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Center For Consumer Credit Counseling  
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712-252-1861 877-580-5526

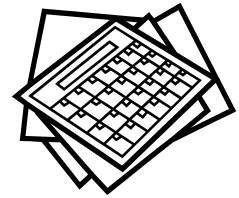
Center For Siouxland

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www.centerforconsumercredit.org  
**March 2006 Newsletter**

March, 2006

Please remember to print your name legibly on your money order, or cashiers check. If we cannot read the name, we cannot process the payment.



**Dates to Remember**

**We would like to remind you that our postage fee increased on January 1st. We still have payments that do not have the increase included. If you are unsure what your deposit amount is, check the top of your client statement, or contact your counselor. If we do not receive the correct amount, we cannot make payments to your Creditors.**

\* **CCCC is closed every Thursday from 9:00—10:00.**

\* **CWCID March 20th Module 1, 10—11 and 5:30—6:30**

\* **CWCID March 27th Module 2, 10:—11 and 5:30—6:30**

Center for Consumer Credit Counseling has a new program to help individuals and families purchase their first home.

***My First Home***

The *My First Home* program seeks to provide low/moderate-income and/or minority individuals and families who, at the present time, do not qualify for a traditional mortgage loan with the background knowledge and skills needed to become mortgage-ready and move them one step closer to becoming a home owner. Prospective home buyers will be paired with a certified housing counselor. Together they will pull the client's credit report, and the counselor will explain the parts of the report in order to solve or absolve any problems. The counselor will also discuss with the individual ways to clean up credit errors, pay off debts owed, and use non-traditional forms of credit to build a credit score. The clients will also participate in classes/workshops that will give them an understanding of budgeting and managing their finances and that will help them establish and maintain good credit.

If you or someone you know would be interested in the program. Please contact our office at 712-252-1861 ext. 47, or 877-580-5526 ext. 47.

\* **CCCC is closed for a staff meeting March 22nd, 10:00—11:00**

**WEATHER RELATED OFFICE CLOSING**

If there is bad weather, and you are unsure if we are open or not, please follow the Sioux City School systems closing schedule.

For example: if Sioux City Schools have a 2 hour late start, our office will be opening 2 hours late. If you are unsure if we are open during bad weather, please call ahead to insure that someone is here.

# CONSUMER ADVISORY

March 2006

By Attorney General Tom Miller

## Rapid Tax-Refund Loans A very costly way to gain just a few days on tax refunds

It's tax season, and tax preparers may invite you to get a "Refund Anticipation Loan" or "RAL" – a loan borrowed against the expected tax refund. Such a loan may come a few days faster than the refund – but *you pay extremely high fees to borrow your own money.*

Remember, a "Refund Anticipation Loan" is just that – a very short-term loan, secured by your expected tax refund, arranged by a tax preparer through a bank. You pay finance charges (and, most often, tax-preparation charges as well.) The loan is repaid when the IRS sends your full refund to the bank.

Refund anticipation loans are expensive. According to a report this year by the Consumer Federation of America and the National Consumer Law Center, the loans cost about \$29 to \$120, depending on the size of the refund. That means the interest rate on "RAL" loans could range from about 40% to over 700% APR (annual percentage rate of interest.) That's a bad bargain for an "advance" of just 7 to 10 days.

### Consumers need to ask tough questions:

**"How much will I pay for the loan?"** An average refund is about \$2150, with a typical finance charge of \$100 for a refund anticipation loan -- a 178% APR. Fees for tax preparation, electronic filing, or check-cashing can double or triple that cost.

**"What does the fee buy me?"** An RAL loan gets your refund to you in 1-4 days, compared to just 7-10 days if by ordinary electronic refund deposit to your bank.

The Consumer Federation/Consumer Law Center report notes that about 56% of those who get refund anticipation loans are filing for "earned income tax credits" – payments under the federal program that entitles some low-income workers to a payment even when they don't owe income taxes. The report indicated that almost \$317 is subtracted from the average earned income tax credit refund when all fees are added for tax preparation, electronic filing, check cashing and the loan fee. That's a lot to pay for a payment that comes just a few days faster. The best bet? Avoid high costs -- get free help from organizations that assist low-income filers. For a "Volunteer Income Tax Assistance" site or a "Tax Counseling for the Elderly" site near you, call 1-800-829-1040. Tax assistance sites in Iowa also will be listed at [www.iowaAttorneyGeneral.org](http://www.iowaAttorneyGeneral.org)

Be a smart "consumer" in seeking your refund. For more information, contact the Attorney General's Consumer Protection Division, Hoover Building, Des Moines, IA 50319. Call 515-281-5926, or 888-777-4590 toll-free. On the Web: [www.iowaAttorneyGeneral.org](http://www.iowaAttorneyGeneral.org)

**Consumer Protection Division ! Hoover Building ! Des Moines, Iowa 50319 ! 515/281-5926**