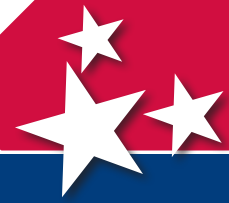




Contents

Introduction/Disclaimer	4	Law Firms.....	27
Consumer Debt	5	Courts.....	27
What is Consumer Debt?.....	5	Process Server – Wage Garnishment/Bank Levy.....	28
Secured vs. Unsecured Debt.....	5	What is Exempt?.....	28
Billing Practices	6	Debt Buyers.....	29
Medical Billing.....	6	Credit Counseling	30
Attorney Fees.....	6	Debt Management/ Settlement.....	30
Retail Installment Plans.....	7	Credit Reporting Agencies.....	30
Credit Cards	9	How to Get Your Credit Report.....	30
Fair Credit Billing Act.....	9	Improving Your Credit.....	31
Credit Card Accountability Act.....	10	How to Dispute Incorrect Credit Information.....	31
Disputing charges.....	10	Credit Life Insurance.....	31
Courts & Lawsuits	11	Student Debt	32
Avoiding Scams	14	Securing Student Loans.....	32
Protecting Yourself Against Billing Abuses.....	14	Types of Student Loans.....	32
Military Personnel Financial Services Protection Act.....	15	Repaying Student Loans.....	33
Investment Fraud.....	15	Student Loan Consolidation.....	33
Fraudulent Charities.....	16	Post 9/11 GI Bill.....	34
Tax Scams.....	17	Montgomery GI Bill.....	35
Loans	18	How to Apply For Education Benefits.....	36
Mortgages.....	18	Struggling to Pay Back Your Student Loans?.....	36
VA Mortgages.....	18	For-Profit Colleges.....	37
Veterans Home Loan Program.....	19	Debt and Divorce	39
Down Payment Assistance Programs.....	21	Financial Obligations.....	39
Reverse Mortgages.....	21	Division of Military Pension.....	39
Housing Insurance Coverage.....	21	Bankruptcy and Divorce.....	40
USDA Home Loans.....	22	Banking	41
Debt Collection	24	Checking Accounts.....	41
How Debt Collection Works.....	24	Savings Accounts.....	41
Original Creditor.....	26	Money-Market Accounts.....	42
Debt Collector.....	26	Certificate of Deposit.....	42
		Electronic Banking.....	42
		Internet Banks.....	42
		Credit Unions.....	42



PERSONAL FINANCE GUIDE | Law Related Education Committee

Thrifts42
 Avoiding Excessive or Hidden Fees43

Interest Rates44

Truth in Lending Act44
 Interest and Pawn Shops44
 Pay Day Lenders45

Identity theft46

How to Protect Yourself46
 Security Freeze47
 What to Do If You Are a Victim47

Taxes49

Filing correctly49
 Tax Evasion49
 Military Tax Benefits50
 Refund Anticipation Loans51

Bankruptcy52

What is Bankruptcy?52
 Drawbacks of Filing Bankruptcy52
 Is Bankruptcy My Only Option?53
 Will I Qualify to File Bankruptcy?53
 When Is the Best Time to File Bankruptcy54
 What If I Can't Afford a Bankruptcy Attorney54
 What If MLSA Can't Help Me55
 What if My Situation is Urgent?55

Foreclosure56

How to Avoid Foreclosure56
 What to Know About the Proceedings57
 VA Loans and Foreclosure57
 Bankruptcy and Foreclosure58
 Post Foreclosure58

For Active Duty Personnel59

Servicemembers Civil Relief Act59
 Emergency Relief Funds59
 Career Status Bonus60

Income61

Veterans Preference for Employment61

Small Business Administration Loans61
 SCORE Association61
 Disability Benefits62
 Employment63

Retirement64

Military Pensions64
 Calculating Your Retirement Pa.64
 Medical Retirement65
 Retirement Pay and Taxes66
 Thrift Savings Plan66
 How Much Do You Need for Retirement?67

End of Life Issues68

Advanced Medical Directive68
 Durable Power of Attorney68
 End of Life Registry69
 Paying for Funeral Arrangements69
 Veterans Cemeteries71

Native American Issues72

Your Finances - An Overview73

Reviewing Your Assets73
 Looking at Your Savings74
 Budgets75
 Emergency Reserves76
 Achieving Financial Goals77

Resources index78

Web Resources78
 Books82

Thank you to Contributors84



Introduction

Every day, thousands of men and women proudly serve their country in our nation's military, often risking their lives to complete their mission and ensure the safety of their units and those they care for. Upon return from deployment they face many difficulties transitioning back to civilian life. Especially during tough economic times, veterans and their families encounter challenges related to their personal

finances, debt, and creditors. The goal of this guide is to help explain personal finance law and to help veterans and their families identify resources within the law and their communities to help them straighten out their finances and smoothly transition back to civilian life.

Disclaimer

This guide was commissioned by the Law Related Education Committee of the State Bar of Montana with the help of knowledgeable community stakeholders and veteran service officers from around the state of Montana.

It is intended to provide general information regarding the law as it is applied in the state of Montana and is not a substitute for legal advice given by a qualified attorney. The information presented here may not apply equally well to every individual's situation. If you have any questions about how the information presented in this guide may apply to you, you should consult an attorney, a Veterans Affairs

claim accredited attorney, or Veterans Affairs representative. One way you can find an attorney in Montana is by visiting the State Bar's Lawyer Referral and Information Service by visiting www.montanabar.org (select "Need Legal Help?" and then "Lawyer Referral") or calling 406-449-6577. You can find a VA accredited attorney or claims agent to assist you by using the VA Accreditation Search page here <http://www.va.gov/ogc/apps/accreditation> (select "attorney" or "claims agent," and search by State —Montana). You can find a list of Veterans Service Offices through the Montana Veterans Affairs department at montanadma.org/montana-veterans-affairs.



Consumer Debt

What is Consumer Debt?

Debt is a problem that affects many people in the United States including veterans and their families. Debt is at an all-time high as household expenses continue to increase while average income remains stagnant. There is no question that consumer debt is a problem in our country, but what is it exactly?

Consumer debt occurs when a person borrows money to purchase various products or services. The person who borrows the money is called the 'debtor' and the person/company loaning the money is called the 'creditor'. There are many different varieties of consumer debt, but the most common are credit card debt, medical debt, automobile loans (financing), mortgages, and other personal loans.

Secured vs. Unsecured Debt

While there are many different kinds of consumer debt they can all be placed in one of two categories: secured or unsecured.

When you put up an item as collateral for a loan, the debt is considered secured, because that debt is tied to the property that was put up as collateral. The creditor may claim the collateral property in case of default (failure to pay) to pay the remaining balance of the loan. An example of this type of debt is a mortgage where a house is used as collateral for the money that was lent to purchase it.

Money that is borrowed without the borrower having to put up any property as collateral is known as unsecured debt. Examples of this kind of debt are credit card debt, student debt, and medical debt.



Consumer debt occurs when a person borrows money to purchase various products or services. The person who borrows the money is called the '**debtor**' and the person/company loaning the money is called the '**creditor**'. There are many different varieties of consumer debt, but the most common are credit card debt, medical debt, automobile loans (financing), mortgages, and other personal loans.





Understanding Billing Practices

You will receive a bill after you acquire a good or service, such as consulting an attorney about a will or acquiring credit from a credit card company. The bill you receive lists the total cost of goods or services acquired by you from the provider within a specified period of time.

It is important to recognize that professionals and institutions calculate what is owed to them for services they provide in many different ways. Regardless, you as a consumer are granted the right to be treated fairly and dispute errors or abuses that may occur during the billing process.

First let's look at some common billing practices:

Medical Billing

Hospital bills can be very difficult for the average person to understand. One in three Americans are struggling under the financial burden medical debt places on their families, so it is important to have a good grasp of what you are responsible for paying.

First of all, if you are insured, either privately or through the VA, learn about what is covered and which providers are within your network. Be sure to review your insurance handbook's list of excluded procedures, and consult your benefits manual, fellow employees (if you are on an employer-sponsored health plan), or someone knowledgeable at the VA to be sure you know what is and is not covered by your insurance policy. Do not rely on your doctor to sort this out for you; your doctor is not your insurance provider.

Secondly, make sure you get an itemized bill. It's important to know just what services you are being charged for and how much each service is going to cost you. Ultimately you are financially responsible for all authorized medical procedures not covered under your insurance plan.

It is important to be aware of the fact that even though you may only visit one hospital, you can expect to receive multiple bills. Each provider working on your medical needs will bill you for their time. You should expect to see bills from the emergency department, the radiologist, the admitting physician, any consulting physicians, and the anesthesiologist. In addition, if your primary physician writes you a referral to a specialist, you can expect to receive a bill from both providers.

Lastly, physician fees are not regulated or capped in the State of Montana, they are generally only restricted by market prices and what insurance companies are willing to pay for particular treatments. Physicians are usually allowed to charge as they see fit.

Attorney Fees

There are many instances when acquiring legal representation will be in your best interest; among these are contract disputes, drafting wills, and divorces when there is a large amount of money or other assets involved.

While attorneys insure that your interests are properly represented, they generally require a fee for their services. There are three common ways that an attorney will bill for

their services: fixed fees, hourly billing, and contingency fees. It will be up to you to negotiate with your attorney which fee agreement works best for you and your case.

- **Fixed fees:** *This means you will pay a defined amount for a certain service, the price of which is determined and paid before the attorney begins work on your case. Examples of this billing plan are when an attorney will charge you \$1000 upfront to represent you at a preliminary hearing or \$500 to help you draft a basic will.*
- **Hourly billing:** *This is the most traditional approach attorneys take in billing their clients. With this billing plan an hourly rate is established for work to be done and then the attorney tracks the hours he or she spends performing a particular task, often down to the tenth of an hour. Most clients will be asked to pay an initial amount, known as a retainer, and the attorney will use that amount to begin paying their hourly fee. Some seasoned attorneys will be able to make fairly accurate estimates for the time it takes them to perform certain tasks which is helpful in calculating how much their services will cost and should help you save money over the long run. It is also possible to set limits on how much your attorney may spend without further authorization.*
- **Contingent fees:** *This means that the attorney's pay is contingent (dependent) on the client winning the case and receiving money from the resulting settlement. The percentage that the attorney receives from the client's settlement is determined before the attorney is hired and generally increases on appeal. This is a good option for clients with limited means, who are suing someone with more resources at their disposal. This type of fee is not allowed in cases of divorce, child custody, and similar cases where allowing the attorney to take a larger portion of the distribution is not in the best interest of society and the other parties involved.*

Retail Installment Plans

A retail installment plan is a contract that allows a consumer to purchase goods or services by making payments over time, usually at a high interest rate, such as buying a washing machine or big-screen TV by making regular installment payments to the retailer rather than paying the full price of the

item up front.

In order to offer a retail installment plan in Montana, a retail seller has to be licensed to act as a finance company through the Division of Banking. Anyone who offers an installment contract without a license can be subject to fines up to \$500 and six months in prison.

