

May 2016

**Homebuyers Training
Schedule**

Classes are held at the area
Housing Authority offices unless
otherwise noted

Jay, OK

May 31 & June 1 10am-5pm

Sallisaw, OK

May 23, 24, 25 5:30pm-9:30pm

Claremore, OK

May 5, 12 & 19 5:30pm -9:30pm

Budget & Savings Workshop
May 19 2pm-4pm

Tablequah, OK

**Classes held in the*

Osiyo Training Room

May 9 & 16 10am-5pm

Budget & Savings Workshop
May 2 2pm-4pm

Please contact

Rita Whaler

(918)772-4149 or (918) 453-
5000 ext. 5536

rita-whaler@cherokee.org

Please RSVP with your contact
number or email in case of
changes to the class

Too Much Debt

Debt is something, typically money, that is owed or due. Borrowing more money than you can afford is costly in many ways. According to the Federal Reserve, in April 2013 the average credit card debt equaled \$3,364 per U.S. adult. If you paid just the minimum amount due, for example \$67.28, it would take you over 19 years to pay off this debt. You would pay a total of \$7,618.64 over this time; \$4,254.63 more than you borrowed!

Taking on too much debt also lowers your credit score. That means you will end up paying higher interest rates on consumer and mortgage loans. A low credit score can make it harder to rent an apartment, get utility services, and even get a job.

Too much debt is not just expensive. People with excessive debt often say they lack peace of mind. They worry constantly about paying off debts and making ends meet. The stress of these worries affects their family life, work performance, and other areas of their lives.

The best way to reduce debt is to make on time payments each and every month to avoid late fees. To reduce debt even quicker, pay more than the minimum payment each month. Once a debt is paid in full, use the money you were paying toward that debt to put toward another debt in addition to the monthly payment you were already making. This is called the Snow Ball effect. If you have no other debt to pay, make a commitment to save the money in order to avoid incurring additional debt.

Source: America Saves

How does a good credit score save on a mortgage or auto loan? Use the Loan Savings Calculator at www.myfico.com to find out.

Debt Management, Debt Settlement, Bankruptcy

If you are struggling with finances and start considering different options such as debt management, debt settlement or even bankruptcy, you should consider how they will affect your credit score. And remember, there is another option...Self Sufficiency Counseling from the Cherokee Nation provided at no cost.

The options below are for those who are unable to make full monthly payments to their creditors. Each option will influence your credit score in different ways over time.

Debt management programs are offered by credit counseling agencies for a fee. You make reduced monthly payments to the agency and they send your payments to all of your creditors each month. As you pay-off one creditor, that payment is added to your other creditors until all of them are paid in full. Sound familiar? Dave Ramsey teaches this strategy, it's called the Debt Snowball and you can do it on your own, with no fees paid to a credit counseling agency. You continue making payments and start chiseling away at your overall debt. Your credit report will be impacted, but will show that you are making regular monthly payments.

Debt settlement means you and the creditor agree to pay off a debt for less than the full amount owed. You can do this on your own without a debt settlement company who will charge you a fee for their service. But basically, the way it works is instead of sending a monthly payment to the creditor, you (or the debt settlement company) holds a monthly payment and saves the money until a lump sum is built up; after a certain amount of money is accumulated, you or the settlement company contact the lender to negotiate a settlement. As a result, your account will go further delinquent because your creditors are not getting payment and you will continue to accrue late fees. Consequently, the creditor receiving payment will report this to the credit bureau as a settlement, meaning you did not pay your balance in full in addition to the

fact that monthly payments were not received. As for bankruptcy, there are several options available to consumers, but most generally Chapter 7 and Chapter 13. In Chapter 7 bankruptcy, some of your debts are eliminated while in Chapter 13 bankruptcy, you repay a portion of your debt. The process for either is complex and would involve paying an attorney who could best advise you on the differences between the two. Whether you file a Chapter 7 or a Chapter 13 bankruptcy, your credit report is not wiped clean. Bankruptcy is a public record and is reported on your credit report; Chapter 7 is reported for 10 years while a Chapter 13 is reported for 7 years. In addition, a bankruptcy does not eliminate a past history of missed or late payments from your credit report.

However you decide to proceed, it's essential for

you to look at the big picture, knowing how the options you are considering will influence your credit now - and in the years to come.

The Cherokee Nation Self Sufficiency Program provides credit coaching free of charge. If you are having trouble managing your debt, please contact our office at 918-453-5536 for help.

Source: American Center for Credit Education

Self Sufficiency Program

The Cherokee Nation is dedicated to helping you increase your financial security. We offer the following services:

- Mortgage Assistance Program
- Homebuyers Education
- Financial Coaching
- iSave Accounts
- Financial Peace University

For more information about these services, please contact us at 918-453-5536.