

# ALLIANCE FOR CONSUMER PROTECTION NEWSLETTER

Winter 2008

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Editor

## From the Executive Director's Desk

It's hard to believe it is 2008. The ACP wishes the best this new year has to offer to all our business members and newsletter subscribers.

That said we do know that for some consumers, 2008 may not have begun as positively as they would have liked or hoped. Some have been affected by business closures and layoffs, mortgage problems, and/or increasing credit card fees.

While these situations present challenges, please know that the ACP is available to help with the consumer problems associated with these unforeseen events. And, while it may seem easier to "worry about that tomorrow," we all know these types of problems do not go away. It's best to begin problem resolution as soon as the situation arises.

From *Dealing with Mortgage Foreclosure*, which provides a brief synopsis of some current research and programs in this area., to *What is a Payday Loan?*, which explains these types of loans, we have a full issue for you (see "Inside This Issue").

Finally, we welcome the input from the Greater Pittsburgh Community Food Bank's Food Stamp Outreach Coordinator, Monika Kriegisch. Please see the insert titles "Food Stamp Program (FSP).

I hope you enjoy this first issue of the new year. If you have a topic that you would like to see covered, please let me know.

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Membership Request/Renewal Form

*In the works for upcoming issues:*  
Remodeling and contracting reminders and best practices.

## Out and About with the ACP

The ACP kicked off 2008 with Senior Day at the Mall on Wednesday, January 9<sup>th</sup>. Our next Senior Day at the Mall will be Wednesday, March 12.

If you're at the Mall that day between 10:00 a.m. and 1:00 p.m., please feel free to stop by and see us. We look forward to meeting our subscribers!

If your agency or business organization is hosting an event and you would like to include the ACP as one of the exhibitors, please contact our office.

In addition, the ACP staff is available to discuss consumer issues and best practices with your organizations' members.

We are currently planning our first quarter 2008 calendar, and look forward to hearing from you.

## Dealing With Late Mortgage Payments

### (a.k.a. Avoiding Foreclosure)

By Jannette Alston

Mortgage foreclosure is a real concern for many homeowners. Estimates from the Better Business Bureau (Sept. 2007) stated that as many as 1.7 billion people could lose their homes through foreclosure over the next several years. That's an extremely frightening number. If you or someone you know is in this situation, what should you do?

First, you need to act quickly. Contact your lender. You may not hear from your lender until the second mortgage payment is missed. However, many if not most lenders, according to Liz Pullman Weston, MSN Money, report the first missed mortgage payment and every missed payment thereafter to credit bureaus. Each late payment decreases your credit scores, and this makes it harder and more costly to refinance or get a loan. Money owed may also increase because of the addition of late fees.

Second, avoid foreclosure scams. How? Here are some things to watch out for:

- Companies that offer to intervene with your lender to save your house.
- Talk with your bank/lender regarding your options (i.e. a way to reduce your payments). Don't sign away your rights to speak to *your* lender *yourself*.
- Make your mortgage payment to your lender. Do not make your mortgage payment to any other individual or organization.
- Don't feel pressure to sign a contract.
- Don't trust unsolicited mailings of offers to help.
- Do your homework, and check out anyone you may consider working with.

Third, know your options. For example, Pennsylvania residents facing foreclosure may be eligible for assistance via two currently available programs:

1) **REfinance to an Affordable Loan (REAL)** provides 30-year fixed rate to homeowners who may not qualify for typical mortgage refinance programs. There are eligibility requirements, including no more than 59 days delinquent and a credit score of at least 620, among others.

2) **Homeowners' Equity Recovery Opportunity Loan Program (HERO)** provides 100% financing, rather than refinancing. It is designed to improve the financial situation for those who cannot afford their current mortgage payment. Funding is limited and loans are reviewed by the Pennsylvania Housing Finance Agency (PHFA).

To learn more about these programs, go to [www.phfa.org/consumers/homeowners/real.aspx](http://www.phfa.org/consumers/homeowners/real.aspx) or call the PHFA consumer information hotline at 1-800-822-1174 (option #2).

Why act quickly? While the timeframe may vary per lender, the process per Pullman-Weston is this:

- After 90-days of delinquent mortgage payments, a lender may file a notice of default with the local courthouse. Some may wait if you contact them; others, working to protect their investment in the loan, begin the process ASAP.
- You receive a notice that the foreclosure process has started. And, this notice is picked up by credit bureaus.
- A notice of sale is usually issued 90 days after the notice of default if the deficit, late fees and legal fees are not paid.

This brings us back to the first step: Act quickly. This is not a situation to ignore.

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## ACP Mediation Results

Consumers continue to be satisfied with the problem resolution assistance from ACP.

