on personal finances to both professionals and the public. She’s a popular local speaker and is interviewed frequently by the media.

Mary initiates partnerships with local business, financial institutions, non-profit organizations and schools to address the issues of financial responsibility and economic literacy.

In 2003, the Federal Reserve Bank of Cleveland recognized CCCS of Greater Cincinnati for best practices in financial literacy.

Since 2004, Mary has been a trainer for Ohio’s Women and Money series sponsored by the Ohio Treasurer of State’s office. In this capacity she travels the state throughout the summer months teaching financial education.
For the past two years, she has worked with coalitions in Hamilton and Clermont Counties in Ohio to help stop foreclosures.

Mary will celebrate her 40th wedding anniversary in June. She is the mother of four and the grandmother of four, and now that her children are raised, she considers financial education her mission in life. So welcome, Mary.

Mary Hurlburt: Thank you, and thanks Sarah, you did that beautifully, and I wish my mother was around to write mine, Kelvin.

Getting out of debt in uncertain times--I’m going to tell you the most important thing is knowledge. And I was so glad that Kelvin spoke about fear, because that’s probably the number one reason that people don’t attack these issues.

What I’d like to tell everyone is that this is just a game, and the more rules you know, the better off you’re going to be. And with regard to credit, a lot of it is just knowing the rules.

And there is help out there available. In every case--if we are having difficulty making a payment for our mortgage, for credit cards, for anything--the first line of defense has to be calling the lender.

And we’re afraid to do that. And what I tell people is they’re not always going to be nice, but frequently they are. And because we’re in dire straights--the economy is right now--more and more lenders have specific programs in place right now, because they know that they need to help their customers.

So don’t be afraid to make that first call. And if the call is because you’re suffering an illness and unable to make payments or lost your job and unable to make payments, then chances are help is going to be available.
And I want to talk about **mortgages** before I talk about credit cards, which is of course the thing that’s closest to my heart. I even heard it was more than 50% of people whose homes are foreclosed don’t talk to their lender first.

They ignore the letters from their lenders, and many of us we think, you know, no one’s going to take our home, but I’m here to tell you that they will if they need to.

But today, with the help that’s available--and this is help that was not available even a year and a half ago--almost no one has to lose their home to foreclosure. That doesn’t mean that everybody gets to stay in their home.

But you don’t have to lose it to foreclosure, because having a home foreclosed on is probably equal to a bankruptcy or worse. So the first thing to do is absolutely call the lender.

There are special programs in place. If you’ve had that mortgage for a long time, you may be able to get a special forbearance based on your current financial situation.

There’s mortgage modifications. If you’ve had the home for a while maybe you can refinance and the mortgage payment will be lower. Sometimes they can put a couple of payments on the end of the loan.

There are pre-foreclosure sales, there are other things available as well, and there are programs in every state in the union, and they vary by state, but there is… there are programs out there now to help people.
And there are new programs being added all the time. One big mistake that people make…if the lender won’t accept their payment because they are a month or two late, hold on to that payment. Don’t spend it.

A lot of people think, “Well that’s the end. They won’t take my payment.” That’s not true. They will take it later on, after you’ve been able to work through things.

If you as an individual cannot get satisfaction from your lender, go onto the HUD website [www.hud.gov], call the HUD certified pre-foreclosure counseling agency. They have expertise in negotiating with the lenders.

They have numbers they can call that aren’t open to the public, and I must say, do not pay for this service. Scam artists are making people pay. These services [the HUD certified pre-foreclosure counseling agency] are doing their business for free.

Precautions that you need to take--don’t pay for the service. Don’t ever, like Lourdes said, don’t ever pay. Don’t ever sign anything, rather, that you don’t understand.

Make sure all promises are in writing. This is the number one scam out there now. Be aware of loan assumptions that don’t offer you a formal release from your mortgage payment.

There are entities out there who say, “We’ll take over your mortgage payment, you pay us rent, and then you’ll be able to buy back your home. You will have it.” But no paper transpires, and these people are losing their homes.

Again, please remember, if you don’t pay, you may lose your home. Early intervention is best. Early on there are so many more options available to us if
we’re struggling. So call or write your lender immediately, arrange for an appointment with the HUD-certified agency, and be aware of scams.

Now, credit card debt. Because we’re in a crisis situation, please remember that things change daily. If you have a loss of income or are unable to make a credit card payment, call the credit card company immediately.

And this is one time when it may not have been advisable to switch credit card companies because if you have a pay history with your credit card company and you call and you say that you have an emergency or you’ve lost your job or an illness and some reason you cannot pay, they - almost all the major banks--have special programs available.

Maybe six months with no payments, six months of interest only, or whatever. It doesn’t hurt to ask. Don’t think that you can prepay--I think I might lose my job in three months, therefore I’m going to double up on my payments.

The credit card companies need - those banks need--minimum payments every single month. If you’re in danger of losing your job, save as much money as you can, but make sure you make minimum payments every month.

If you can’t, call your lender. If you’ve missed two or three payments, your interest rate automatically went from 8, 9, 10% to at least 26%. The highest I’ve heard is 43%.

If that happens, contact a credit counseling agency. If you find one that’s associated with the National Foundation for Credit Counseling, then you know that you’ve found a reputable agency, and they will work with you on establishing a debt management program, and your interest rates will drop.
It is the fastest way to pay off the debt unless you’re going to move that debt into a mortgage, and I strongly suggest that before anyone do that, that you think very carefully as you are…will you be able to make that payment? Have you adjusted your lifestyle?

Moving credit card debt into a mortgage, the nicest thing about it is that your payment will be lower, the interest rate will be lower, but the fact is if you lose your job again or if you’re in danger of becoming ill again and you cannot make the mortgage payments, you’re going to lose your home.

And a lot of people don’t understand that, so a budget is extremely important so that you absolutely know what you can afford to pay.

And the last thing I want to talk about is payday loans. For those of you who don’t know what a payday loan is, [if] you see ads for them on TV, walk away.

Don’t even walk in the front door of one [a payday lender]. They’re not performing a single service that you’re not paying 10 times more for. For those of you who don’t know, you write a personal check payable to the lender, and when you hand over that check, they are well aware that you do not have the money in your account.

They don’t charge interest. They charge fees. Sometimes, if you computed the interest, it would be as high as 4000%. There has to be other arrangements. If you have to go to a payday loan, then you’re already drowning, and there isn’t going to be any help.

[Editor’s Note: More information about payday loans is available from Payday Loans Equal Very Costly Cash: Consumers Urged to Consider the

But there are other things to consider. Go to a small lender, a credit union, a small bank, a savings and loan. Many of them have programs in place to help individuals who would otherwise go to payday loans.

Try to get a credit card with a low offer, contact your creditors--the ones you’re having difficulty paying. Talk to them and see if other arrangements can be made, because payday loans are -- the money is--extremely expensive.

If you’re unable to follow through, these people will come after you, and it’s not a pleasant experience. So in closing I’d just like to say that first we need to establish a budget, second we always need to be comfortable calling our lenders to see if they have emergency assistance available for us.

And then after that, seek help from a reputable non-profit agency, and things will probably work out. Thank you.

Jane Walstedt: Thank you, Mary. That’s very helpful information.