The Montana Retail Installment Sales Act and the federal Truth in Lending Act place a number of requirements on sellers to protect your rights as a consumer when drawing up a retail installment plan. For instance, each contract must be presented in writing, with all essential parts represented in a single document, and signed by both the buyer and the seller of the good or service. Slight exceptions to this include a motor vehicle or other purchases that involve a title, lien, or other collateral interest taken by the seller in case of default. These types of agreements do not have to be represented in a single document.

Contracts for retail installment plans are required by law to include certain elements. While reviewing a contract, make sure it includes the following:

- *The name of the buyer (you) and the seller (the retailer), as well as buyer's home address or place of business and the seller's place of business.*
- *A description of the goods or services being purchased, and a description of any collateral being put up in case the buyer defaults.*
- *The price of the goods or services if the buyer were to pay cash up front, as well as how much the buyer is expected to pay through the installment plan, including interest over time and financing charges, as a single sum in dollars and cents.*
- *How much the buyer is to pay as a down payment for the good or service.*
- *The amount of the regular installment payment, how many installment payments are expected to be paid, and the due or dates they are due on.*
- *A notice to the buyer, warning them not to sign the contract before they read and understand it.*
- *A statement informing the buyer of the right to an exact*

copy of the signed contract.

- *A statement informing the buyer of the right to pay off in advance the full amount required to receive a partial refund of the finance charges.*
- *When buying a motor vehicle, whether or not liability insurance is included in the price of the vehicle.*

Do not sign a retail installment plan if it includes blank spaces to be filled in after the contract has been signed. It is unlawful for a seller to leave blank spaces on a contract when it is signed unless the item being purchased will be delivered on a different day from the day the contract was signed.

Sellers are required by law to provide the buyer with a copy of the signed contract. Until this happens, and before the buyer receives the promised goods or services, a buyer has the right to cancel the contract and receive a full refund and the return of any goods taken from the buyer as collateral.

If insurance is included or available in the purchase of a good or service, it must be explained by the seller in writing. In addition, the insurance plan may not exceed the acceptable rates set by the Montana Commissioner of Securities and

Insurance. All insurance plans purchased in the state must be written by an insurance company authorized to do business in the state.

If you want to check the license of an insurance provider, look up applicable rates, or file a complaint, you can call the Montana Insurance Hotline at 800-332-6148 or visit the Montana Commissioner of Securities and Insurance website at www.csi.mt.gov/.

If you find that you are having trouble making your regular installment payments, you may be able to work with the retailer or bank to lower your payment or refinance your payment plan, usually resulting in an extended payoff date. You may be charged a finance fee for this extension.

The Division of Banking may investigate a licensee or any retailer when it deems it necessary to protect the rights of consumers. If you feel your rights have been violated by a retailer or if the retailer is not following through on its half of a contract you can request help from the Consumer Financial Protection Bureau by calling their office at 855-411-2372 or visiting their website at www.consumerfinance.gov/complaint.

Sellers are required by law to provide the buyer with a copy of the contract they have signed. Until this happens, and before the buyer receives the goods or services they are promised, **a buyer has the right to cancel the contract** and receive a full refund and the return of any goods taken from the buyer as collateral.



Credit Cards

Consumer debt is one of the heaviest burdens veterans and other Americans find themselves bearing today. Fortunately there are strong federal provisions on the books to help you get a fair deal from your credit card company and protect yourself from abuse.

Fair Credit Billing Act

The Fair Credit Billing Act was enacted as an amendment to the 1975 Truth in Lending Act also known as the Bill Payer's Bill of Rights. The purpose of the Truth in Lending Act is to protect consumers from unfair billing practices and to provide a mechanism for addressing billing errors in open end credit accounts (i.e. credit accounts that are left open for repeated transactions), such as credit cards or charge cards. This bill covers a number of errors that may occur during the billing process such as:

- *Charges not actually made by the consumer*
- *Charges of the wrong amount*
- *Charges for goods and services not received*
- *Charges for goods and services not delivered as agreed*
- *Charges for goods and services that were damaged on delivery*
- *Failure to properly acknowledge payments or credit to an account*
- *Bill calculation errors*
- *Statement mailed to the wrong address*

The bill also gives consumers options to correct errors on their credit card bills. The bill allows for consumers to dispute billing errors by sending a written notice of the dispute to the creditor at the address given for "billing inquiries" not the address for sending payments. This must be done within 60 days of first receiving the disputed bill. Be sure to include your name, address, account number, and description of the billing error in your letter to the company. The company then will have 30 days to respond to your letter disputing the bill.

While your bill is in dispute you may withhold payment on the disputed amount and any related charges during the company's investigation, although you must continue to pay the rest of the undisputed bill. A credit card company may not take any action against you, legal or other, to collect on the disputed amount and related charges during the investigation. Additionally, your account may not be closed or restricted, and the disputed amount cannot be applied against your credit limit. Lastly, your creditor cannot threaten your credit rating or report you as delinquent during any period of the investigation.

“The purpose of the Truth in Lending Act is to protect consumers from unfair billing practices and to provide a mechanism for addressing billing errors in open end credit accounts”

If the bill is found to be incorrect during the investigation, the creditor must explain in writing the corrections that will be made and remove any finance charges, late fees, or other charges related to the error. If the bill is found to be all, or partially correct, then you are responsible for the disputed amount, and you may have to make up for any minimum payments that you might have missed. You must be provided with proof of the amount you owe before you are legally bound to pay any money toward it.

If you do not agree with your creditor's findings, you must notify them within 10 days. At this point, the creditor may begin collection proceedings, but must report that your bill is in dispute while notifying a credit bureau. If the creditor fails to follow these procedures, they cannot collect on the disputed amount or any related charges and penalties may apply if they threaten to report you as delinquent during the investigation.

The Fair Credit Billing Act also requires card companies to notify you of your right to dispute charges whenever you open a new account. They are also required to credit all payments to your account on the date that they receive them and refund any overpayments as promptly as is possible.

Dissatisfaction with the quality of goods and services are not "billing errors." If you purchase goods or services that you are unsatisfied with, you can take the same actions against the card issuer as you can against the seller under state law in order to recoup the cost of your purchase. However, you should make a good-faith effort to resolve the issue with the seller before taking the issue to your credit provider.



Dissatisfaction with the quality of goods and services are not "billing errors." If you purchase goods or services that you are unsatisfied with you can take the same actions against the card issuer as you can against the seller under state law in order to recoup the cost of your purchase.



- *Protection against universal default, which is when a creditor puts a cardholder's account into default when it learns of the cardholder defaulting on a separate and unrelated credit account or loan.*
- *Protection against due date gimmicks by requiring credit card companies to notify cardholders by mail, 21 days before the date a bill is due, and requiring due dates to fall on the same date each month – if this date falls on a holiday, then payment is pushed to the next business day in the billing cycle.*
- *Protection from misleading terms by preventing card companies from using terms like "fixed" and "prime" in misleading ways and allowing consumers who are pre-approved for credit cards to reject the offer up until the moment that their card is activated.*
- *The right of cardholders to set limits on the amount they can borrow from the creditor.*
- *A requirement that payments be applied to the balance with the highest interest rate first.*
- *Protection from excessive fees.*
- *A requirement that credit card companies include with each billing statement an explanation of how long it will take to pay off the balance of the card while only making minimum payments.*

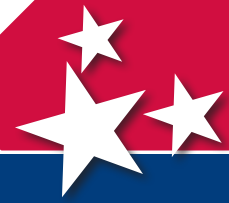
Credit Card Accountability Act

In an addition to the above mentioned regulations, the rights of credit card holders have been expanded in the recent years with the passage of the Credit Card Accountability Responsibility and Disclosure Act of 2009. This comprehensive federal act aims to establish fair and transparent practices relating to consumer credit transactions. Key provisions of this bill include:

- *Protection against arbitrary interest rate increases by preventing card companies from retroactively increasing interest rates on an existing balance for reasons unconnected to the behavior of the cardholders.*

Disputing charges

If you feel rights have been violated by a credit card company, it is recommended that you attempt to contact your creditor to negotiate an agreement. Make sure you accurately record and retain all credit card statements and correspondences with the company, including emails, letters, and collections notices. The Federal Trade Commission's website at www.ftc.gov is a good source for additional information regarding your rights as a consumer and should be consulted if you have any questions regarding your interactions with your credit card company. If all else fails, consult an attorney.



Courts and Lawsuits

At some time during your financial life you may be sued by a creditor or you may need to go to court to enforce a contract. Having a basic understanding about the organization of Montana state courts is therefore important.

A District Court is the court of general jurisdiction, the one which can hear most cases, including family law matters. But many legal issues involving the basic things of life – such as landlord/tenant disputes and contract disputes or property damages of less than \$12,000 are handled by Courts of Limited Jurisdiction.

Montana Justice Courts are county courts of limited jurisdiction which are divided into three divisions; Criminal, Civil, and Small Claims.

The Criminal Division handles traffic, fish and game violations, all misdemeanor offenses, alcohol involving juveniles, and preliminary hearings. It is the court where nearly all felony cases that occur within a county are initially filed.

The Civil Division handles actions involving personal or property damages, contract disputes, recovery of personal property, local ordinances, protection orders, forcible entry, unlawful detainment, and landlord/tenant disputes. The amount in controversy, or the value of the property, cannot exceed \$12,000. If you are asking for damages in excess of \$12,000, you must file your case in District Court. For more information about this process or to learn how to file your claim online, please visit the Montana District Court website at www.mtd.uscourts.gov.

The Small Claims Division handles contracts involving the recovery of money or specific personal property. The amount in controversy, or the value of the property, cannot exceed

\$7,000. Counterclaims cannot exceed \$6,500.

The Justice Court does not handle disputes involving false imprisonment, libel, slander, criminal conversation, sedition, malicious prosecution, determination of paternity, and abduction. The Justice Court does not have jurisdiction over cases involving the title or possession of real property or the legality of any tax.

While filing your claim, whether it be in Civil Court or Small Claims Court, be aware that it will be the governing document of your case and will be used by the judge to assess your claims. You need to be specific regarding the damages you are claiming, ongoing costs you have incurred because of an unfulfilled contract, the terms of your eviction, the rent you feel you are owed, or other information relevant to your case. A mandatory filing fee of \$35 must be paid when your case is filed with the court.

If you file a case with the court, you must let the person you are filing against know about it. The other party in the case needs a copy of all the paperwork you filed with the court, and the court will need proof that the order to appear in court (or summons) along with all the relevant paperwork was received by the other party. This procedure is known as Service of Process, and it is your responsibility. If you do not follow through and notify the other party in this way, your case cannot proceed and may be dismissed.

You may have the sheriff, private process server, or any person over the age of 18 who is not part of the case serve the papers, as long as proper service and proper return of service is filed with the court. Any fee for service is considered court costs. Proof of service and the original Summons (the notice to appear in court) must be returned to the court before you may

proceed. If the other party lives out of state you may have to hire an out-of-state process server. As an absolute last resort, you may serve the other party via newspaper publication in the newspaper of the county where they were last known to live.

The defendant (the person being sued) has 20 calendar days from the date he or she is actually served to file a written answer with the court together with a \$20 filing fee. A defendant in an action for possession/unlawful detainer has 10 working days from the date he or she is actually served to file a written answer with the court. The defendant must mail a copy of the answer to you or your attorney at the time the answer is filed. It does not need to be registered mail. This is true even if the defendant is filing a counterclaim, in which they are claiming that you owe them money as well, when they file their answer to the Summons. You will have 20 days from the day you were served to file a written reply to the counterclaim. When an answer is filed, the judge will review the files and determine if the matter should go to mediation (where the dispute is worked out between you, the defendant, and your lawyers) or directly to trial.