- October – the team closed 34 cases. 68% of the consumers were satisfied with the results.
- November – 37 cases closed. 89% satisfactory resolution.
- December – 29 cases closed. 86% satisfied results.

During this quarter, most consumer problems focused on credit problems/counseling and financial matters, home improvements (all kinds), and landlord/tenant issues.

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## Business Members

### BUSINESS PROFILES FROM CURRENT MEMBERS

**Wagner's Home Center.** Wagner's Home Center has been owned and operated in Beaver County since its start in 1976. The Wagner's – Sam and Diane, and their daughter, Kelly -- offer a distinctive selection of windows, doors, flooring, and wallpapers for both the new construction and the remodeling industry. Complete installation services are available. For the "Do-It-Your-Selfer", Wagner's will walk you through your project and give advice anytime you need it. Wagner's emphasizes that it is proud to provide quality products at an affordable prices and of its commitment to excellence. The company's newly renovated 5,000 square foot showroom is located at 828 Third Ave., New Brighton. Hours: Mon and Fri – 9 a.m. to 8 p.m.; Tues, Wed, Thurs, -- 9 a.m. to 5 p.m.; Sat – 9 a.m. to 3 p.m. 12 months no interest available on all sales. Tel: 724-847-1433.

ACP invites Business Members to send a brief summary of their business to us for inclusion in the newsletter. If you would like to include a profile in the next edition (Spring 2008), please send your input via email to [cp@beavercountypa.gov](mailto:cp@beavercountypa.gov) or via fax to 724-843-2706.

### CURRENT MEMBERS

In addition to those members profiled in this edition and previous editions, please show your support for our business members by patronizing their organizations. As ACP Business Members, they are dedicated to valid consumer protection.

Please see the ACP Business Members list (insert).

### Business Member Benefits:

- Quarterly Newsletter Subscription.
- Business is profiled in the newsletter and on our website.
- Links provided to/from the ACP website.
- Ability to include your ACP Business Member status in your advertising and letterhead.
- Receipt of ACP certificate stating your membership, which is suitable to frame and display.
- As an ACP Expert Professional, ability to provide your professional opinion on cases in your area.

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### PORTABLE GENERATORS: FOR OUTDOOR USE ONLY

In preparation of the winter storm season, the U.S. Consumer Product Safety Commission (CPSC) issues a warning to be cautious when using portable generators. The exhaust from portable generators contains carbon monoxide, which can kill in minutes. Emphasizing this message, CPSC mandated generators manufactured after May 14, 2007 to include a warning label stating, "Using a generator indoors CAN KILL YOU IN MINUTES."

Tips for using generators safely:

- Don't use a generator inside a home, garage, shed, or other partially enclosed space, even if windows or doors are open.
- Use generators outside only. Keep them far away from the house. Keep the generator away from openings to the home, including doors, windows and vents.
- Read the generator label and owner's manual. Follow the instructions.
- Install carbon monoxide (CO) alarms with battery backup in the home outside each sleeping area.
- Get fresh air immediately if you start to feel sick, weak, or dizzy. CO poisoning from exposure to generator exhaust can quickly lead to incapacitation and death.

## NOTICE FROM AG'S OFFICE RE: PRIZANT'S FLOORS

On *January 11, 2008*, the Attorney' General's office reached a \$100,000 consumer settlement with Prizant Floors. The Assurance of Voluntary Compliance (AVC) requires "Prizant's to fulfill consumer orders for merchandise or service, or refund consumer deposits for eligible consumer claims."

Refund amounts will be determined by the number of consumers who file valid claims with the AG's office in the 30 days since this announcement date.

In order to assist as many consumers as possible, those who have received credit from another carpet or flooring business, or who have stopped payment on an order, will be limited to claiming the Prizant deposit amount minus any credit or previous refund.

As of January 11, complaints were received from 80 former Prizant customers.

To file:  
AG's hotline -- 1-800-441-2555.  
Online -- [www.attorneygeneral.gov](http://www.attorneygeneral.gov).

If you need assistance, please contact the ACP within the required timeframe.

Have a consumer issue?  
Want advice about a purchase?  
Need an advocate for a consumer  
problem?

**ACP -- your consumer key!**

## IS THERE TAX WITH THAT?

We recently receive questions regarding taxable items: which products are taxable? Which are not? And, it can sometimes be confusing. For example, per <http://www.revenue.state.pa.us>, periodicals and magazines not purchased by subscription are taxable while those purchased via subscription are not.

Food purchases may be taxed according to where it is purchased. In general, food purchased at a restaurant for consumption on-premises or for take-out are taxed. While food "sold from other than a caterer or establishment selling ready to eat food" is not taxed. There are, however, taxable and non-taxable items within both these food categories.

