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22 – Steps To Debt-Fixing And Financial Freedom



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1. List Your Monthly Household/Living Expenses (name and how much)

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Gas _____
Medical _____
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Personal care (beauty parlor, haircuts) _____
Clothing _____
Child Care _____
Cable _____
Other: _____

2. List Your Debts Other Than Household/Living (name and how much)

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Department Store Cards _____
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3. What Do You Spend On Entertainment? (name and how much per week)

Movies _____

Videos/DVD Rental _____

Parties _____

Other _____

Birthdays _____

Holidays _____

Other: _____

4. How Much Income Do You Bring Home, per week or per month?

Job _____

Wife's job _____

Companion's job _____

Kids working _____

Child Support _____

Alimony _____

Other: _____

5. What Do You Know How To Do? List Everything you know how to do non-work related?
(Examples: Cook, Clean, Sew, Work on cars, etc.)

6. If You Have An Unsteady Income, From What Sources?

(if applicable)

How much do you have for your future?

Savings _____

401K _____

CD's _____

Bonds _____

Stocks _____

Other Investments

7. Your Basic Monthly Household/Living Expense total _____

(A household/living expense is what it takes to operate your house (water, lights, etc, take care of your families needs (insurance, hospitalization, etc.)

Your Total Monthly Debts _____

(A debt is something you owe for an item you bought and are making monthly payments to own it, like credit cards, car payments, etc.)

Monthly Debts And Household/Living Expenses added together comes to: _____

Deduct Your Living Expenses and Your Debts from your total income:

Write that figure here _____

Do you have enough, or need more to meet your debts and household expenses?

Yes ___ No ___

How much more do you need to cover your debts and expenses?

8. Now, take a look at what you are spending on Household/Living Expenses, is there anything you can cut back on? Or eliminate?

List them here by name and amount paid out monthly:

Name	Amount spending monthly
_____	_____
_____	_____
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9. Look at your debts outside of Household/Living Expense. List debts here by name, along with balances owed: List largest debt first.

Name	Monthly payment	Total balance owed
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_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

10. Select the debt with the smallest balance by name, monthly payment and total balance owed. Work on one at a time.

Name	Monthly payment	Total balance owed
_____	_____	_____

11. Take the money you cut back on from your living expenses and add it to the payment on your smallest bill balance.

Example: Your Cable bill is \$40.00 a month. The payment on your smallest bill is \$23.00 per month. Instead of paying for cable, have it disconnected and the money you were spending monthly for cable, redirect it towards your smallest bill. You will now pay \$63.00 on the smallest bill until it is paid off.

Note: An alternative to Cable might be to rent videos from the Library.

Once that bill is paid off, take the next smallest bill on your list, whatever you are paying, now add \$63.00 to that. So if the next smallest bill had a monthly payment of \$35.00, add the \$63.00 to the \$35.00. You would be paying \$98.00 towards that small bill. Keep doing it until you have paid it off.

12. Find ways to free up more money. Look at other areas you can cut back on. Like lunch. Don't buy lunch. Take your lunches from home.

How much are you spending on lunch? _____

Fast Food dinner, etc. _____

What else are you spending money on that is not crucial to living or your debts? (Personal care treatments, long distance, etc.)

Write the total of what you found here? _____

Take what you found and add it to what you are paying on the smallest debt balance monthly.

Example: If you were buying lunches five days a week at a fast food restaurant paying \$6.00 per lunch, that is \$30.00 you have just saved a week by bringing your left over dinner, or taking a sandwich to work. In a month you would have an extra \$120.00.

If you were paying out \$30.00 a month on the department store card, now you can add the \$120.00 and pay \$150.00 a month.

Once that is paid, go to the next small balance. Add all the extra money to that one and keep paying it off until it is finished.

In the mean time, keep looking into your budget and spending habits for other areas you can cut to pay off these debts.

13. In addition, you might look at ways to activate your talents to create an additional income. If you have a lawn mower, perhaps you might cut your neighbors grass at a reduced rate. If you know how to cook, if you cook, you might cook for your co-workers. Prepare a menu. Take orders. Collect a deposit.

If you drive, you might hire yourself out to local newspapers to throw newspapers to earn extra money. You might even get your kids involved in that.

If you know how to work on computers, make some business cards, let people know if they know anyone who has a problem with their computer, you would be happy to look at it.

Be creative. Think.

14. Once you have your debts paid off, and then look at applying all of that money to your mortgage payment, setting up an emergency fund, investment portfolio.
15. If you have an unsteady income, in business for yourself, follow the same procedure if you are in debt. What can you cut back on? What don't you need? How can you increase your income streams? Stay on top of your expenses and what you need when, otherwise, it will sneak up on you. As money comes in, put some aside for the large ticket items first, like mortgage, or rent. If you are going to be late paying a bill, notify creditor of such in advance.