If the defendant fails to file an answer or you fail to answer a counterclaim, within the 20 or 10 days after receiving a summons, a motion for default may be filed against the other party. This means that the defending party is required to pay the requested damages and are no longer able to contest the merits of the case. When you apply for this kind of judgment, it must be in writing, and you must prove the amount owed to you by filing a sworn affidavit (a written statement of the facts of the case) together with verification of damages (receipts, contracts, etc.). If the case is an action for possession (where property is held by another party that you want back), you must file an affidavit of non-compliance, stating that the defendant is still living in or in possession of the property you want back and is not in compliance with the terms of the court, along with a motion for default (MOD). Once the MOD is signed by the judge, you may request a writ of assistance, which is a written order issued by the court instructing a law enforcement official to perform a certain task, which in this case would be to assist you in evicting the defendant or

repossessing property.

After the defendants are evicted, you may proceed to judgment, where the judge may award funds which you can collect through the debtor's wages, bank account(s), or any personal property not exempt by statute. If judgment is in your favor, costs of filing and service are automatically awarded to you as part of the judgment. The clerks will assist you with forms and filing of papers. They may explain the procedure but the clerks are not allowed to give legal advice to anyone.

If the case you are involved in is for an amount up to or less than \$7,000 then it will be filed in Small Claims Court. What you need to know to start the claims process or defend yourself in Small Claims court follows.

- *The amount demanded in the complaint cannot exceed \$7,000 excluding costs, and the defendant must be able to be served within the county in which the complaint is made.*
- *A written complaint must be prepared and sworn to before the court. A complaint is a brief, concise statement of the facts making up your side of the case. You must include the dollar amount requested, and/or the return of specific property, and the date of the transaction. You must also prepare a (a document that commands a defendant to appear and show "cause" why the court should not take a certain action). For each person you are suing, you will need 2 copies of the complaint, 2 copies of the notice to defendant (NTD), and 1 praecipe. All papers necessary are available at the Small Claims Division of Justice Court or on the Department of Justice's website at courts.mt.gov/library/topic/civil_forms.mcp#scf.*
- *After you have filled out the forms, take them back to the clerk at Justice Court to be sworn to, and for filing. The filing fee is \$20 for the Justice Court. There are additional costs for service of the papers by the sheriff's office or process server. The costs may vary from area to area and a deposit is generally required.*
- *The defendant or opposing party will be notified of the lawsuit and date of trial by service of the papers by the sheriff or process server. After the papers are served, the NTD will be returned to the court. If the NTD is returned to you, then you must give it to the court immediately.*
- *If the NTD is not served at least five days prior to the*

date of trial, a new trial date will be set.

- *If the parties reach an agreement or solution prior to trial, both parties are required to notify the court.*
- *If a counterclaim is filed, it must be filed with the court and served to the other party at least 72 hours prior to the date of the trial. Service of the counterclaim is made by the sheriff or process server in the same manner as the service of the NTD.*
- *At the trial, the court will give a brief review of the procedure that will be followed during the proceedings. The parties will be required to prove to the court the facts of the complaint and/or counterclaim. At the trial, each party will be expected to bring all of their witnesses, written documents (i.e., leases, contracts, bills of sale), or other evidence needed for judgment.*
- *After the trial is held, the court will issue a judgment based on the facts presented in the case. When the trial is concluded, the judge will make the findings and enter judgment. Either party will have 10 days to file a written notice of appeal with the court. Be aware that an appeal to the district court is limited to questions of whether the law was properly applied in your case.*
- *If you obtain a judgment in your favor, either by default or after trial, you may begin collection for damages.*

Payment is due immediately. However, it is recommended that you wait at least 10 days after judgment before you begin the collection process.

- *If the parties wish to negotiate a payment plan for the payment of the judgment, the court encourages this to be handled directly between the parties involved.*
- *If the winning party does not receive payments in a timely fashion, you may ask law enforcement to assist your collection through the court. You will be required to fill out a praecipe specifically identifying “what” you want to collect. This includes bank name and address, title and identification numbers, color, make, model and number, and any other information that will specifically identify the property or item.*
- *You must notify the court as soon as the judgment is satisfied. You will be responsible if the judgment is satisfied and not cleared from the debtor’s record in court.*
- *No attorney is allowed, unless all parties have an attorney*
- *Neither the judge nor the clerks are allowed to give you legal advice. It is prohibited by law. They can only assist you by giving you the necessary forms and instructions, and advising you of your options to pursue or defend an action in Small Claims Court.*



Avoiding Scams

Protecting Yourself Against Billing Abuses

Bills from your credit card company are not the only statements that you should scrutinize upon receiving. Whenever you go to the doctor, consult an attorney, or pay a contractor to fix your roof, you should take a close look at the bill you receive to make sure you are only being charged for the service you receive and that you are not being scammed.

Many consumers simply ignore billing problems thinking it's not worth the bother making phone calls and writing letters to try to rectify them. This is what a lot of unscrupulous businesses and professionals count on and it is how they are able to keep money that isn't owed to them. Honest and reputable companies want to know when they make a mistake and will work to keep you satisfied as a customer. If you see problems with your bill, say something! Being a savvy consumer is easy and only takes a few minutes of your time, but can wind up saving you a lot of money.

A few red flags you should be aware of are:

- *Unitemized bills, where there is no explanation of what you are being charged for.*
- *Indecipherable bills, which often contain items that are undefined or that have confusing names.*
- *Overcharges and inflated prices for basic products and services.*

- *Phony charges for items never ordered or received.*
- *Interest on billing mistakes. Even if a billing error is fixed, sometimes a company will maintain that you are responsible for the interest accrued, late fees, or other penalties from the bill that was corrected.*
- *Bill processing charges, which are fairly nefarious, in that they are an effort to bill you for the cost of billing you.*

If you encounter any of these billing practices you should be very concerned and contact the biller by phone immediately.



Many consumers simply ignore billing problems thinking it's not worth the bother making phone calls and writing letters to try to rectify them. This is what a lot of unscrupulous businesses and professionals count on and it is how they are able to keep money that isn't owed to them.



Explain your problem and how you would like to see it fixed. Make sure you include the date the bill was received as well as your name and other information that will help them identify your bill and what concerns you have about it. Make sure you note the name of the person you are talking to. If you can get no help from the first person you are talking to, ask to speak with their supervisor. Be polite but firm when you speak to superiors. Make sure to state why you asked to speak with them and indicate your disapproval of the poor customer service you have received and that you are willing to do what is needed to resolve the issue and expect them to do the same. If the supervisor is of no help, ask to speak with their superior, and work your way up the ladder until you can get someone who will help you.

If the company refuses to fix the problem and you suspect that you are victim of a scam, you can refuse to pay the bill, but be aware that the company may try to take you to court or turn you over to a collection agency. Even if they decline to come after you, they may be able to impair your credit rating, although federal and state laws prohibit false reporting to

credit bureaus.

If all else fails, you can sue the company over the bill. Montana's Small Claims Courts or Justice Court may allow you to file a complaint against the company with the unfair billing practice. You will need the bill and records of your correspondence with the company. For Justice Court, the amount in question cannot be more than \$12,000 and must be a fixed amount. Small Claims Court cases do not address damages outside of the claim. Contact the Montana Department of Justice or visit their website for more information: doj.mt.gov/consumer/for-consumers/guide-to-small-claims-court/.

If your dispute involves more than \$12,000 it must be filed in state District Court and then you might want to hire an attorney. The State Bar of Montana and Montana Legal Services offer legal assistance to low income individuals who cannot otherwise obtain them through their Pro Bono Services or Modest Means Program, both can be found through the Montana Legal Services Association website at www.mtlsa.org. If you suspect that you are the victim of fraud or other criminal activity contact your district attorney or the Montana Attorney General's Office at 406-444-2026 or visit their website at doj.mt.gov/. These are serious issues that should be brought to the attention of authorities.

Military Personnel Financial Services Protection Act

The Military Personnel Financial Services Protection Act is a federal law that protects service-members from predatory insurance and securities products. Sellers of these insurance and securities products are required to make certain disclosures to service-members or when selling on a military installation. If you think you have been taken advantage of,

contact the office of the State of Montana Commissioner of Securities and Insurance at 800-332-6148 or visit www.csi.mt.gov/complaint/index.

Investment fraud

If it sounds "too good to be true," it is. Don't be tempted by a persuasive sales pitch or the lure of high guaranteed returns. Any investment is risky, and high returns come with additional

risk, there are no guarantees. Don't be lured by the promise of above-market rates with little to no risk; deals like this simply do not exist!

Don't invest money you can't lose. The people most hurt by scam investments are those who mortgage their houses, use limited savings, or incur credit card debt to make the investment. Before you make an investment ask yourself: can you afford to lose the money you are investing? Don't risk losing your home or burdening yourself and your family with a lifetime of paying off high-interest credit card debt because of a bad deal.

Research prior to investing. You should carefully research the person or company advertising the investment. Entities that may have useful information include the Federal Trade Commission (www.ftc.gov), the

Financial Industry Regulatory Authority (www.finra.org), the Commodities Futures Trading Commission (www.cftc.gov), the Securities and Exchange Commission (www.sec.gov), and the Montana Commission on Securities and Insurance (sao.mt.gov/securities/index). An absence of complaints about an entity, however, does not mean that it is legitimate. Neither does a great brochure or snazzy website.

Make sure you get any promises in writing and review all documents carefully. A scam artist may tell a good story, but then neglect to give you disclosure in writing about the risk of the investment or limit your ability to recover for fraud.



Don't invest money you can't lose. The people most hurt by scam investments are those who mortgage their houses, use limited savings, or incur credit card debt to make the investment. Before you make an investment ask yourself: can you afford to lose the money you are investing? Don't risk losing your home or burdening yourself and your family with a life time of paying off high-interest credit card debt because of a bad deal.



Make sure that you receive and keep copies of any paper work you are given or asked to sign. You should question investments that don't have detailed financial documents, and be especially wary of any individual who asks you to invest without providing detailed information about the proposed investment. It is usually a good idea to show the written materials to a trusted advisor before you invest.

If you have to keep the investment a secret, you are likely being scammed. If you are asked to sign a confidentiality agreement to preclude you from seeking advice from an independent advisor, you should be on high alert about the legitimacy of the investment. Always consult with your own independent advisors — don't take a single person's advice that an investment is a good bet.

The worst thing you can do is give in to time pressures. A common tactic used by fraudsters is to pressure an investor to invest immediately or risk losing the "opportunity of a lifetime." Don't be pressured into making an investment without taking the time to do your homework and analyze whether a particular investment is right for you.

Be cautious of overseas investing. If you invest directly overseas, you may not have any legal recourse if someone takes your money and you never hear from them again. Don't fall for "prime bank" or "high yield investment program" schemes in which scammers offer to let the average person invest in overseas banks, which they claim are limited to select traders or top financiers. People who tell you these types of things are probably lying to you. They often will try and convince you to sign a non-disclosure agreement and claim that legitimate banks will deny the existence of these programs. Legitimate banks do in fact deny these types of programs, not because they are trying to protect their business from a superior product, but because these investments are garbage.

