



FINANCE IN ALBEMARLE COUNTY

A Publication for ESOL Residents in Albemarle County

Banking in Albemarle County

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Inside this Issue:

Banking	1
Budgeting	1,2
Understanding Your Credit	2
What is a Credit Union	2
Using Credit	3
Sending Money to Another Country	3
Consumer Rights	3
Buying A Home	3
Banks and Credit Unions in Central Virginia	4

Having a bank account is almost essential in today's society. Whether it's checking, savings, a loan, or one of the many other services that banks provide, it seems that we are always in need of one or more of their products. This section will give you a brief description of the banking industry and perhaps provide you with some information that will allow you to make an informed decision when selecting a bank.

General

Federal and State Banks

Banks may be either Federal or State, depending on who issued their charter. Federal banks are federally regulated and can operate across state lines, but State banks are regulated by an individual state and can operate only within the state that issued their charter. All Federal banks are insured by FDIC (Federal Deposit Insurance Corporation) which insures accounts up to \$100,000. Not all State banks are FDIC insured.

Services Offered

Most full service banks offer similar services. A typical full service bank usually offers Savings Accounts, Checking Accounts, ATM Services, Debit Cards, Credit Cards, 24 hour Telephone Account Access, Wire Transfer Service, Loan Services, Notary Services, IRA, Online Banking, and Certificate Accounts. Although the full service banks offer similar services, they usually differ in the prices (fees) that they charge for each service. These fees are something you should research before choosing your bank.

Selecting a Bank

There are several things to consider when selecting a bank. Location might be a priority. Some banks have several convenient locations, called branches, throughout the area to better serve their customers. Also, a bank's schedule is important to know. Not all banks have Saturday working hours, and you might not be able to



get there before they close. Decide whether or not it's important that your bank is widely located throughout the region. Think about what services you are interested in and how much each bank charges for them. Is the bank FDIC insured? Is their staff courteous and helpful? It pays to be informed and to compare when deciding which bank will best suit your needs.

Budgeting Your Money

Money problems can be extremely stressful. They can cause family problems and create high levels of tension for everyone involved. Remember that you are not alone in this situation. Almost everyone faces financial difficulty at one time or another in their lives. This section will help you learn to develop good spending and budgeting techniques, as well as provide some resources that might be helpful to you in developing your own Spending Plan.

Establish Your Goals

The first step in developing a successful Spending Plan is establishing some realistic goals. It is important that these goals represent goals for the entire family, so you need to sit down and talk about this. Decide what your family's needs and wants

are. Determine what your future goals are. Would you like to pay off the credit card, buy a new car, or save for your child's education? Write down all of your wants and needs, including future desires.

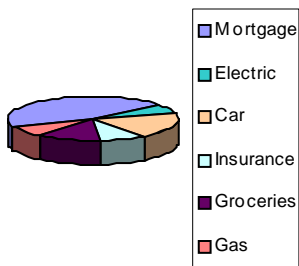
After you have identified your goals, you should prioritize them. Ask yourself, what has to be done first and what can wait? Then assign each of your goals a number. It might look something like this: 1. Pay off credit card, 2. Buy a new car, 3. Take family on a vacation, 4. Save for college education.

Now that you have prioritized your goals the next step is to classify them as to whether they are short-term goals, intermediate goals, or long term goals. Short term goals are those that you want to achieve within one year. Intermediate goals are those that

you want to accomplish within 1 to 5 years. The long term goals are those goals that you expect to accomplish in 5 years or more.

Your goals are now identified, prioritized and classified as to when you plan to accomplish them. Make sure that you have these written down and place them where you can see them regularly (the refrigerator door, for example). This will keep them fresh in your mind and serve as a reminder about your spending habits. Remember that these are your goals and you should try to stick to them. Keep in mind that as time goes by, situations change and there is a good possibility that your goals may change as well. If this happens, be flexible and change your list of goals to reflect the situational changes.

