



## SURVIVING TOUGH TIMES

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### SUSTAINING FAMILY AND HOME

Maintaining a home for your family is an important concern when you lose income. If you rank your bills in order of priority, paying your rent or mortgage will always be at the top of your list.

When you are under financial stress because you are experiencing reduced or lost income, one of the biggest expenses is housing. Housing expenses include mortgage or rent payments, insurance, taxes, household maintenance and repair, utility bills, furnishings, and cleaning supplies.

When your income drops, careful planning is a must. It can help you avoid possible eviction from your rental unit or the loss of your home.

#### RENT PAYMENTS

If you rent, contact your landlord and inform him or her of your situation. Be sure that you do this before your rent is due. Ask for a temporary extension until your income resumes. The landlord may be willing to work out a plan until the crisis is over. Work with your landlord offering to do work in exchange for part or all of your rent payment while you are in a crisis. Offer to do lawn or yard work, housework, babysitting, painting farm buildings, repairs, or use any talent or skill you or other household members may have.

Remember that it may cost your landlord money to

change tenants so he may be willing to work with you. Also, if you have always been timely with your rent and you have been a “good renter” maintaining the property, the landlord may not want to lose you as a tenant.

**Eviction**, that is, physically removing the tenant and his possessions from his rented home or apartment, can’t be done legally until the landlord has gone to court and proved that the tenant did something wrong that justifies ending the tenancy. A landlord can’t proceed with an eviction lawsuit, let alone get a judgement for possession of property or for unpaid rent, without terminating the tenancy first. This usually means giving the tenant adequate written notice in a specified way and form.

Pay Rent or Quit notices are typically used when the tenant has not paid the rent. They give the tenant a few days (three to five in most states) to pay or move out (“quit”).

In Georgia, if you do not pay your rent according to the terms of the lease, your landlord can take these steps to have you Quit the unit:

1. The first time your rent payment is late, your landlord may give you a 5-7 day notice to pay the rent (the number of days may vary according to the county in which you live).

2. There may be a charge of a late fee. If you pay the rent, you may continue living in the unit.

## **MORTGAGE PAYMENT**

When you buy a home you enter into a contract with a lender. It is very important that you have a clear understanding of your mortgage contract and your responsibilities to your lender, as well as any state laws that deal with foreclosure.



With reduced or lost income, you can quickly feel the stress of a sizable mortgage payment. If your loss of income will only be for a few months you may be able to cut back on other expenses to meet your mortgage payments. This is why it is suggested that you maintain an emergency fund that equals at least three months living expenses.

As soon as you realize that you may have difficulty meeting your mortgage payment, contact your lender or bank immediately. You may be able to make arrangements with your lender to reduce your payments. Remember to take along your new spending plan and ask for suggestions from your lender.

Most of us want to know what could happen if we miss mortgage payments. Foreclosure may occur. This is the legal means that your lender can use to repossess (take over) your home. When this happens, you must move out of your house. If your property is worth less than the total amount you owe on your mortgage loan, your lender could seek a deficiency judgement. If that happens, you not only lose your home, you also would owe your lender an additional debt. Foreclosure or deficiency judgement can seriously affect your ability to qualify for credit in the future, so you should avoid it if at all possible!

### ***What Should You Do?***

1. Do not ignore the letters from your lender. If you are having problems making your payments,

contact your lender immediately. Explain your situation. Be prepared to provide them with financial information, such as your monthly income and expenses. Without this information, they may not be able to help.

2. Stay in your home for now. You may not qualify for assistance if you abandon your property.
3. Contact your Housing & Urban Development (HUD) approved housing counseling agency. They have information on services and programs that could help you. The housing counseling agency may also offer credit counseling. These services are usually free of charge. Or you can call the Housing Counseling Hotline at 1-800-569-4287 or <http://www.hud.gov/foreclosure/index.cfm>
4. If you bought your home with a Veterans Administration (VA) guaranteed loan, call the VA office nearest you.

### ***Main Things to Remember***

1. Don't lose your home and damage your credit history if you can help it.
2. Call or write your mortgage lender immediately.
3. Stay in your home to make sure you qualify for assistance.
4. Arrange an appointment with a HUD-approved housing counselor to explore your options.
5. Cooperate with the counselor or lender trying to help you.
6. Explore every alternative to losing your home.
7. Beware of scams.
8. Do not sign anything you don't understand. And remember that signing over the deed to someone else does not necessarily relieve you of your loan obligation.
9. Act now. Delaying won't help. If you do nothing, you will lose your home and your good credit rating.

## **INSURANCE PAYMENTS**

Homeowner and renter insurance provides you with protection from loss or damage to your property. During income downturns it is easy to think that this is an expendable cost, but in the long run it is very important to have the protection that homeowner's insurance provides.

If you find that you are having difficulty paying your insurance premiums, contact your insurer before your premium is due. Explain your situation and offer to consider a different payment plan. Check to see if smaller premiums are possible through the following:

- Changing to a monthly, quarterly, semi-annual payment plan with the same coverage.
- Changing to a more basic coverage.
- Changing the deductible.

## **PROPERTY TAXES**

If you are unable to pay your property taxes, contact your county tax commissioner or county tax collector (in your phone book under County Government) and ask for procedures used when property taxes are delinquent. Again, if you have maintained a good payment history and notify them as soon as you realize that you may have difficulty meeting your tax obligation, you will find them more cooperative.