Beware of promissory notes. A promissory note is basically

just an IOU in which the investor agrees to loan money to an organization for a fixed period of time. In exchange, the organization promises to pay the investor a fixed return on his or her investment. Promissory notes are extraordinarily risky and not a safe investment for most ordinary people.

Fraudulent Charities

Many legitimate charities solicit donations to support our nation's military veterans as well as the families of active-

duty personnel. Even in tough economic times, people often respond generously to these requests. But not all "charities" are legitimate: Some are sham operators whose only purpose is to make money for themselves. Others use paid fundraisers whose fees eat up most of the donations they collect, so very little of it is shared with those in need.

Not all "charities" are legitimate. The Federal Trade Commission (FTC), recommends taking the following precautions to ensure that your donation dollars benefit the people and organizations you want to help. They're sensible practices whether you're solicited by an organization or professional fundraisers by phone, mail, email, or in person.

- *Don't be shy about asking who wants your money. Some charities hire professional fundraisers for large-scale mailings, telephone drives, and other solicitations rather than use their own staff or volunteers, and then use a portion of the donations to pay the fundraiser's fees. If you're solicited for a donation, ask if the caller is a paid fundraiser, who they work for, and the percentage of your donation that will go to the charity and to the fundraiser. If you don't get a clear answer — or if you don't like the answer you get — consider donating to a different organization.*
- *Call the charity. Find out if the organization is aware of the solicitation and has authorized the use of its name. If not, you may be dealing with a scam artist.*



If you have to keep the investment a secret, you are likely being scammed. If you are asked to sign a confidentiality agreement to preclude you from seeking advice from an independent advisor, you should be on high alert about the legitimacy of the investment. Always consult with your own independent advisors, don't take a single person's advice that an investment is

a good bet.



Avoiding Scams

- Ask for written information about the charity, including name, address, and telephone number.
- Charitable organizations do not have to register with the Attorney General's office in the state of Montana. To help verify their charitable status check with the Better Business Bureau's (BBB) Wise Giving Alliance (www.bbb.org/us/charity), Montana Nonprofit Association (www.mtnonprofit.org/contact), GuideStar (www.guidestar.org), or the Montana Secretary of State's list of registered nonprofits (doj.mt.gov/consumer/for-nonprofits-2).
- Trust your gut and check your records to see if you've made a pledge or a contribution if you have any doubts. Callers may try to trick you by thanking you for a pledge you didn't make. If you don't remember making the donation or don't have a record of your pledge, resist the pressure to give.
- Be wary of charities that spring up overnight in connection with current events or natural disasters. They may make a compelling case for your money, but they probably don't have the infrastructure to get your donation to the people they claim to be helping.
- Watch out for similar sounding names. Some fraudulent charities use names that closely resemble those of a respected organization. If you notice a small difference from the name of the charity you intend to deal with, it might be a scam. Call the organization you're sure is legitimate and check their affiliations.
- Be cautious of promises of guaranteed sweepstakes winnings in exchange for a contribution, you should never be required to donate to be eligible to win a sweepstakes.
- Be wary of charities offering to send a courier or overnight delivery service to collect your donation right away.
- Know the difference between "tax exempt" and "tax deductible." Tax exempt means the organization doesn't have to pay taxes. Tax deductible means you can deduct your contribution on your federal income tax return.
- Do not send or give cash donations. Cash can be lost or

stolen. For security and tax record purposes, it's best to pay by credit card. If you're thinking about giving online, look for indicators that the site is secure, like a lock icon on the browser's status bar or a URL that begins "https:".

If the charity is truly a nonprofit corporation then it will be incorporated somewhere, either in Montana or in its home state. Only the IRS can grant tax-exempt status, creating the option of tax deductible contributions. A link to the IRS's nonprofit organization locator can be found here www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check.

For more information about making your donations count, visit www.ftc.gov/charityfraud.

If you think an organization may be making misleading solicitations or may not be operating for charitable purposes, contact the Attorney General's Office (doj.mt.gov/) or the Office of Consumer Protection (doj.mt.gov/consumer/).

Tax Scams

Veterans in Montana should be aware that the IRS has issued several consumer warnings about the fraudulent use of the IRS name or logo by scam artists trying to gain access to consumer's financial information in order to steal their identity and assets. Scam artists will use the regular mail, telephone, fax, or email to set up their victims. When identity theft takes place over the internet or e-mail, it is called phishing. The IRS does not initiate taxpayer communications through email and unsolicited emails claiming to be from the IRS, or from an IRS-related component should be reported to the IRS at phishing@irs.gov or call 800-366-4484. In addition, clicking on any attachments to or links within an unsolicited email claiming to come from the IRS may cause a malicious computer virus to be downloaded onto your computer.



Loans

Acquiring loans to purchase a home or car, attend a university, or start up a small business, are all crucial aspects of the American Dream. VA provides many programs that can help veterans access loans and make payments more affordable. A great place to look for the most up to date information about loans and other financial services available to veterans is www.military.com's loan blog at valoan.military.com/. Included in this guide are some of the most common forms of loans that veterans can qualify for as well as information to help you realize your goals.

Mortgages

A mortgage is a loan secured by real property in which a borrower qualifies for a loan, uses the money to purchase property, and then secures the loan using that property. There are a number of laws regulating the ways in which people can acquire mortgages in the state of Montana, who can provide these mortgages, and what obligations the lender has to those they lend money to. Learn more by visiting the Montana Division of Banking's website here, banking.mt.gov/MortgageConsumerFinance.

Before a buyer submits an offer on a home their real estate agent is required to present them with a completed Real Estate Transfer Disclosure Statement. This document must be filled out and completed by the seller of the property and requires that they list all property that is included with the purchase of the house (including refrigerator, stove, alarm system, etc...) and disclose the conditions of both the included

property and the house itself, identifying whether it is in good shape, worn with use, or in need of repair. This requires the seller to disclose any potential problems or hazards that the buyer might find discouraging or less than desirable while considering whether to purchase the property.



VA home loan guaranties are issued to help eligible service-members, veterans, reservists, and certain unmarried surviving spouses purchase or build a home, manufactured housing, or to refinance current home loans. These loans have minimum qualifications that you have to meet in order to qualify, however they are much less stringent than conventional forms of financing.



VA Mortgages

VA home loan guaranties are issued to help eligible service-members, veterans, reservists, and certain unmarried surviving spouses purchase or build a home, manufactured housing, or to refinance current home loans. These loans have minimum qualifications that you have to meet in order to qualify, however they are much less stringent than conventional forms of financing. This allows veterans an equal opportunity for housing, when they may not otherwise be eligible. VA mortgages are 100 percent financed for purchase transactions, and they include a monthly insurance payment. This allows the payments to be much more affordable than even what the service-member could get through a traditional Federal Housing Administration (FHA) Mortgage. For additional information or to obtain VA loan guaranty forms, visit www.homeloans.va.gov.

A VA guaranty helps protect lenders from loss if the borrower fails to repay the loan. It can be used to obtain a loan to:

- *Buy or build a home.*
- *Buy a residential cooperative housing unit.*

- *Refinance an existing home loan.*
- *Buy a manufactured home on a permanent foundation.*
- *Install a solar heating or cooling system or other energy efficient improvements.*

In addition to meeting basic eligibility and conditions of service requirements, applicants must have a sufficient credit rating, sufficient income, a valid Certificate of Eligibility (COE), and agree to live in the property in order to be approved by a lender for a VA home loan.

Hopeful applicants can apply for a COE online at the Veterans Information Portal through the Department of Defense at vip.vba.va.gov. Instructions on how to apply for a COE online is available here: www.benefits.va.gov/homeloans/docs/Veteran_registration_coe.pdf. Active duty Service Members and Veterans can get more information about this program online at www.ebenefits.va.gov. Consider also contacting your regional loan office, a list of these offices and contact information can be found here <http://www.benefits.va.gov/denver>.

Although it is preferable to apply electronically, it is possible to apply for a COE using VA Form 26-1880, Request for Certificate of Eligibility. In applying for a hard-copy COE from the VA Eligibility Center, it is typically necessary that the eligible veteran present a copy of his/ her report of discharge papers or DD-214 or other adequate substitute evidence. An eligible active duty service member should obtain and submit to the VA Eligibility Center a statement of service signed by an appropriate military official. A completed VA Form 26-1880 and any associated documentation should be mailed to Colorado Regional Loan Center, Attn: COE, P.O. Box 25126, Denver, CO 80225. If you have any questions about the process, the Loan Center is available by phone at 888-349-7541.

Please note that while VA's internet-based system can establish eligibility and issue an online COE in a matter of seconds, not all cases can be processed online. The system can

only process those cases for which VA has sufficient data in its records.

The VA does not provide home loans itself and you will need to find a qualified lender to proceed. Once you have chosen a lender to process your loan, they will have access to your COE. Your next step will be to provide your lender with a copy of your DD-214 to prove your eligibility and acquire pre-approval for a VA loan. You can usually get a quote in minutes, and this quote will give you a through idea of how much you will be able to borrow. You will want to get pre-approved for a VA loan before you pick out the house you plan to live in.

Ask your lender about where to get pre-approved or visit Veterans United www.veteransunited.com.



The VA does not provide home loans itself and you will need to find a qualified lender to proceed. Once you have chosen a lender to process your loan they will have access to your COE.



The lender will need to know your credit score and other personal financial information to complete the approval application and certification process. The rest of the application and certification process will need to be handled between you and your lender. For a brief walk-through of the VA home loan process please see the VA's Home Loan Fact Sheet at www.vba.va.gov/VBA/benefits/factsheets/homeloans/VA_Guaranteed_Home_Loans.pdf or www.military.com's VA Home Loan Tips at www.military.com/money/va-loans/home-purchase/veterans-administration-home-loan-tips.html.

You can also get information about VA grants to update your home or acquire mortgage life insurance here: www.vba.va.gov/VBA/benefits/factsheets/#BM5

Veterans Home Loan Program

During the 2011 Legislative Session, the Montana Veterans Home Loan Mortgage Program was established. The intent is to create a fair and equitable process for veterans to apply for and receive first mortgage loans, at an interest rate 1 percent lower than rates available in the general market, for use in purchasing their first home using funds from the principle of

the Montana Coal Tax Trust Fund. As of March 1, 2015, the mortgage rate offered through the program is 2.415%. For most the most up to date rates, please visit housing.mt.gov/About/homeownership/veteranratesandfunds.mcp.x.

The program is not affiliated with the national VA Home Loan Program. It is administered by the state of Montana. The loans are administered by approved local banks through the Montana Board of Housing and purchased by the Montana Board of Investments.