Some clothing purchases, like formalwear, Halloween costumes, and accessories are taxed, while nightgowns, scarves, and rainwear are not.

For more information, you may go to the web site above and search "retailers' information" or you are welcome to call the ACP with your specific question.

## CONSUMER RESOLVE

If you are considering changing those resolutions you planned to keep through 2008, why not resolve to be a more environmentally conscious consumer? Some suggestions to consider:

- Choose environmentally friendly building materials for renovations.
- Conserve energy via programmable thermostats, by eliminating drafts, by fixing leaky faucets, etc.
- Make sure fire and carbon monoxide (CO) detectors are working.

Happy New Year!

Note: From the Associated Press, suggestions provided by Morris and James Carey, California based contractors.

## WHAT IS A PAYDAY LOAN?

By Jannette Alston

### Payday Loans Defined

Here's the definition of a Payday Loan from Pennsylvania's Department of Banking Glossary of Terms:

"A payday loan is a short-term loan that carries a high fee and uses a borrower's anticipated paycheck as collateral. Payday loans are generally made for 2-week periods and may be rolled over (renewed) with additional fees. Lenders typically charge \$7.50–\$10 for each \$100 of the loan. These fees, when calculated on an annual basis, can equal annual percentage rates (APRs) of 300% to 700%, making payday loans an extremely expensive form of credit."

### Also Known As

Payday loans may also be referred to as paycheck advances, payday advances, cash advance loans, check advance loans, post-dated check loans, or deferred deposit check loans.

These loans, or cash advances as they are sometimes called, are marketed as a way to help consumers with their bills until their next payday. However, as the definition above states, that next paycheck is collateral.

### Easy to Find

A quick internet search of "payday loan" lists pages of payday loan options along with cautionary information from the Pennsylvania AG's Office, the Federal Trade Commission, and the National Consumer Law Center. But, you have to look for the explanations of a payday loan. The ads for loans appear to be everywhere.

Remember this Consumer Rule:

***If it looks too good to be true, it probably is.***

### Options

Many consumers receiving a payday loan may believe this is their only option because they have a low-income, no credit, bad credit, and/or cannot get a loan from a bank. Many may be facing financial hardships. After receiving this immediate payday loan, many of these consumers find themselves on a dangerous financial treadmill where they can't get off.

The Federal Trade Commission (ftc.gov) offers some options to consumers. These options are worth investigating if you feel you need money until the next payday.

- Shop carefully for credit, comparing offers.
- Look at and understand the APR (the Annual Percentage Rate – the cost of credit on a yearly basis).
- Ask creditors for more time to pay. Ask if this will include a late charge or change in interest rate.
- Make a realistic and workable budget. Don't forget to include monthly and daily expenses. Daily spending adds up.
- Inquire about overdraft protection on your checking account. Overdraft protection helps avoid further credit problems, especially if you find you are using all your funds or have bounced checks.
- If you decide to use a payday loan, borrow only as much as you can afford to repay with your next paycheck and still have enough to make it to your next payday.

If you need help working out a debt payment plan or developing a workable budget, please contact the ACP to schedule an appointment.

#### CALENDAR OF EVENTS

**Jan 21** Martin Luther King's Birthday. Office is closed.

**Feb 18** President's Day. Office is closed.

**Mar 12** ACP attends Senior Day at the Mall, Beaver Valley Mall. Two new ACP Newsletter winners are drawn each month.

**Mar 23** Happy Easter

**Apr 20** Happy Passover.

#### ACP WEBSITE NEWS

The ACP website includes good consumer information: ACP – About Us page, complaint form, business member listing, an example of our newsletter, and membership details.

You can reach our site by logging on to <http://www.acp-beaver.org>.

ACP is funded in part by the PA Department of Community and Economic Development and material support provided by the Beaver County Board of Commissioners.

## MEMBERSHIP REQUEST / RENEWAL

Name \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ email: \_\_\_\_\_

\_\_\_\_\_ *Individual Member*, which includes quarterly newsletter. \$10 new / renew / gift

\_\_\_\_\_ *Business-Professional Member*, includes quarterly newsletter. \$50 new / renew

**Donations are graciously accepted.**

A non-profit 501 ( c ) 3 organization

\_\_\_\_\_ *Tax Deductible Donation.*  \$50.  \$30.  \$20.  Other \_\_\_\_\_

***Please make checks payable to Alliance for Consumer Protection.***

\_\_\_\_\_ I would like to learn more about volunteer opportunities with ACP.  
Please call me.

**Thank you for your interest and support.**

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