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How to weather a financial storm

True to the mission of HomeStart of creating choice in housing, community in neighborhoods, and empowerment in personal finance through Northern Illinois, we have put this information together to assist you in the creation of a plan in times of financial hardship. Our country is going through a financial crisis that may last months if not years. You might have lost your job or are not sure about the future.

A financial advisor from HomeStart can assist you in the developing of an action plan to weather this financial storm. Please review the following information to ready yourself. Consider these 5 steps:

Step 1. First look carefully at your financial situation.

Try to look at your financial situation for the next 6 months or so. How safe is your job at the moment? Will you get unemployment if you lose your job? For how many weeks your emergency fund will last?

After you figure your income situation, look at your expenses. Is there somewhere you can save money? Think of three important actions: reduce, cut off, get it for free. If you have a bill, let's say: rent. Can you ask the landlord to lower the rent based on your financial situation? The landlord might prefer to do that instead of having an empty property and no income at all. That will be a way of reducing that expense. Or you could move out and move in with a relative or friend. You can offer doing chores, babysitting, or help pay some utility bills. That will be a way to cut off that expense and get it for free.

Once you have an idea of your financial situation for the next few months, it is time to establish a strategy to conserve as many resources as possible.

Step 2. Consider the following in order to create a crisis budget.

A crisis budget is a temporary plan to make sure you cover your needs first and look for ways to stretch your dollar. Here are some things to keep in mind.

| Crisis Budget | |
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| Food | See if you qualify for food assistance through the state. Research food pantries in your area. Also, do an internet search for ways to stretch a food budget, find coupons, and plan inexpensive meals. The University of Illinois-Extension has great information. |
| Shelter | Meet with a housing counselor to look at your options which might include a forbearance. The hold on evictions and foreclosures is temporary. If you are able to make your house payment, make it. Don't just stop making our mortgage or rent payment. |
| Transportation | If you have a car payment, contact your lender for a deferral or other options. |
| Phone | Look for ways to lower your plan costs by changing plans or companies. Call your service provider directly for options which might include deferring payments. |
| Medications | Do not sacrifice your health during this stressful time. Find affordable options: http://www.news.sanofi.us/What-to-Do-When-You-Cant-Afford-Your-Chronic-Disease-Medication or https://www.verywellhealth.com/what-to-do-when-you-cant-afford-your-medication-1942844 |
| Insurance | Do not let your insurance lapse since you still need to be protected against accidents. Call your agent for options even if they are temporary. |
| Utilities | Most utilities companies are ordered to Not Shut off Service during the COVID-19 Crisis. However, contacting your provide directly will give you more opportunities to take advantage of assistance they may have. Check energy assistance programs. |
| Clothing | Try not to spend money on this item. Look for hand-me downs if possible. |
| Credit cards | Call your creditors and ask for hardship programs or settlements that are favorable to you. As a rule, you pay first secured debt versus unsecured debt. The Fair Credit Collection Practices Act protects you from harassment or unethical debt collection practices. You cannot be threatened, subjected to violence or obscene language, they cannot contact you outside of the hours of 8:00 am and 9:00 pm, they can't misrepresent who they are and they cannot contact your work if you have told them not to. |
| Non-essential bills | Make a list of your bills in order or priority. When the money runs out, you need to eliminate the rest of bills you do not have money for. Here are some resources: <ul style="list-style-type: none"> • Dave Ramsey Article: https://www.daveramsey.com/blog/what-to-do-when-you-cant-pay-your-bills • CFPB - https://www.consumerfinance.gov/about-us/blog/behind-bills-three-steps-help-you-make-tough-choices-tight-moments/ |
| BEWARE OF SCAMS: Predatory lenders and scammers will try to take advantage. Always verify information and double check credibility of offers you get. The Federal Trade Commission has tips to protect yourself from possible coronavirus-related scams. The FTC and the FDA are also cautioned consumers to ward against unapproved products that claim to be a cure. Report these scams to the FTC. | |
| AVOID MORE DEBT: Be careful of taking on more debt to solve your problems. High interest loans, payday loans, other options may compound your problems long-term. For more information look at: https://www.consumerfinance.gov/consumer-tools/payday-loans/ | |

Step 3. Create a crisis budget.

Figure out your income, chose the bills you are going to keep and write down the monthly average expense. Make adjustments if necessary to have a surplus.

| Category | Type of Expense | Monthly Average | Proposed Amount |
|-----------------------|----------------------------------|-----------------|-----------------|
| Housing | Rent/Mortgage Payment | | |
| | Rental Insurance | | |
| | HO Association Fees | | |
| Transportation | Car Loan Payment | | |
| | Car Insurance | | |
| | Gasoline | | |
| | Maintenance | | |
| | Public Transportation/Tolls | | |
| Debts | Student Loans | | |
| | Credit Cards | | |
| | Other Loans | | |
| Obligations | Child Support/Alimony | | |
| | Life Insurance (out of packet) | | |
| | Health Insurance (out of packet) | | |
| Utilities | Electric & Gas | | |
| | Water & Sewer | | |
| | Telephone/Cell phone | | |
| | TV & Internet | | |
| Food | Groceries | | |
| | Restaurants | | |
| Medical | Doctor Visits | | |
| | Dentist | | |
| | Medications | | |
| Miscellaneous | Pet care | | |
| | Laundry/cleaning | | |
| | Charitable Donations | | |
| | Home Maintenance | | |
| | Clothing/Footwear | | |
| | Tobacco/Alcohol/Lottery | | |
| | Hair/Nails | | |
| | Savings | | |
| TOTAL | | | |

| Source of Income | Gross | Net | Monthly Expenses | \$ |
|------------------|-------|-----|------------------|----|
| | \$ | \$ | Surplus/Deficit | |
| | \$ | \$ | Housing Ratio | |
| | \$ | \$ | Monthly Debt | \$ |
| Total | \$ | \$ | Debt to Income % | |