Oftentimes in this case you may not have medical care, life insurance, etc. Buy the discount medical service cards. Shop around for term life insurance, which is cheaper. Or cancer plans, etc. trying to fill some of the possible medical gaps.

If you have no debts and are struggling to make basic payments, fill out a budget, look at where you can cut back, if any, or how you can increase your income streams to cover your expenses.

(See number 13 for suggestions)

16. Approach debt wisely. If you have a credit union, open an account; fees are cheaper than the banks. Pay more than the minimum monthly credit card payment when it comes due. Work through your bank or credit union when you want to buy a car, or an expensive item, as oppose to car dealers, etc.
17. If you cannot afford medical care, life insurance, etc. Buy the discount medical service cards. Begin to get regular check ups. Shop around for term life insurance, which is cheaper. Or cancer plans, etc. trying to fill some of the possible medical gaps. You can even look for disability plans. For example, if you use your hands to perform your job, you might insure your hand.
18. Once you have managed your debt and household/living expenses under control, now you can begin to look to invest. Talk to financial planners about what you want to do in the future: college education for your kids, retirement, etc.

If your children are in their teens, you can talk to a financial planner, but you may want to look at other alternatives: grants, scholarships, trade schools, helping your child to get their grades up, etc. to help fund their college.

19. What debt collectors can or cannot do: Familiarize yourself with this information.

A debt collector cannot do the following:

1. Contact you at unreasonable times or places (before 8 a.m. after 9 p.m.), or at work if you tell the collector your employer disapproves.
2. Contact after you write a letter telling them not to contact you, except to notify you if the debt collector or creditor intends to take some specific action.
3. Contact your friends, relatives, employer or others, except to find out where you live and work
4. Tell your friends that you owe money or discuss financial information with them.
5. Harass you with threats of harm to you or your reputation, use profane language or repeated telephone calls or make any false statement, including that you will be arrested.
6. Threaten to have money deducted from your paycheck or to sue you, unless the collection agency or creditor intends to do so and it is legal.

Please remember to keep updated on the new rules for your City or State.

20. Car buying tips:

Do your research on the automobile you are interested in purchasing; check mileage; rule of thumb, 12,000 miles a year; 15,000 miles is the highest. Has it been in an accident? Check the Internet, library, Blue Book value. Have an honest mechanic check it out. If it is a new car, ask for the dealer invoice. Shop wisely. Be patient! Watch out for the fast-talking and the fine print. Buy the car you can afford.

21. House buying tips: (See page 12).

22. Tips on wise spending:

Grocery Shopping:

Prepare a list; buy mainly what you need; eat before you go. Don't shop when you are hungry; shop for the best deals; use coupons. Shop for meat at a meat market, usually cheaper, no packaging.

Buying Insurance on Cars, etc.

Shop around for auto insurance to get the best deal for your money. The higher the deductibles, the lower the premium. The higher deductible means in the event of an accident, if the deductible is \$1000, and your damage is 875.00, you fix your car; but if the damage is \$2500, you are responsible for the first \$1000. The insurance kicks in afterwards. Having a higher deductible does decrease your monthly premium.

Bank Charges

Try to avoid them. Train children; open accounts, guide them on how to manage their accounts. Try to open accounts where “free” is the word. Don’t bounce checks. It will cost you any where from \$15.00 and up. Ask your bank about overdraft protection.

Health Insurance

A needed item. Shop around. Shop for what fits you best and what you can afford.

Using ATM’s

Teller withdrawal fees from \$1.50 and up for each transaction. Obtain the amount of cash you need from your bank and record your withdrawals as soon as possible. Also obtain cash at time of a retail purchase (grocery store, pharmacy, department store, etc.), so you do not incur fees.

Clothes

Don’t be afraid of hand-me-downs; and rummage sales, 2nd hand shops, etc. Sometimes there are new clothes in those places; shop for sales and negotiate. Be wise about buying expensive clothes for children while they are still growing.

How To Buy A House

This information was compiled by Changing Lives Publishing and is not meant to be Real Estate advice or to be used solely in making decisions for buying a house. It is for Educational Purposes only

What to do first?

1. Find out where your credit scores are? The range is 300 to 850. You can obtain your credit information from these sources, or a combination thereof: Equifax, Score Power, True Credit or Qspace. Buyers above 650 have a greater potential of being approved for the house of their dreams. You can “google” them online.
2. Real Estate Agents are not on your side. They are in business to make a profit. The more the house cost, the bigger the commission to the agent. Learn to negotiate and ask for discounts. If an agent asks you how high you are willing to go, only tell them what you are willing to pay. Never give them the highest amount, always go lower. Choosing an Agent: If you must have one, check classifieds. Successful agents generally have more homes listed than others.
3. If your credit score is too low, work on increasing your credit score.