Monthly Expenses



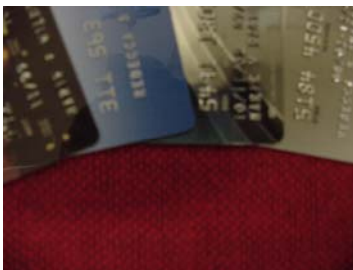
If you lose your credit card, report it immediately and the credit card company will only hold you responsible for \$50 of the charges incurred after it was lost or stolen.

Budgeting Your Money, Continued



What is a Credit Union?

A credit union is a cooperative that offers most of the same services provided by banks. Because they are operated by their membership, their loan and interest rates tend to be more attractive than for-profit financial institutions. Most credit unions are sponsored by an employer or association and membership is usually limited to employees or members and their families. Members' accounts are insured by a federal agency similar to the FDIC.



Identify Your Spendable Income

Now it is time to determine exactly how much money you have to spend each month. You do this by looking at all of your sources of income.

Wages from all jobs, tips, interest, gifts, social security, retirement benefits, child support, alimony, and public assistance all count and should be included when determining your spendable income. Write all of these sources and amounts down in order to keep yourself organized.

Identify Your Expenses

To develop a meaningful Spending Plan you have to know exactly how your money is being spent. The best way to do this is to keep a detailed record of all your expenses for at least a month. Write down every-

thing that you spend money on and how much you paid. Now, separate these expenses into fixed, flexible, and miscellaneous. You can further divide your expenses into daily, weekly, monthly, yearly or seasonal.

The **fixed** expenses are those expenses that are the same every month, (rent, mortgage, car payments, and insurance). **Flexible** expenses are those that you have some control over by determining how much you want to buy or spend (food, clothing, transportation, gas, electricity, telephone, water, maintenance, personal care, and medical attention). **Miscellaneous** expenses are for things that you might not really need (movies, going out to eat, magazines, CDs, and cassettes). You must also keep in mind that you have "seasonal expenses" too. These

might include Christmas, birthdays, anniversaries, Thanksgiving or other occasions that are important to you and where you might typically spend money. And don't forget to include taxes.

Devise a Plan

Now that you know how much you earn and how much you spend each month, you can decide what to do with the money that remains. If you cut down on the miscellaneous expenses and put that money towards the top priority goals listed, you will begin to make progress on paying your debts. Keep your plan close at hand and remember to write down where you spend all of your money. If you keep track of this, it will encourage you to spend less on "the extras" and more on your priorities.

Understanding Your Credit

Credit is a key factor in many aspects of life in America. If you would like to buy a new car, buy your own house someday, or buy a rather expensive item that you can't afford to pay for all at one time, you will need to understand a few things about your credit history. This section will discuss what your history is, as well as who uses it. You will learn how to access your history files and what to do if you find errors. For those of you with no credit history, there will be some tips that will help you establish one.

Your Credit File

Your credit file contains information about your financial situation. It is maintained by several national credit reporting bureaus and is used by businesses to determine whether or not you are an acceptable person to extend credit to. In other words, they determine if you are a good credit risk. It is very important to maintain a good credit history if you plan to make any purchases using credit in the future.

How is it Determined?

Your credit rating is determined by considering a number of factors. Among them are:

- Your employment history and your income. They check to make sure that you have steady employment with an acceptable income.
- The value of your assets (savings

accounts, property, investments, etc.)

- The amount you owe on loans (student, car, and home loans, etc.)
- Your credit history (Do you have credit cards and how much do you owe on them?)
- Your payment history (Do you pay your bills on time?)

If it is determined that you are an acceptable credit risk you will be awarded credit. If you are late or delinquent on payments and owe more than you make, you may be denied credit.