In Georgia, each county has control over its procedures, so you must work with your county. Remember, always respond as soon as possible to any notice you receive. You will receive notice of any actions that will be taken against your property. Take these notices seriously. Eventually, unpaid taxes will result in the sale of your property through auction.

Under Georgia law every county must have printed materials on any possible tax exemptions. This material will be available at your county tax commissioner's office.

The elderly and those with low incomes should check with your county tax commissioner's office about

special tax deferments or exemptions that may be available. Remember, if you find yourself unable to pay your property tax, contact your county tax commissioner's office for advice and assistance.

## **TELEPHONE**

Your telephone bill has a preferred pay date. If you do not pay within 10-15 days, you will receive a notice of delinquency. A late fee will be added to your bill after a specific time period. See your telephone bill for late payment policies and fees.

Contact the phone company before you miss a payment to see if you can work out some alternative payment plan. Remember that there will be a re-connection fee if your phone is disconnected.

### **To get service again, you may be required to:**

- Pay your previous bill in full.
- Reapply for service and pay a re-connection charge.
- Pay a large deposit.

### ***Ways to Cut Costs***

- Begin to cut expenses by eliminating all non-emergency long distance calls.
- If you pay for calls by length of call, list what you will discuss before you call and keep within a time limit.
- Ask the phone company for hints on reducing your bill.
- Do you really need more than one phone in your home?
- Make all long distance calls when rates are lowest.
- Dial numbers directly.
- Don't use a long distance operator unless absolutely necessary.
- Limit the add-on services like call waiting and caller id, and do not use \*69 and other services with per-use fees.
- Keep a list of often-used phone numbers and use your phonebook. Limit the use of directory services.

## UTILITIES

Utility cut-offs can and do occur. Disconnection varies with weather and family conditions. Reminders are sent out so always remember to watch your mail. Your electricity, water, and other utilities will never be cut off without warning. When you receive your utility bills, check to see when they are due and contact the companies before the due date.

1. Remember that maintaining a good payment history is very important.
2. Contact the company right away to discuss possible solutions.
3. Propose a new payment plan based on your current ability to pay.
4. Take along information about your income and expenses.
5. Check to see if you are eligible for assistance through local community agencies, churches, and charities.
6. Discuss with family members a plan to safely reduce the use of your utilities as a means of reducing your cost.

### *Ways to Cut Costs:*

- Turn your water heater down to low setting (140 F). Check hot water usage. This is one of the best ways to cut down on energy use for most families.
- If you have a separate freezer, empty it and unplug it. If you use it, keep it full. Use containers filled with water to take up empty space.
- Reduce wattage of bulbs in lamps, or switch to three-way bulbs so lowest level of light can be provided when bright lights are not necessary for reading.
- Switch to fluorescent lighting wherever possible. It usually uses less electricity than incandescent lighting.
- Change your furnace filters every 3-6 months.
- Turn off lights when not in use.
- Drip dry clothes and wash dishes by hand instead of using appliances.
- Use burner on range and Dutch oven for food

preparation. Cook several foods together (pot roast, carrots, potatoes). Set burner at medium temperature. Use electric fry pan whenever possible. Stove burners use 3 ½ times as much energy as an average electric fry pan.

- When using your oven for meal preparation, plan to do necessary baking at the same time or shortly afterward to conserve energy. In the summer, avoid baking during the heat of the day.
- Keep room and closet doors closed so that space is not heated or cooled unnecessarily.
- Close vents in rooms that are not frequently used except when this would cause moisture problems.
- Increase insulation if a “heat loss analysis” shows that benefits outweigh the costs.
- Use weather-stripping or tape to seal door and window frames.
- Dress warmly so that you can set the thermostat lower. Turn down the thermostat when no one is home and again at night when you go to bed.
- Use window shades or insulated drapery liners at windows during the heat of the day in summer and during the coldest hours in winter.
- In the cold months, let in as much sunlight as possible, and use storm windows or plastic covering on all windows.
- Place rugs against bottom of door if drafty.
- Use fans rather than air-conditioning.
- Don’t let water faucets drip, particularly hot water faucets.
- Limit water for showers and baths. If water pressure is adjustable in the showerhead, use the minimum spray with the maximum pressure.
- Wash clothes only when you have a full load.
- Do cold water laundry when appropriate and cold rinse for all loads.
- Use your dishwasher with a full load. Open the door to air dry. Use energy saver cycles.
- Encourage family members not to run water continuously while washing dishes or brushing teeth.

## **WHERE TO FIND ADDITIONAL INFORMATION**

### **County Cooperative Extension Service**

Education programs, materials, and counseling on the budgeting process, information about other community resources, educational programs and materials about planning for future financial security.

### **Department of Family and Children Services**

Assistance programs such as food stamps and emergency assistance, Work First programs, Medicaid, and assistance in trying to collect child support.

### **Health Department**

Health services, information, assistance, and referrals.

### **Social Security Administration**

Old Age, Survivors and Disability Insurance programs, SSI (Supplemental Security Income), and Medicare.

### **Labor Department**

Employment counseling, job services, information on job training.

### **Community Colleges and Technical Colleges**

Career counseling and job training

### **Legal Services**

Information on common legal concerns, assistance with some legal problems, referrals to additional cooperating attorneys.

### **Public Library**

Books, magazines, and folders with pamphlets and articles in the vertical files.

# SURVIVING TOUGH TIMES

*Surviving Tough Times* is a 19 part series for individuals and families experiencing under-employment and unemployment. Originally developed by Linda Boelter, University of Wisconsin Cooperative Extension Service.

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