

# CONSUMER CREDIT COUNSELING SERVICE OF THE BLACK HILLS

MAY/JUNE 2011

2310 N. MAPLE AVE. RAPID CITY, SD 57709



## CCCS/BH programs help family save their home

Home is a precious place for Rebecca and Benjamin Venables of Rapid City. This young couple faced the very real possibility of losing their home while they were struggling with medical and financial issues. With the help of Consumer Credit Counseling Service of the Black Hills (CCCS/BH), the Venables were able to keep their house and their dream of homeownership.

The Venables' financial troubles were triggered by a string of hardships. Rebecca was diagnosed with thyroid cancer. The couple's daughter had an attack of appendicitis. Rebecca's job had been downsized, and she returned to school.

The couple worked hard to pay off their medical bills, but while they were focused on paying medical bills and coping with less income, they fell behind on the two mortgages they have on their house. The couple put their house on the market, realizing that they might not be able to keep it. They also sought the help of CCCS/BH to get their finances back on track.

"I had a friend tell me about this place," Rebecca said of CCCS/BH. "She had come here and told me she really liked (it)."

Rebecca and Benjamin sought help when they were three months behind on mortgage payments, and their house was on the market. The couple spent two months going through financial counseling at CCCS/BH and taking free financial education classes. The Venables enrolled in Credit When Credit is Due, a class about managing money, and Make Your Move ... A Guide to Homeownership. Rebecca also took CCCS/BH's CheckWise class, which focuses on learning to manage checking accounts.

"CCCS/BH made me feel like a normal person instead of feeling horrible about (our financial situation)," Rebecca said.

With the help of CCCS/BH services, the Venables were able to bring their mortgage current and take their house off the market.

Through counseling and classes, the couple learned budgeting strategies that they continue to apply every month.

"We learned to make sure the one thing you pay is your (mortgage),"

Rebecca said. "That is one of the main mistakes we made. Now, that is priority number one, to keep our house."

They also learned the importance of contacting creditors right away, instead of waiting, when financial struggles arise, Rebecca said.

Seeking help is key advice the Venables would offer to others who find themselves in financial difficulties. "Just hang in

there. Don't let it consume you. Make sure you talk to other people about (your financial problems) before it gets way out of control. Go to every option you have before you think about bankruptcy and all that," Rebecca said.

Rebecca has gotten a full-time job, and the family's financial situation has stabilized. The Venables are thrilled that CCCS/BH helped them keep their home and gave them the knowledge to maintain homeownership. Their house, she said, is the place that feels like "home" to their two children.

"We wanted to keep our house. It's a perfect house for us. It's the first house we ever bought," Rebecca said.

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### May and June

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# From the Director...

June is National Homeownership Month. According to a recent study by the PEW Research Center, 81% of adults agree that buying a home is the best long-term investment a person can make. However, the study goes on to say that nearly a quarter of homeowners had regrets. These homeowners said if they had it to do over again, they would not purchase their current homes. Most had buyer's remorse because they didn't like the house itself or the location.

While buyer's remorse is real, it is avoidable. Buying a home is the largest purchase most people will ever make. Before you or your family buy a home,

you should educate yourselves, preferably by taking a homebuyer education course. If you happen to have a trusted friend who is a Realtor or mortgage banker, you know someone can give you some current information on the changing home-buying industry. If you don't have current information, you might rely on advice from friends or family members. But if your loved ones have only purchased one or two homes, or bought their home years ago, you'll be relying on their outdated, maybe even inaccurate, information. If you buy a home based on outdated, inaccurate advice, your chances of having buyer's remorse are greater.

Buying a home is a complicated, ever-changing process. Taking a homebuyer education course is the best way to keep yourself from buying a house that isn't right for you, or committing to a 30-year contract with the wrong terms and a payment you can't afford. You don't want to trust your largest purchase with the longest repayment time to information from friends, family or salespeople. Educate yourself so that, when you buy a house, you know you are making the right purchase with the right terms.