Checking Your Credit File

It is important to check your Credit Rating periodically. Especially now, with increased incidence of identity theft, it has become even more important. It has been suggested that a person check his/her rating about once a year. There are three major national Credit Reporting Bureaus where, for a fee, you can obtain a copy of your Credit History. Charges vary by state, but are usually under \$15. Beware of companies offering free reports, because they may not be honest. The three major companies are:

- Experian Credit Bureau
P. O. Box 19729
Irvine, CA 92623-9729
www.creditexpert.com
- TransUnion World
Consumer Disclosure Center
P. O. Box 1000
Chester, PA 19022

www.transunion.com.

- Equifax Credit Information Services
P.O. Box 740241
Atlanta, GA 30374
www.equifax.com

Use the telephone numbers below to request your credit file if you have been denied credit within 60 days, or if you are going to pay for the report using a credit card.

- Experian 1-888-397-3742
- TransUnion Corporation 1-800-888-4213
- Equifax 1-800-685-1111

Establishing a Good Credit Rating

Many young people and newcomers to this country often ask the question, "How can I start to get a good Credit Rating?" Listed below are several things that you can do to begin establishing a favorable Credit Rating.

- Open a bank account.
 - Maintain steady employment with no gaps.
 - Pay your bills on time (rent, utilities, telephone, etc.).
 - Buy some small items on credit and pay the entire bill when it's due.
- Remember that establishing good credit takes time and responsibility. If you show that you are able to pay your bills on time and in full, you will be well on your way to building a good credit history.

For help with budgeting and credit problems, contact the Virginia Cooperative Extension at 434-872-4580

Using Credit

Once you have established a successful credit history and proved yourself to be an acceptable credit risk, you will be eligible to buy items on credit. Credit allows you to buy larger items such as appliances, cars, and even homes while paying for them over a period of time. If you choose to buy an appliance on credit, you can arrange with the store to pay it off within a certain amount of time. Sometimes it is a couple of months, and sometimes it is a year or more.

Check the interest rate, and make sure that you can afford to make the payments. Usually you pay the store or agency once a month. The payment must be received by a certain day, and you should make sure that you do not miss this deadline. This will allow you to keep your good credit history and you won't be charged extra interest or late fees.

Buying a car is a more detailed process because the loan, or line of credit, is much larger. You must fill out

several forms and be approved for this large loan. The dealership that is selling you the car will sometimes be able to offer you a finance plan, but it is often a good idea to check around with banks or credit unions as well. Choose the offer that allows you the lowest interest rate as well as a reasonable payment. Again, be sure you can afford to make that payment every month by the date indicated.



Having a good credit history makes you eligible to buy larger items, such as cars, on credit.

Sending Money To Another Country

Cash Transfers, Money Orders, and Banking Transfers are the three major ways to send money from the United States to other countries.

Cash Transfers

The two major companies that provide cash transfers overseas are Western Union and Money Gram. Western Union offers on-line transfers—this requires a credit or debit card. If you are not going to transfer online, both companies require that you find a sending and receiving agent. The transfer amount must be paid for in cash and the cost to send the money is determined by the amount being sent. The recipient of the money will be able to pick it up within a few hours of the transfer.

Money Orders

Most banks as well as the United

States Postal Service issue international money orders. Each money order from the USPS can be up to \$700 and each person is allowed up to \$10,000 in money orders per day. The charge is anywhere from \$3.00-8.50 per order. Most banks will allow you up to \$1,000 in money orders and the processing fee is typically \$10.

Banking Transfers

There are three different banking transfers that you can use. If you have a banking account, you can send a check abroad or send a foreign draft. If you do not have an account, you can send a wire transfer.

Sending a Check Abroad

The recipient of the check may have problems cashing a foreign check

and may be charged \$50 or more for processing fees.

Foreign Drafts

A foreign draft check can take anywhere from a few days to a few weeks for your bank to prepare. The money comes directly from your account when the check is drawn up and the recipient must have access to the corresponding bank in their country. The charge for this is about \$25.

Wire Transfers

You do not have to be a member of a bank to wire money, but you do have to pay in cash. The process is done immediately and costs anywhere from \$40-65. The recipient must have access to the corresponding bank in their country.