Eligibility requirements are as follows:

- *The borrower must either be in active service or have been discharged from military service with either an honorable or general discharge (no dishonorable or other than honorable). This includes those who have served in the Montana National Guard, Federal Reserve, and the surviving spouse of an eligible veteran who was killed in the line of duty who has not remarried.*
- *Borrower must be a resident of Montana, and is determined by whether applicant filed income tax in Montana in the previous year.*
- *Borrower must be a first-time home buyer and cannot have had ownership in a home for three years prior to applying. This is determined by federal tax returns.*
- *Borrower has to have a certificate of completion from an MBOH approved Homebuyer Education Class. You can find a certified class near you by calling or emailing NeighborWorks Montana at 866-587-2244 or info@nwmt.org*
- *Borrower must be willing to commit a minimum of \$2,500 of their own cash into the purchase transaction, which must be applied toward the loan amount.*
- *There are no income or asset limitations to participate in the program.*
- *The home being purchased must be maintained as the borrower's primary residence or home of record, and must submit documentation proving this fact to the MBOH periodically. If the home ceases to be their primary residence, the borrower is required to pay off the remainder of the loan within 12 months.*

- *The home being purchased cannot exceed \$242,795.*
- *The loan can be applied to purchase any existing home which is less than 15 acres in size.*
- *Loans taken out for manufactured homes built after 1976 must be insured by FHA, VA, or HUD 184 and the foundation of all manufactured homes must be inspected and engineered by an engineer.*
- *Loans can be taken out for the construction of new homes.*
- *Loans will not be approved for the purchase of condominiums.*

To participate in the program, the first step is to complete an MBOH-approved homebuyer education class. Once the class is completed, borrowers apply for loans by working with a local lender who is certified by the Montana Board of Housing for the Program. A link to the list of approved lenders who will be able to help you process your loan is at housing.mt.gov/HBLenders.

The Program-certified lender will take the borrower's application and will give the borrower an estimate of how much they will likely be able to afford. The borrower then works with a real estate professional to locate a home and obtain a buy/sell agreement. If it meets all the proper criteria, the loan will be closed and the lender will send a Purchase Package for review and approval by the Montana Board of Housing for purchase by the Montana Board of Investments.

Be sure the lender includes in the following in Purchase Package:

- *Veteran Program Closing and Purchase Checklist*
- *Early Delinquency Counseling Form*
- *Veteran Mortgagor's Affidavit*
- *Veterans Program Rider to Deed of Trust*

Once the packet has been reviewed and the loan approved a finalized, borrowers will make their monthly loan payments to the Montana Board of Housing.

Down Payment Assistance Programs

Down payment assistance may also be available to assist veterans in realizing their dreams of homeownership. All approved lenders have access to these programs, and can help you determine which one is right for your situation. These loans are to assist the borrower in providing the necessary down payment for their program requirement, or to aid in making the monthly housing payment more affordable for the buyer. The groupings of programs are different in each county. The borrower's eligibility for these programs is largely based on income and household size, generally catering toward the moderate to low-income bracket. Some of the programs have 0 percent interest rates with no monthly payments, while others have low interest rates and monthly payments spread out over a longer period of time, thus keeping the payments lower. These loans act as "silent second mortgages" becoming due when the borrower decides to sell the home or refinance. For more information, contact the Montana NeighborWorks office at 406-761-5861 and info@nwmt.org or contact your local lender.

Reverse Mortgages

Reverse mortgages have become very popular in recent years as a source of income for older Americans. A reverse mortgage is a loan secured by home equity that doesn't need to be repaid until the end of the loan term, which is usually when the homeowner no longer occupies the home as a principal residence, sells the home, or dies.

If you obtain a reverse mortgage, you remain responsible for maintenance, insurance and taxes for the home during

the loan period. You can use the money from the reverse mortgage however you choose. You cannot be forced to sell or vacate the home if the money received from the loan exceeds the value of the home. In addition, should you die and your spouse is a co-borrower, he or she cannot be forced to sell the house as long as they occupy the home as their principal residence.

When the borrower (and any co-borrower) leaves the home permanently, the loan balance plus accrued interest becomes due immediately. Your heirs may repay the loan and keep the home, or sell the home, repay the loan and keep the balance. If the loan exceeds the property value, your heirs will owe no more than the property value, and no additional financial claims can be made against them or your estate.

To qualify for a reverse mortgage, you and any co-borrower must be at least 62 years old, must own your home (or have a very low outstanding debt), and must occupy the home as your principal residence. For more information, consult a certified lender in your area to find out if a reverse mortgage is right for you.

“Once you have gone under contract for your new home, finding Homeowners' Insurance is one of the next steps. All lenders require homeowners insurance, as this protects their interest in the property in case of a natural disaster or other unforeseen event.”

Housing Insurance Coverage

Once you have gone under contract for your new home, finding Homeowners' Insurance is one of the next steps. All lenders require homeowners insurance, as this protects their interest in the property in case of a natural disaster or other unforeseen event. You will typically be required to carry insurance in an amount that will cover the replacement of all structures on the property. The maximum deductible most lenders allow is \$1,000.00. Not all natural disasters are covered by homeowners' policies. Happenings such as earthquakes and floods are not typically covered in your traditional homeowners' insurance policy. Riders for earthquakes can be purchased and added on to your

policy for an additional charge on your annual premium. Once the lender pulls a Flood Certificate on the property, the determination on whether or not you need to purchase flood insurance is made. If your property is determined to be in a special flood area (as determined by FEMA), then you will be required to purchase flood insurance. This can be costly, and typically has higher deductibles. This is a separate insurance policy from your homeowners insurance. Both can be built up into your house payment (and may be required to do so.)

Obtaining insurance on Manufactured Housing can be a slight challenge. If the home is older, there are companies that may not insure the structure for the value that the lender requires. In the event this occurs, generally the lender would accept a letter from the insurance company stating they are giving the maximum coverage their underwriters will allow for the age/condition of the property.

USDA Home Loans

Loan guarantees are offered on a variety of government-sponsored mortgage programs and enable mortgage lenders to provide United States Department of Agriculture (USDA) Home loans to borrowers that would not traditionally be approved. USDA loans are offered through the Office of Rural Development (RD) which operates with the intended purpose of improving the economy and quality of life in rural America. Another hurdle to overcome for new homeowners is coming up with the initial down payment. With a USDA home loan a borrower can finance up to 102 percent of the home's value, which includes the guarantee fee. These loans are guaranteed by the USDA and are serviced by direct lenders that meet federal guidelines. The Guaranteed Loan Program, managed by the Housing and Community Facilities Programs (HCFP), provides a loan guarantee to a mortgage lender on loans that meet USDA loan guidelines. An individual seeking approval for a USDA loan would work with a lender that is approved to offer these loans and would make payments to that lender after closing.

In order to be eligible for many USDA loans, household

income must meet certain guidelines. Also, the home to be purchased or served must be located in an eligible rural area as defined by USDA. There are four major categories that Montanans can find assistance through this program for buying and maintaining a home. They are Guaranteed Housing Loans, Direct Housing Loans, Home Repair and Rehabilitation Loans and Grants, and the Rental Assistance Program.

Guaranteed Housing Loans

Guaranteed Housing Loans are available for applicants of an income of up to 115 percent of the median income of the area they live. Families must be without adequate housing, but be able to afford the mortgage payments, including taxes and insurance. Applicants must also have a relatively good credit history. Loans are for 30 years and the interest rate is set by your lender. The lender must also determine repayment feasibility, by comparing the applicant's income to their ability to repay the loan along with the family's total debt load.

Approved lenders under the Single Family Housing Guaranteed Loan program include:

- *Any state housing agency;*
- *Lenders approved by HUD for submission of applications for Federal Housing Mortgage Insurance or as an issuer of Ginnie Mae mortgage backed securities;*
- *The U.S. Veterans Administration as a qualified mortgagee;*
- *Fannie Mae for participation in family mortgage loans;*
- *Freddie Mac for participation in family mortgage loans;*
- *Any FCS (Farm Credit System) institution with direct lending authority;*
- *Any lender participating in other USDA Rural Development and/or Farm Service Agency guaranteed loan programs.*

Direct Housing Loans

The purpose of Direct Housing Loans through the Housing and Community Facilities Programs are to primarily help low-

income individuals or households purchase homes in rural areas. Funds can be used to build, repair, renovate or relocate a home, or to purchase and prepare sites including providing water and sewage facilities. Applicant for this type of loan must be very low income, being with 50-80 percent of the medium income of the area in which they live.

To be approved, families must be without adequate housing, but be able to afford the mortgage payments, including taxes and insurance, which are typically 24 percent of an applicant's income. Payment subsidy is available to applicants to enhance repayment ability. Applicants must be unable to obtain credit on their own but have reasonably good credit histories. If approved, the loans will be for 33 years (38 for those with incomes below 60 percent of AMI (Area's Medium Income) and who cannot afford 33-year terms). The term is 30 years for manufactured homes. The interest rate is set by HCFP; however, the interest rate may be modified by payment assistance subsidy if the applicant qualifies.

Rural Repair and Rehabilitation Loans & Grants

Rural Repair and Rehabilitation Loans and Grants exist to provide loans and grants to very low-income homeowners to repair, improve, or modernize their dwellings or to remove health and safety hazards. To obtain a loan, homeowner-occupants must be unable to obtain affordable credit elsewhere and must have very low incomes, defined as below 50 percent of the area median income. They must need to make repairs and improvements to make the dwelling more safe and

sanitary or to remove health and safety hazards. Grants are only available to homeowners who are 62 years old or older and cannot repay a loan through the same program. For income and property eligibility please see the USDA's eligibility site, here: www.rd.usda.gov/programs-services/single-family-housing-repair-loans-grants.

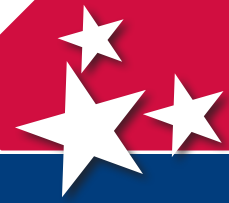
Rental Assistance Program

The Rental Assistance Program provides an additional source of support for households with incomes too low to pay the HCFP subsidized (basic) rent from their own resources. HCFP pays the owner of a multi-family housing complex the difference between the tenant's contribution (30 percent of adjusted income) and the monthly rental rate.

Eligible persons are those with low and very low incomes, the elderly, and persons with disabilities. They are eligible if they are unable to pay the basic monthly rent within 30 percent of adjusted monthly income. Very low income is defined as below 50 percent of the area median income (AMI); low income is between 50-80 percent of AMI. Moderate income is established by adding \$5,500 to the low income limit.

For more information about this program, or to file an application, contact the local Rural Development office in your area by visiting offices.sc.egov.usda.gov/locator/app?state=us&agency=rd or call 406- 585-2530. The USDA's regional office is located at: 2229 Boot Hill Court, Bozeman, MT 59715.

“The purpose of Direct Housing Loans through the Housing and Community Facilities Programs (HCFP) is to **primarily help low-income individuals** or households purchase homes in rural areas. Funds can be used to build, repair, renovate or relocate a home, or to purchase and prepare sites including providing water and sewage facilities.”



Debt Collection

If money is tight and you find yourself unable to pay all your bills, what will happen? This section explains what happens when bills are sent to a debt collector. It is important to know how the debt collection process works. This section also explains your legal rights when it comes to debt collectors. It is important to understand your rights, so that you will know if they have been violated.

How Debt Collection Works

Say, for example, you have a hospital bill that you could not pay off. After a couple of months of not receiving payments, the hospital may send the bill to a debt collector. Sometimes the debt collector gets a percentage of the amount they collect. Sometimes they add their own collection fees on top of the original bill. Either way, the debt collector will try to get you to pay the bill, so they will start calling you or sending you letters, or both.