—Bonnie

## Is it time for you to refinance your home?

With interest rates at historic lows, many homeowners are considering refinancing their homes. They may want to lower their payments, reduce the number of years on their mortgage. Or perhaps they want to borrow against the equity in their homes. By refinancing, a homeowner could save thousands of dollars in mortgage payments.

However, before you jump at those attractive refinancing rates being offered by lenders, consider these six factors to determine if refinancing is right for you:

**Credit score and income.** Most lenders require a minimum credit score to refinance of at least 620; this score will vary among lenders. You must prove your household finances haven't changed much. If your income has dropped, you might have difficulty refinancing your home.

**Interest rates.** Depending on your current interest rate, the rate would have to drop significantly to save you money, after you factor in the costs involved in refinancing.

**Costs.** Borrowers can typically plan to pay about 2% to 4% of the new

loan amount in refinancing costs, which usually include an application fee, appraisal, and inspection fees. On a 200,000 mortgage, the fees to refinance could range from \$2,000 to \$8,000.



**Adjustable-rate mortgages.** Homeowners who have adjustable-rate mortgages that are scheduled to reset this year must decide whether to continue

with their current mortgages or refinance into fixed-rate mortgages. Refinancing into a fixed interest rate will remove the risk of incurring higher interest rates, as the adjustable-rate mortgages continue to reset.

### **Underwater homeowners.**

About 11 million homeowners nationwide are "underwater," meaning they owe more than their homes are worth, but they cannot refinance unless their loans are through a federal program. Homeowners who have Freddie Mac or Fannie Mae backed mortgages with a loan to value of 125% could refinance through the government's Home Affordable Refinance Program.

**Greater price disparity.** Rates offered today for refinancing vary widely, based partly on the borrower's credit score and the state in which they live, among other factors. It pays to shop around for the best deal.

CCCS of the Black Hills is a HUD-certified housing counseling agency. For more information about housing, foreclosure or purchasing a home, please call 348-4550 or 1-800-568-6615 for more information.

# Educate yourself about the home-buying process during National Homeownership Month

While the housing industry nationwide has remained unsettled, the housing market in South Dakota continues to remain stable. Nationwide, 68% of Americans own their homes, and 32% of them own them free and clear. Because buying a home is the largest purchase that most of us will make in our lifetimes, and a purchase we probably will only make a couple of times, it's essential to understand the home-buying process. By knowing how the process works, potential homeowners can ask the right questions and know how to get the best deal. Those who educate themselves about the home-buying process will understand what to expect. They have a better chance of

successfully buying and maintaining homes in the future.

Consumer Credit Counseling Service of the Black Hills is a HUD-approved housing counseling agency that provides free home-buying classes every month. These classes are approved by HUD and the South Dakota Housing Development Authority. CCCS/BH also provides post-purchase counseling, foreclosure prevention counseling and reverse mortgage counseling, at no charge, to help current homeowners maintain homeownership. For more information about our home-buying classes or housing counseling services, please call us at 605-348-4550 or 1-800-568-6615.



## Homebuyers will start repaying 2008 tax credits

Americans who bought homes in 2008 using the government's tax housing credit will be required to start repaying the credit, beginning with their 2010 tax returns. If you took the maximum \$7,500 credit, you will have to add \$500 to your income tax liability for the next 15 years. If you took advantage of the nearly identical tax credits

in 2009 and 2010, you will not be required to repay those credits, as long as you stay in your new home for at least three years. That is because the government changed the rules regarding the housing tax credit after the first year of the program. However, if you owe the tax and don't repay it, the IRS is likely to send you a bill, perhaps with interest.