Buying A Home

Buying a home is one of the biggest accomplishments that you can achieve in your life. It can be a long but exciting process, and there are many organizations in the area that can help with the process.

Finding a Lender and Pre-Approval

First you should decide how much you can afford to pay per month. After making this decision, you should shop around for interest rates at different banks and organizations that offer home loans, or mortgages. When you find an acceptable rate, you should meet with a loan officer from that company and have him/her explain to you how much of a total loan you are eligible for and can afford. You should also discuss different options for down-payment and closing costs. These can add up very quickly and can cost thousands

of dollars. The Federal Government and the state of Virginia offer many programs to help first-time home buyers with these costs. When you find the plan that fits your needs best, the loan officer can pre-approve you for a certain amount and then you can begin shopping around for a home in that price range.

Shopping

You can look for a home on your own, but it is usually easier to enlist the help of a realtor. They have access to most of the homes for sale in their areas and they can show you the ones in your price range. Also, be very careful about the location of your home. You may want to resell this home one day, and if it is in a bad location, the value will have decreased from when you bought it. Once you find your "dream home" you can move to the next step.

Buying and Closing Processes

When you find the home that you love and can afford, the time comes for you to put an offer (bid) down on the property. If the owner accepts your offer then a contract is drawn up between the two of you. Often the realtor will take care of this and explain it to you. The home must be appraised and inspected. After this, there will be a closing process where a lawyer will explain the contract as well as other paperwork. The deed to the house will be placed in trust with the company that lent you the money until the house is paid off. After you and the previous owner have signed all of the papers, the house will legally be yours!

Consumer Rights

The Fair Credit Reporting Act helps insure correct and complete credit information. Under this act, consumers have the right to:

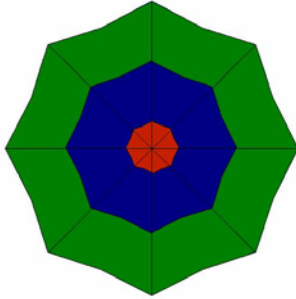
- receive a copy of their credit report
- know the name of anyone who received their credit report in the last year.
- know if any company has denied a credit application
- have a free copy of their credit report when an application for credit has been denied.
- file a dispute with the Consumer Reporting Agency.
- add an explanation to their credit report if the dispute is not resolved.

For further information contact: www.ftc.gov.



FINANCE IN ALBEMARLE
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WWW.WEBESL.COM

"We Expect Success"



The Albemarle County Office Building

This publication is part of a series of informational materials prepared by the students of the Albemarle County Adult Education *Web Project*. The *Web Project* was made possible through an English Literacy/Civics Grant awarded by the State of Virginia Department of Education.

The information contained herein is intended for general informational purposes and guidance. Mention of a particular institution, vendor, or service does not imply endorsement on the part of Albemarle County or Albemarle County Schools.

Banks and Credit Unions in Central Virginia

Banks

There are many banks in the area.
Among them are:

BB&T: 293-2705, 973-4233, 977-0336, 293-2231, 293-2263

Bank of America: 963-2907, 963-2921, 296-3106, 963-2904, 977-2207

First Citizens Bank: 975-2725, 975-0001, 295-8181

Suntrust: 975-0951, 295-3494, 979-6157, 295-5979, 979-6007, 975-3194, 295-4878

United Bank: 973-1664, 970-5005

Virginia National Bank: 817-8621, 817-8540, 817-8550

Wachovia Bank: 973-5880, 244-3900, 984-3710, 964-1110, 984-1301, 979-2250, 979-2262, 361-1386

Credit Unions

Charlottesville Postal Federal Credit Union: 973-4280

Sperry Marine Federal Credit Union: 974-7191

University of Virginia Community Credit Union: 964-2001

Virginia Trailways Federal Credit Union: 295-0181, 295-6935

All telephone numbers are area code 434



For complete listings and locations, please look in the local Yellow Pages under Banks and Credit Unions.

Summer 2007