Several things could happen at this point. You could set up a payment plan to pay off the debt. Or you could ignore the debt collector and refuse to pay it. If you refuse to pay it, the debt collector will then have to decide whether it's worth suing you in court for the bill. It might not be worth it for a small debt. It also might not be worth it if you don't have any money, because even if they sue you, you still won't have any money to pay the debt.

If the debt collector does decide to sue you, they will have to use a lawyer. Some debt collectors have their own lawyers

on their staff. Others hire outside law firms to do their suing for them. Either way, if they sue you, they have to serve you with copies of the court papers. Then you will have a certain number of days to file your written response with the court. If you do not file a response by the deadline, the court will generally grant the debt collector whatever it asked for. Usually this is a judgment for the full amount of the debt, plus additional collection costs, legal fees, and interest.

Once the debt collector has a judgment against you, it can use that judgment to garnish your wages. It can also use the judgment to take money from your bank account – this is called a levy. Garnishments and levies both require a court judgment, so the debt collector can't do either of these things to you until they have taken you to court. However, once the debt collector has a judgment, it is good for 10 years. They can also renew it at the end of the 10 years. Judgments also show up on your credit report and hurt your credit score. If you need to have good credit, or if you are at risk of being garnished or levied, it is usually best to avoid getting a judgment against you in the first place.

But what happens if the debt collector doesn't sue you? Does the debt just go away? Not likely. In recent years, a new player has entered the debt collection scene, they are known as debt buyers. They buy old, uncollected debts from debt collectors, for pennies on the dollar. Then, when you least expect it, they turn up with your old debt, trying to collect a few bucks on it.

See chart on next page

Basic steps in the life of an unpaid bill:



Original Creditor

If the original creditor is trying to collect its own bill, like the hospital itself, you will usually have two options. The first is to set up a payment plan that you can afford. The second is to dispute the bill if you feel there is some reason you should not have to pay it. This could include writing a letter, meeting with a company representative, or filing a lawsuit in Justice Court. If the problem cannot be solved by a payment plan or a dispute resolution, you will have to pay the entire bill. If you cannot pay the bill, or choose not to, the original creditor may send it to collections.

You should also know that many of the laws that apply to debt collectors do not apply to original creditors. For example federal laws prohibiting debt collectors from calling and harassing you do not apply to original creditors. In some ways, you have more protections once the bill goes to collections. However, collections usually show up on your credit report and hurt your credit score.

Debt Collector

You may have several options for dealing with a debt that is in collections. If you believe you legitimately owe the debt, and you can afford to set up a payment plan, that may be your best option. However, what if you dispute the debt, or just can't afford to pay it?

Disputes:

If you dispute the original underlying debt – for example, you think the goods or services were faulty – it can be hard to resolve this with the debt collector. They will say that is up to the original creditor, and the original creditor will say there is nothing they can do because the debt is already in collections. If you want to dispute the underlying debt, you may have to

file a lawsuit in Justice Court, or an official complaint if there is an agency you can complain to.

If you dispute the amount of the debt, you will need to find records to prove the correct amounts, and send this to the debt collector in writing. If this doesn't work, or if you have other reasons you feel you should not have to pay the debt, you may need to talk to a consumer law attorney.

Inability to Pay:



You should also know that many of the laws that apply to debt collectors do not apply to original creditors. For example federal laws prohibiting debt collectors from calling and harassing you do not apply to original creditors. In some ways, you have more protections once the bill goes to collections.



If you can't afford to pay the debt, you can tell the debt collector that. You will still owe the debt. But the debt collector should know that there is no money available to collect. You should also determine whether you are collection-proof.

Collection-proof means that your income and assets are too low for you to even be garnished or levied. This is discussed more in the section titled "Process Server – Garnishment/Levy" below. If you are collection-proof, you may want to tell the debt collector up front. This will let them know that, even if they sue you in court, they might not ever be able to collect any money from you. In other words, they would be fighting a losing battle.

Your legal rights:

Once a debt is in collections, debt collectors (and debt buyers) must follow a federal law called the Fair Debt Collection Practices Act, or FDCPA. There is a lot of information about this law available on the internet. This section will only provide a summary.

Under the FDCPA, a debt collector must do the following things:

- *Identify who they are and advise at each and every communication that the communication is coming from a debt collector, and any information obtained will be used for purposes of debt collection.*
- *Send written correspondence to your home address*

within five days of the first communication identifying who they are, who they are collecting on behalf of, and the balance owed. This is called validation. In addition, the correspondence must advise you that you have the right to dispute the debt, and have 30 days to demand that the debt collector verify the debt.

- *If you request the verification, the debt collector must discontinue all attempts to collect the debt until it provides verification.*

Under the FDCPA, a debt collector cannot do the following things:

- *Ask you to pay more than you owe*
- *Ask you to pay interest, fees, or expenses that are not allowed by law*
- *Call repeatedly or continuously*
- *Use obscene, profane, or abusive language*
- *Call before 8 a.m. or after 9 p.m.*
- *Call at times the collector knew or should know are inconvenient*
- *Use or threaten to use violence if you don't pay the debt*
- *Threaten action they cannot or will not take*
- *Illegally inform a third party about your alleged debt*
- *Repeatedly call a third party to get your location information*

If a debt collector or debt buyer violates the FDCPA, they may be required to pay you for any damages you suffered, or \$1,000, whichever is more.

Law Firms

Law firms that help debt collectors sue people for debts are also considered to be debt collectors who have to follow the same rules under the FDCPA. If a law firm is abusive,

harassing, dishonest, or otherwise violates the FDCPA, they may also be required to pay you for any damages you suffered, or \$1,000, whichever is more.

Courts

If a debt collector files a lawsuit against you, it is very important to take the time to defend yourself. Otherwise, the court will make its decision without hearing your side of the story. If you don't show up, the court will have to decide the case in favor of the debt collector.



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If you can't afford a lawyer, or if your case is simple, you can represent yourself. This is called making an appearance "pro se" (pronounced "pro say"). If you decide to represent yourself, you will need to have a basic understanding of how a court case works, and what certain words mean. The court handling your case may have information for pro se defendants. However, the court staff will not be able to give you legal advice. More information for pro se defendants is available from Montana Legal Services Association. You can find helpful brochures on their website at www.montanalawhelp.org, or you can call them at 800-666-6899. You can

also find forms and other helpful information at the State Law Library by visiting their website at courts.mt.gov/library/default.mcp.x.

The most important thing to know is that you need to file an Answer in your case. When the debt collector starts the case, you will first be served with a Summons and complaint. The Summons notifies you that you are being sued, and that your response is due by a certain date. The complaint explains why the debt collector is suing you. You must file a written response called an answer. It must address everything the debt collector claims in the Complaint. It must be filed by the deadline in the

Summons. You can get more information on how to file your own Answer at www.montanalawhelp.org.

Process Server – Wage Garnishment/Bank Levy

If the debt collector is able to prove to the court that you owe the debt, the court will enter a judgment against you. The judgment is a piece of paper saying that a court has looked at the evidence that was given to it, and the court decided that you legally owe the debt. The debt collector then gives the judgment to a business or levying agent who then acts as a process server. The process server's job is to send the judgment to your employer and/or bank, to garnish your wages and/or levy your bank account to pay the debt. The employer or bank sends your money to the process server and they pass it along to the debt collector to pay the judgment.

Tax returns cannot be levied at the source unless it is done by the federal government for the purpose of covering a federal obligation such as back taxes or for child support. However in Montana, it is possible to levy these funds.

Once a judgment has been entered, there is not much you can do to go back and dispute the debt. The court will generally not re-open the case or consider any new evidence. However, you still have rights when it comes to being garnished or levied.

The process server cannot take any money or property that is exempt. Under state law, certain assets are exempt from levy or garnishment. This means it cannot be taken to pay a debt. The debtor is entitled to keep it, so they can support themselves and their family.

What is Exempt?

- *Public Assistance/Retirement - Money from most public assistance programs and retirement is exempt. This includes unemployment benefits, workers compensation,*

social security income and social security disability income, retirement benefits, TANF, and most other forms of government assistance. If your only income is from these sources, it is exempt.

- *Employment Income - If you are employed and you earn less than \$290 a week after taxes (or \$580 every two weeks), then \$217.50 of it is exempt (or \$435 every two weeks). This means a process server can only take any amount over \$217.50 (or \$435 if paid biweekly). If you are employed and you earn more than \$290 a week after taxes (or \$580 every two weeks), then 75 percent of your paycheck is exempt. A process server can only take up to 25 percent total for your garnishment(s). (Note – this does not apply to garnishments for child support or alimony obligations).*
- *Housing: With a Homestead Exemption your primary residence from creditors' claims up to the value of \$250,000 is protected. The State of Montana Law Library has the required forms available for download at www.courts.mt.gov/library/topic/end_life.mcp. It is advised that you consult an attorney for help in establishing a Homestead Exemption. For more information please see the Montana State University's fact sheet on the subject, found here msuextension.org/publications/FamilyFinancialManagement/MT199815HR.pdf.*

Process servers are not allowed to keep money they may take out of your bank account, or garnish your benefit checks. If they have, you can require that they return these funds by disputing their garnishment in court. If your income is exempt, you may wish to notify the debt collector in writing before they try to garnish or levy you. This may help avoid an improper garnishment or levy later on.

If a process server does take exempt funds from your bank account, they will have to return the money. However, you may have to file a "Claim of Exemption and Request for Hearing" with the court to make them return it. You can find the documents you need to do this at MontanaLawHelp's Money Problems page at www.montanalawhelp.org/resource/notice-of-claimed-exemptions-and-request-for?ref=zoinb.

Employers also sometimes miscalculate garnishments and garnish more than they are supposed to. If you believe an employer is over-garnishing your paycheck, you may need to speak with your payroll department, or with an attorney who

can verify whether your employer's calculations comply with state law.

Debt Buyers

Debt collectors don't always sue you in court. Sometimes, they decide it isn't worth it. Sometimes, they give up for now, especially if you have no income. However, they may sell your debt later on to a debt buyer, who will determine if they can still collect any portion of the debt, even a small one.

Debt buyers are basically still debt collectors. They just tend to specialize in old debts that have little chance of being paid. They make their money in two ways. First, they take old debts that no other collectors want, because they are expired or close

to it. Then they collect a bit of money here and there from debtors who don't realize that the debt is expired, or that the collection efforts may even be illegal.

Second, debt buyers file hundreds of lawsuits against debtors every day, knowing that many people will ignore the lawsuit. In those cases, the debt buyer will get a default judgment, because the debtor never showed up to defend themselves. Then the debt buyer can use the judgment to garnish or levy the debtor.

If you have more questions about debt collecting, debt buying, or restrictions on collecting old debt; feel free to visit the FTC's Consumer Information page at www.consumer.ftc.gov or Privacy Rights Clearinghouse's Debt Collection page at www.privacyrights.org/Debt-Collection.

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Credit Counseling

If you are having trouble with your finances, you may want to consider talking to a credit counseling service. A legitimate credit counseling agency can work with you to get your finances organized. They also may be able to help you get set up on a debt management plan, if that is appropriate for your situation. Rural Dynamics, Inc. (formerly Consumer Credit Counseling Service of Montana) is a trusted, nonprofit credit counseling agency. You can call them at 877-275-2227 or go to their website at www.cccsmt.org.