### Hours Of Operation

**Mon** .....8am - 5pm  
**Tues**.....8am - 9pm  
**Wed**.....8am - 9:30pm  
**Thurs**.....8am - 9pm  
**Friday**.....8am - 3pm

2310 North Maple Avenue  
Rapid City, SD 57709

Offices also in  
Spearfish, Sturgis and Pierre

### RCCRC

### Consumer Credit Counseling Service of the Black Hills

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# Consumer Credit Counseling Service

OF THE BLACK HILLS

A DIVISION OF RUSHMORE CONSUMER CREDIT RESOURCE CENTER

**PRESORTED  
STANDARD  
US POSTAGE  
PAID  
PERMIT #618  
RAPID CITY SD**



## Class Schedule for CCCS/BH: May & June 2011

*Credit When Credit Is Due, Make Your Move ... A Guide to Homeownership, and CheckWise are FREE.*

*Start Right: Build Your Own Business - \$50.00 charge. To pre-register for classes, call 605-348-4550.*

**Classes in Rapid City will be held at our office at 2310 N. Maple Ave. Classes in Pierre will be held at 3060 E. Elizabeth Street**

**Wednesday, May 4<sup>th</sup> Rapid City, SD**  
Make Your Move ... A Guide to Homeownership  
6:00-9:00 p.m. Lessons 6-9

**Tuesday, May 10<sup>th</sup> Rapid City, SD**  
Start Right: Build Your Own Business  
6:00-9:00 p.m. Lessons 1-10

**Wednesday, May 11<sup>th</sup> Rapid City, SD**  
Credit When Credit Is Due  
6:00-9:00 p.m. Lessons 1-6

**Sunday, May 15<sup>th</sup> Pierre, SD**  
Credit When Credit Is Due  
6:00-9:00 p.m. Lessons 1-6

**Monday, May 16<sup>th</sup> Pierre, SD**  
Credit When Credit Is Due  
6:00-9:00 p.m. Lessons 7-12

**Wednesday, May 18<sup>th</sup> Rapid City, SD**  
Credit When Credit Is Due  
6:00-9:00 p.m. Lessons 7-12

**Wednesday, May 25<sup>th</sup> Rapid City, SD**  
Make Your Move ... A Guide to Homeownership  
6:00-9:00 p.m. Lessons 1-5

**Tuesday, May 31<sup>st</sup> Rapid City, SD**  
Credit When Credit Is Due  
8:30 a.m.-3:30 p.m. Lessons 1-12

**Tuesday, May 31<sup>st</sup> Rapid City, SD**  
CheckWise  
6:00-8:00 p.m. Lessons 1-6

**Wednesday, June 1<sup>st</sup> Rapid City, SD**  
Make Your Move ... A Guide to Homeownership  
6:00-9:00 p.m. Lessons 6-9

**Wednesday, June 8<sup>th</sup> Rapid City, SD**  
Credit When Credit Is Due  
6:00-9:00 p.m. Lessons 1-6

**Monday, June 13<sup>th</sup> Pierre, SD**  
Start Right: Build Your Own Business  
6:00-9:00 p.m. Lessons 1-10

**Tuesday, June 14<sup>th</sup> Rapid City, SD**  
Start Right: Build Your Own Business  
6:00-9:00 p.m. Lessons 1-10

**Wednesday, June 15<sup>th</sup> Rapid City, SD**  
Credit When Credit Is Due  
6:00-9:00 p.m. Lessons 7-12

**Wednesday, June 22<sup>nd</sup> Rapid City, SD**  
Make Your Move ... A Guide to Homeownership  
6:00-9:00 p.m. Lessons 1-5

**Tuesday, June 28<sup>th</sup> Rapid City, SD**  
Credit When Credit Is Due  
8:30 a.m.-3:30 p.m. Lessons 1-12

**Tuesday, June 28 Rapid City, SD**  
CheckWise  
6:00-8:00 p.m. Lessons 1-6

**Wednesday, June 29<sup>th</sup> Rapid City, SD**  
Make Your Move ... A Guide to Homeownership  
6:00-9:00 p.m. Lessons 6-9