4. Research Homes Through Free Publications, or The Web
5. Decide how you are going to finance your home purchase.
6. Get Pre-Qualified.
7. Set up escrow account. An escrow account is: an account opened, usually with a deposit, through a third party until certain conditions are met.
8. Sign Preliminary Contract
9. Get Quotes On Homeowners Insurance
10. Have the house inspected by a professional (Use an engineering firm)
11. If inspection report is a green light and your financing is okay, then buy.
12. Close escrow account and move in.

Houses To Avoid

Blended zoning (commercial/residential)

Excessive traffic, or trains nearby

No flat roofs

The most expensive on the block

Next door to renters

If house has chipped paint, or a damaged roof

If house hasn't been inspected

How are schools rated? Are they nearby?

Near airports or industrial areas

Near high crime area

Check homeowner fees. Are they high?

Is it a flooding area?

No one-bathroom homes

Stay clear of 15 MPH school zones

Code enforcement areas keep the neighborhood clean

No Central Air/heating system

Over priced lots

One car garage

Check property values of other homes. Is it going up?

A 2/2 is hard to re-sell

Small master bedroom or little closets

Unusual architecture. Shaped like a barn, cone, etc.

Landfill or water treatment plants nearby

Corner lots get more traffic

Do you have easy access for you and visitors

Golf courses means broken windows

Florida houses should be made of CBS (Cement block) up and downstairs.

Best defense in hurricanes

How long has the house been on the market? If over six months, find out reason.

The real value of a house is what you, the buyer is willing to pay.

Have a termite inspection done

Best Type Houses To Buy

Least expensive in a growing neighborhood

Less traffic at the end of a cul-de-sac

Zoned residential. Near forest or water

Provides best schools

Near Fire Department and Hospitals

Close to shopping and work

High ceilings. Large kitchen. Walk-in closets. Office (higher resale value 2 or 3 car garage)

Brick driveway

New home with upgraded appliances: A/C heat-air/ Good insulation/ energy efficient

Look for bargains:

Distress sales

Couple with marital problems

Relocation seller

Foreclosure properties

Make An Offer

When you make the offer, back it up with a \$1000 check and be sure to enclose a copy of an up to date valid mortgage credit approval for financing.

Write a memo they are not to start escrow with it unless seller accepts offer price and terms as listed in the contract.

Learn The Negotiating Game

They want to convince you the house is worth the price. Your job is to convince them it's not worth what they are asking

Question the facts. Dig deep. House sales over a year old are worthless. Ask for original listing prices of homes sold. If a house is listed for \$185,000 but sold for \$150,000, that works in your favor.

Nit pick like crazy. Check air filter. If it is dirty, good chance something else has been neglected. Look for cracks around the foundation.

Valid Reasons For Getting Out Of A Contract

If financing falls through, termites, bad title, undisclosed liens, bad inspection, divorce, probate; you cannot sell your existing house in time, etc.

Have a property attorney draft a contract to protect you. Might be worth it to enroll in a pre-paid legal plan.

A clean title shows house free of liens, has an engineering and termite inspection. You can have all sorts of clauses, like the seller pays some of your closing costs, or buys you a warranty, or leaves all the appliances behind. Consult property attorney at the point of purchase.

Financing Tips

Where to look for financing?

Research mortgage companies via the Internet. You can apply online. They can pre-qualify you so you will know what your credit can buy. Banks. If you do business with a bank, have established some relationships, that is a great place to start. Or if you have a credit union account. The key here is shop for the best mortgage rates, low interest

When is the best time to buy a home?

Believe it or not, some say in the winter months, that the weather conditions work in your favor, particularly if you live in a seasonal climate. However, in South Florida what should be taken into consideration is the hurricane season. Sellers might be more inclined to sell during that season.

Extra copies of Income and Expense pages

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May 18, 2007

Dear Friend,

Have you been searching for the answer to your **money problems**? Does having money make you happy, or sad? Do you need to get out of debt but don't know where to start? Or, are you doing well financially, yet you feel lonely and unfulfilled? Are you in a financial rut? Is your self-worth based on things you possess? Do you feel like you are working and getting no where?

I, too, felt like that one time in my life but not any more. That is the reason I wrote "**Why Money Isn't Your Problem: Making the Right Connection.**" I wanted to help others to enjoy the fruits of their labor, to enjoy MONEY, rather than seeing it as EVIL. Having MONEY can be fulfilling once you understand your relationship with it.

Get started making the Right Connection at: Whymoney.Print2Publish.com