Debt Management/ Settlement

There are many debt management and “debt settlement” scams out there. It is very important to beware of these companies. Many of them make empty promises and take a person’s money without providing any real help. Oftentimes, they leave the person worse off than before. Before you sign anything or hand over any money, you should search a company’s name online, to see if people are complaining about them. If you would like to learn more about your finances, you can also look for a financial education class in your community, or look for financial education information online.

Credit Reporting Agencies

One thing a credit counselor may do is help you pull your credit reports. If you are seeking to establish good credit or repair bad credit, you will need to start by finding out what is currently on your credit report.

Where do credit reports come from? In the U.S., there are three main consumer credit reports, and they come from three

large companies called credit reporting agencies, or CRAs. The CRAs are Experian, Transunion, and Equifax. The CRAs compile information sent to them by other companies called furnishers, because they “furnish” information about your credit history. Furnishers include banks, mortgage companies, auto lenders, credit cards, student loans, and other lenders. CRAs also receive public records like repossessions, foreclosures, and court judgments. They then compile all of this information into a credit report.

Your credit report is supposed to let a potential lender know if you are a good credit risk or a bad credit risk. Other parties that may be able to view your credit report (with your permission) include potential landlords, potential employers, and auto insurance companies.

How to Get Your Credit Report

By law, each person is entitled to get one free copy of their credit report from each CRA per year. You can request your credit reports online at www.annualcreditreport.com. The website will need to be able to verify your identity. If it can’t, there is also a form you can print and mail in. This often happens when a person has moved within the past two years. You can also call 877-322-8228, or write to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

If you were recently denied credit, employment, or anything else based upon your credit report, you are also entitled to receive a free copy of your credit report after the denial. You should receive a notice from the lender or employer telling you this, and telling you how to request a copy of your credit report within 30 days.

Improving Your Credit

The best way to build good credit is to borrow wisely and make all your payments on time. Making payments late will lower your credit score. Having a lot of open credit cards can also lower your credit score, especially if they are all maxed out. If you have debts that are behind or have gone to collections, the best thing you can do is get them caught up or paid off. As more time passes, your credit score will gradually go back up.

If there is information on your credit report that is wrong or outdated, you will need to try to get it fixed or removed. See the next section, titled “How to Dispute Incorrect Information on Your Credit Report.” There is no magic solution for fixing your credit. Many companies promise to fix your credit score if you pay them money. The truth is, the only person who can improve your credit is you, by paying back your debts over time.

How to Dispute Incorrect Information on Credit Report

Credit reports often contain information that is inaccurate or outdated. Sometimes people’s files get mixed up, especially if their names are similar. If you see something on your credit report that looks wrong, you will need to take the following steps:

- *Check your records to verify that the item on the credit report is wrong.*
- *Notify the furnisher in writing that the information they provided is incorrect, and that you will be contacting the CRA to have them fix it.*
- *Notify the CRA in writing that the information is incorrect, and ask them to investigate it and fix it. They will then have thirty days to contact the furnisher and investigate the dispute. The CRA must respond to you in writing with the results of their investigation.*

If the CRA still refuses to fix the mistake on your credit report, you can request that a written statement of your

dispute be included on your credit report. Or you may wish to speak to a consumer law attorney to see if legal action would be appropriate. CRAs and furnishers must follow a federal law called the Fair Credit Reporting Act (FCRA), which imposes certain requirements as to how they must handle disputes. If they violate the FCRA, you may be entitled to have them pay you for any harm they caused to you. This can include being denied credit or employment, or having to pay higher interest rates due to the incorrect information on your credit report.

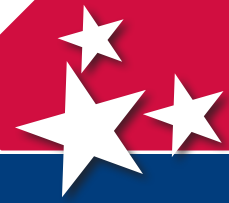
Credit Life Insurance

Credit life insurance is a type of insurance policy that is supposed to pay off a person’s loan if that person dies. It is not life insurance. It is more like loan payment insurance that only kicks in if you pass away. As you make payments on the loan and pay it down, the face value of the credit life insurance policy goes down, too. When the loan is paid off, the value of the policy will be zero.

Credit life insurance is commonly offered by the lender when you buy a car or house. It can protect your dependents from having to pay off a loan if you die. They will still get to keep the asset, such as your car or house.

One drawback to credit life insurance is that it is more expensive than just getting life insurance. Also, as explained above, the value of the insurance decreases with time, so you are paying for less and less coverage over time. Generally, it is a better option to just get regular life insurance that will help your family pay off your debts if something happens to you. One exception would be for people who cannot get life insurance due to health reasons. In that instance, credit life insurance might be the only option for protecting your dependents.

In other cases, a lender may require credit life insurance on a loan. This is often the case when you buy a house and your down payment or equity is less than 20 percent. Be sure to read the fine print of any loan agreement to see whether credit life insurance is required.



Student Debt

Dealing with student loan debt is often a challenge, which is compounded if you are behind in payments. Because the federal government guarantees most student loans, if you don't pay, it is the government that will try to collect. This is significant, because the government can use far more aggressive collection tactics than private collectors.

Securing Student Loans

Before you apply for your student loans, be sure to fill out and submit your Free Application for Federal Student Aid (FAFSA) at www.fafsa.ed.gov/. Federal Student Aid program is responsible for managing the student financial assistance programs authorized under Title IV of the Higher Education Act of 1965. These programs provide grants, loans, and work-study funds to students attending college or career school.

They ensure students and their families can benefit from these programs by providing more than \$150 billion in federal grants, loans, and work-study funds each year to more than 15 million students paying for college or career school. You have to fill out the FAFSA every year you are in school in order to stay eligible for federal student aid.

Types of Student Loans: Understanding what types of loans you have is the first step toward managing your student debt load. Many repayment options are only available for certain types of loans.

Common types of federal loans are:

Federal Student Loans

Most student loans are guaranteed by the federal government, they do this to provide lenders with incentive

to offer students loans. Other types of loans, known as Direct Loans, are provided directly by the government to students.

Stafford and Direct Loans

These loans constitute the majority of loans made to students. Under this program, the government makes loans directly to students, eliminating the role of banks.

Perkins Loans

For very low income students. The federal government guarantees repayment of Perkins loans, but unlike other loans, they are made by the school with a combination of federal and private funds. This means that the school, and not a bank or the government, is the lender.

PLUS Loans

These loans are for parents. They are federally guaranteed and are made to credit worthy parents to pay for their dependent children's education.

Other Federal Loans

There are many other types of federal loans including loans for independent students, professional, and nursing students. To find out more, contact your lender or the Federal Student Aid Information Center at 800-433-3243 or visit their website at studentaid.ed.gov.

Private Loans

Many students have private loans through banks and other financial institutions without being guaranteed by the government. Private loans are often closely linked with federal loans. Many graduate students, and some undergraduates, apply for federally guaranteed loans and private loans with one application package. Many loans are made by the Student

Loan Marketing Association known as Sallie Mae. For more information, contact Sallie Mae at 800-222-7183 or via their website at www.salliemae.com.

The Montana College Access Challenge Grant:

This financial literacy program is funded through the federal College Access Challenge Grant Program. (CACG) The CACG is a federally funded formula grant program designed to foster partnerships among federal, state, and local government entities and philanthropic organizations through matching challenge grants that are aimed at increasing the number of low-income students who are prepared to enter and succeed in post-secondary education. The College Access Challenge Grant recipients include the following schools:

- *MSU-Bozeman*
- *Helena College-UM*
- *MSU-Billings*
- *Fort Peck Community College*
- *Blackfeet Community College*
- *Flathead Valley Community College*
- *UM- Missoula*

Repaying Student Loans

In order to set up a repayment plan, postpone payments, consolidate your loans, cancel a loan, or apply for some other government program, you need to know who holds your loans. Resources for finding this out are:

- *The Department of Education at 800-621-3115, www.ed.gov*
- *National Student Loan Information Center where you can access the National Student Loan Database. Here you can find information about loans or grants, outstanding balances, loan status, loan disbursement and who holds your loans. Contact them at 800-433-3243 or Studentaid@ed.gov, or visit their website at www.nsls.ed.gov/nsls_SA.*

If you are struggling to repay your loans you have good reason to be hopeful. Many lenders offer flexible repayment options, although plans apply only if you're not in default;

while others were created specifically to help you get out of default. The following are some of the most popular repayment strategies:

Standard Repayment Plans

Basic payment plan for federal loans. They require the highest monthly payment, but cost less in the long run because less interest accrues on the principal.

Graduated Plan

Starts out with low payments that increase every few years. Best for someone who currently has low-income but expect it to increase in the near future.

Extended Repayment Plan:

Allows you to stretch your repayments over a longer period of time from 12 to 30 years. Your monthly payments may be lower, but you will pay more in the long run because of the accrued interest.

Plan for Low-income Borrowers:

You may be eligible for these plans even if your financial difficulties are only temporary. If you have a Direct Loan you may be eligible to apply for an Income-Based Contingent Repayment Plan. Depending on your income, your monthly payment could drop as low as \$0 a month. This should be used as a last resort though, because your payments might not even cover the interest accruing on the principal and you will wind up owing much more in the end. You must renew the plan every year, and the monthly payment amount will change if your financial circumstances change. After 25 years of on-time payments through this plan, the government will cancel the remaining balance of the loan. This is not an ideal way for your average person to get rid of your loans though, owing to the large amounts of interest which will accrue and the staggering poverty that you have live in to qualify.

Student Loan Consolidation

Loan consolidations are a good option if you are having trouble paying your student loans. You can consolidate loans

even if you're already in default. In fact, consolidation is one good way to get out of default. When you consolidate, you refinance several loans, or even just one loan, with better interest rates and payment terms. Often the result is lower monthly payments, although this may be coupled with a higher overall interest rate.

The vast majority of loans can be consolidated, but there are some restrictions. For example, you usually cannot consolidate private loans. If you plan on consolidating your loans there are two major ways of doing so. One is the FFEL Consolidation Program, which requires you to find a lender who will offer you a consolidated loan. The second, and often better program, is the Direct Consolidation Loan Program. In this program you consolidate your loans directly with the federal government. To find out more about this program visit the Federal Direct Loan Servicing Center's website at www.direct.ed.gov or call 800-848-0979.

Post 9/11 GI Bill

The Post 9/11 GI Bill provides financial support for education and housing to individuals with at least 90 days of aggregate service after September, 11, 2001, or individuals discharged with a service-connected disability after 30 days. You must have received an honorable discharge to be eligible for this program. The program also covers active service National Guard members under Title 32 of the United States Code, but is not payable to other branch service-members on active duty or those enrolled at half-time or less. These individuals must apply for the Montgomery GI Bill if they wish to receive tuition assistance while they are in active military service.

Education benefits through this program can be used to pay for graduate and undergraduate degrees, vocational/ technical training, on-the-job training, flight training, correspondence training, licensing and national testing programs, entrepreneurship training, and tutorial assistance. All training programs must be approved for GI Bill benefits.