4. Deal with your creditors and service providers in a responsible way.

A key word to deal with your creditors and service providers is: communication. Make sure you get their contact information and find out what programs and options they have to assist you. Take notes and keep track of your conversations with them. Here are some helpful tips:

1. Be ready to talk about your specific hardship. Explain what happened, when it happened and how it affected you financially. For example, layoff due to COVID-19 pandemic.
2. Be honest about your finances. Tell them you have put together a crisis budget and want to see what kind of help they may be able to offer such a deferral or a forbearance.
3. Be patient. They are dealing with unprecedented amount of people in need of assistance.
4. Be kind. Everyone is under additional stress. The conversation will be more productive.
5. Be realistic. Do not agree to a payment plan that is not doable. You can always thank them and let them know you will be in contact as you continue to work on things.

Word of caution: if you agree to a deferral, you will have to agree to pay off the total amount you haven't paid as a lump sum, in a repayment agreement or it will be added to the end of the loan. If you agree to a forbearance, in addition to these options the amount you owe might be added to the balance and you might get a loan modification. In either case, the payments missed are not forgiven. You will have to pay them sooner or later.

| Type | Company | Phone/ email/ website | Acct Number | Amount Due |
|------------------------|--------------------------------|--|-------------|------------|
| Unemployment | Unemployment Ins. Claim Office | Phone: (800) 244 5631 https://www2.illinois.gov/ides | | |
| House Payment | | | | |
| Auto Loan | | | | |
| Electric | | | | |
| Gas | | | | |
| Water | | | | |
| Phone Company | | | | |
| Car Insurance Company | | | | |
| Home Insurance Company | | | | |
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5. Search community resources in your area.

There are many agencies that offer information, referral and relief when people are going through financial difficulties. It is important to contact them to see if you qualify for their assistance. Here is a list of **some** helpful services.

| Name of agency/Service | Type of assistance/Details | Phone Number |
|--|-----------------------------------|---------------------|
| Aldermen-www.voterockford.com | Voting | 815 987 5750 |
| American Red Cross | Rock River Chapter | 815 963 8471 |
| Animal Services | Abused, injured, barking dogs | 815 319 4100 |
| Better Business Bureau | 410 W State Rockford IL | 815 963 2222 |
| Bus-Rockford Mass Transit | Transportation | 815 961 9000 |
| Child abuse hotline | Children safety | 800 252 2973 |
| IL Dep. Of Children & Fam Services | Children and families | 815 987 7640 |
| Comcast | Cable company | 888 866 1234 |
| ComEd customer service | Energy company | 800 334 7661 |
| Disabilities- ARC | Help for people with disabilities | 815 965 3455 |
| Disabilities-IL Dep. of Human Services | People with disabilities | 815 487 4964 |
| ---Other services | Link, Medicaid, | 815 987 7620 |
| Disabilities- Milestone | Help for people with disabilities | 815 654 6100 |
| Domestic Violence-Remedies | Personal Safety | 815 962 0871 |
| --24 hr. Crisis line | Personal Safety | 815 962 6102 |
| Fair Housing Hotline | Housing rights | 855 347 7757 |
| --City of Rockford | Housing services | 779 348 7157 |
| Food- Northern IL food Bank | Find a pantry | 815 639 1257 |
| Food-Rock River Valley Pantry | Food distribution | 815 965 2466 |
| Gas-Nicor customer service | Gas company | 888 642n6748 |
| Homeless-single point of entry | Homelessness | 844 710 6919 |
| Housing-Rockford Housing Authority | Housing services | 815 489 8500 |
| Housing-Rockford Rescue Mission | Housing services | 815 965 5332 |
| Winnebago County Housing Authority | Housing services | 815 963 2133 |
| Human services-Community Action | Housing services-Liheap | 844 710 6919 |
| Legal-Prairie State Legal Services | Legal services for low income | 815 965 2902 |
| Medical-Crusader Clinic | Medical services | 815 490 1600 |
| Catholic Charities | Information & referral/financial | 815 965 0623 |
| Family Credit Management | Credit repair/debt management | 815 484 1600 |
| Love Inc. | Social services to fight poverty | 815 282 4384 |
| Lutheran social services | Social services | 815 962 7810 |
| United Way of Rock River Valley | Social services/information | 815 968 5400 |
| Veterans Assistance Commission | Serving veterans | 815 516 2850 |

Finally, remember that you do not have to it alone. HomeStart is a resource to you during this time. Our highly trained financial advisors can get you on the right direction. Our housing counselors are HUD certified and can assist you on working with your lender and navigate the system in the mortgage world. You can count on us. We hope you give us a call. All the best!