To search for a VA approved education or training program in your area please see the following link: <http://inquiry.vba.va.gov/weampub/buildSearchInstitutionCriteria.do>.

The program provides up to 36 months of educational benefits, and are payable up to 15 years following your release from active duty service. Some benefits of the GI Bill include:

- *Full payment of tuition and fees paid directly to the school for all in-state public school students.*
- *Monthly housing allowance.*
- *Book and supplies stipend of up to \$1,000, paid proportionately based on enrollment.*
- *One time relocation payment of \$500 to individuals from highly rural areas, which means they reside in an area with six people or less per square mile.*

The amount of benefits you are eligible for through the program is determined by the number of months you served. 36 months of services is equal to 100 percent eligibility for full benefits. To see find out what level of benefits you may qualify for, please consult the following table.

Length of Service	Percentage of Maximum Benefits You Are Eligible For
36 months or more	100%
At least 30 continues days w/ discharge for service-related disability	100%
At least 30 months but less than 36	90%
At least 24 months but less than 30	80%
At least 18 months but less than 24	70%
At least 12 months but less than 18	60%
At least 6 months but less than 12	50%
At least 90 days but less than 6 months	40%

For those attending a private or foreign school, tuitions and fees are capped at \$18,077.50. Veterans are entitled to the maximum benefit rate or their designated transferees

may receive additional funds to cover the remainder of their education costs at participating schools through the Yellow Ribbon Program. Schools that have agreed to work with the Yellow Ribbon Program can be found here: benefits.va.gov/gibill. For more information, call 406-324-3907 or -3921, or www.montanaguard.com/MTYRPwebsitelocalRF/index.html.

The Post-9/11 GI Bill allows uniformed service members (officer or enlisted, active duty or Selected Reserve), on or after August 1, 2009, to transfer unused education benefits to immediate family members (spouse and children). The service member must have at least six years of service, and commit to an additional four years of service in order to transfer benefits to a spouse or child. The Department of Defense determines whether or not you can transfer benefits to your family members. To apply to transfer your benefits see the following link www.dmdc.osd.mil/milconnect/ (note: the website is only accessible to members of the armed forces)

Upon approval, family members may apply to use transferred benefits with VA by completing VA Form 22-1990e. VA Form 22-1990e should only be completed and submitted to VA by the family member after DoD has approved the request for the transfer of your education benefits to a child or spouse. Do not use VA Form 22-1990e to apply for a transfer or your benefits. You can find a link to the VA Form 22-1990E online at the following link www.ebenefits.va.gov/ebenefits/homepage. A hard copy of the form can be found here: www.vba.va.gov/pubs/forms/VBA-22-1990e-ARE.pdf

In addition, children of a member of the Armed Forces who died in the line of duty on or after September 11, 2001, may be eligible for Post 9/11 GI Bill benefits under the Marine Gunnery John David Fry Scholarship Program. To apply, go to VA's Other Programs website, <http://benefits.va.gov/gibill/> and follow the instructions on how to apply. Paper versions of the form (VA Form 22-5490) may also be printed here. A parent or guardian must sign the application if the child is under age 18.

Montgomery GI Bill

The Montgomery GI Bill (MGIB) is available for those who enlist in the U.S. Armed Forces. MGIB encompasses both the Montgomery GI Bill-Active Duty (Chapter 30) and The Montgomery GI Bill-Selected Reserve (Chapter 1606). Under Chapter 30, Active Duty members enroll and pay \$100 per month for 12 months and are then entitled to receive a monthly education benefit once they have completed a minimum service obligation.

You may be an eligible veteran entitled to the MGIB if you have an Honorable Discharge, and you have a high school diploma or GED or in some cases 12 hours of college credit, and you meet the requirements of one of the categories below:

CATEGORY I

- *Entered active duty for the first time after June 30, 1985*
- *Had military pay reduced by \$100 a month for first 12 months*
- *Continuously served for 3 years, OR 2 years if that is what you first enlisted for, OR 2 years if you entered the Selected Reserve within a year of leaving active duty and served 4 years ("2 by 4" Program)*

CATEGORY II

- *Entered active duty before Jan. 1, 1977*
- *Served at least 1 day between 10/19/84 and 6/30/85, and stayed on active duty through 6/30/88, (or 6/30/87 if you entered the Selected Reserve within 1 year of leaving active duty and served 4 years)*
- *On 12/31/89, you had entitlement left from Vietnam-Era GI Bill*

CATEGORY III

- *Not eligible for MGIB under Category I or II*
- *n active duty on 9/30/90 AND separated involuntarily after 2/2/91,*
- *OR involuntarily separated on or after 11/30/93,*
- *OR voluntarily separated under either the Voluntary Separation Incentive (VSI) or Special Separation Benefit (SSB) program*

- *Before separation, you had military pay reduced by \$1,200*

CATEGORY IV

On active duty on 10/9/96 AND you had money remaining in a VEAP account on that date AND you elected MGIB by 10/9/97

OR entered full-time National Guard duty under title 32, USC, between 7/1/85, and 11/28/89 AND you elected MGIB during the period 10/9/96, through 7/8/97

Had military pay reduced by \$100 a month for 12 months or made a \$1200 lump-sum contribution

The monthly benefit paid to you is based on the type of training you take, length of your service, your category, and if DOD put extra money in your MGIB Fund (called “kickers”). You usually have 10 years to use your MGIB benefits, but the time limit can be less, in some cases, and longer under certain circumstances.

How to Apply For Education Benefits

To apply for either the Post 9/11 or Montgomery GI Bill you must complete and submit a VA Form 22-1990. The form can be completed electronically by visiting www.gibill.va.gov. Click “Apply on Line” and select the “Education” option. A printable version of the form can be found here: www.vba.va.gov/pubs/forms/vba-22-1990-are.pdf. After you have completed the form, submit it to the Central VA Processing Office. Montana is served by the Central Regional Office at: Central VA Regional Office, P.O. Box 66830, St. Louis, MO 63166-6830

Struggling to Pay Back Your Student Loans?

If you can't make the payments on your student loans even with the payment plans discussed above, it still is not a good idea to totally give up and stop paying on them. Although student loans are not secured debt, and therefore you will

not likely lose your home or car if you don't pay them back, they are also different from most other forms of unsecured debt. If you don't pay your student loans, you won't be able to get additional student loans and your credit will be affected for many years into the future. You will also be subject to a number of “special” debt collections tactics that only the government can use. These government collection tools can have severe consequences, so it is best that you work with your lender to create a repayment plan that works best for you in your present circumstances. To learn more about the consequences of default, you may want to visit the following link: studentaid.ed.gov/repay-loans/default/collections.

If you really can't pay though, you do have a couple of options at your disposal. For example, in limited circumstances, you may be able to cancel your student loans altogether. Or, if you can't cancel your loans, postponing payments by obtaining a deferment or forbearance may be an option. Having a little bit of time to get your finances straightened out might be the right option for you, although interest will often accrue on the principal even though you may not be required to make payments for the time being. Eliminating your student loan debt in bankruptcy is possible, although not recommended. In addition, recent laws make it very difficult to get rid of student loan debt this way (usually you have to demonstrate that you are experiencing some undue hardship). For more information on how to seek loan forgiveness through bankruptcy, and some of the possible consequences of doing so, please see Student Loan Borrower Assurances fact sheet here www.studentloanborrowerassistance.org/bankruptcy.

If you need to have your student loans forgiven, it can be done under some very particular circumstances:

- **Public Service Loan Forgiveness Program:** *Under this program, members of the military who have been employed by the military or a qualifying public service job for the last 10 years may have their federal student loan balance completely forgiven. To qualify, you must consolidate your federal loans, enroll in the forgiveness program, maintain constant employment by the department or other approved government or charitable organization at least full-time, i.e. 30 hours a week or*

whatever the employer considers to be full-time, while making on-time payments for 120 consecutive months. If you believe that you may qualify for cancellation of your loan(s) due to your military/public service as described above, you should send a copy of your DD214 (discharge form) and letter of explanation to the agency servicing your loan.

- **Permanent Disability:** You can cancel any federal loan if you are unable to work because of an illness or injury that is expected to continue indefinitely or result in your death.
- **School Closure:** Many former students decided to take out student loans to attend a certain school (often a small for-profit or trade school), only to have the school close before they could finish the program. You can have Stafford, Direct, or PLUS loans canceled when a school closes before you began attending classes, while you were attending classes, or within 90 days of when you left. Visit the Federal Student Aid's website for a list of schools that have closed here www2.ed.gov/offices/OSFAP/PEPS/closedschools.html.
- **False Certification:** If the school did not make sure you were qualified to attend the program, you may be able to cancel your loans based on false certification. This may occur if you did not have a high school diploma or GED at the time of admission and the school did not test your ability to benefit from the program, if you could not meet the licensing requirements for employment in the field you were training for, or your signature was forged on the loan papers.
- **Unpaid Refunds:** As of July 1, 2000, you may be permitted to cancel any outstanding federal loans you may have taken out to attend an institution, if that institution fails to pay you a refund that you are owed.
- **Volunteer Programs and Teaching Programs:** Different federal loans have different cancellation programs that apply if you engage in a particular type of work, such as volunteering for the Peace Corps or teaching needy populations. Some programs allow you to postpone payments on your loans only while you are engaged in the service such as AmeriCorps; others allow you to cancel all or a portion of the loan. Visit the Corporation for National and Community Services' website for more details www.nationalservice.gov.

For-Profit Colleges

There has been enormous growth in the number of nontraditional students in recent years. Nontraditional students are those who either delayed college, attend part-time, or work full-time while enrolled, are independent of their parents, or have dependents of their own. This new demographic of students includes many veterans who are seeking to use their education benefits to obtain an education and improve their employment prospects.

In theory, for-profit colleges should be well-suited to meet the needs of veterans and other nontraditional students. They offer the convenience of nearby campuses and online locations, a structured approach to coursework, and the flexibility to stop and start classes quickly and easily. These innovations have made a college education possible for hundreds of working adults who might not feel comfortable in a more traditional academic setting, or who might find it difficult to balance the demands of a traditional education with a busy work schedule or responsibilities at home.

But for-profit colleges have a reputation of asking students with modest incomes to take on enormous debt loads to enroll in their programs. For-profit schools also have abnormally high dropout rates, leaving many students who withdraw from their programs with high monthly payments, enormous debt loads, and no better employment prospects than when they had enrolled.

If you are thinking of enrolling in a for-profit school, there are a few things that you should be aware of:

- *Most for-profit colleges charge higher tuition than comparable programs at community colleges and public or private non-profit universities. The cost of a bachelor degree program is on average 20 percent higher, and associate degree or certificate programs average 4 times more than comparable programs available at nonprofit universities and community colleges. For example, the median debt level at graduation for a bachelor degree from a for-profit is \$30,000, compared to \$8,000 from a public non-profit college, and \$17,000 from a private*

non-profit college.

- *Sometimes for-profit colleges claim to be accredited to give out degrees and certificates when they actually are not, and many employers will not accept graduates from these programs.*
- *Many for-profit schools participate in aggressive and deceptive recruitment practices that mislead prospective students about the actual costs of their programs, the availability of federal aid, the time needed to complete the program, the completion rates of other enrollees, the potential for job placement, transferability of credits, or the reputation of the school.*
- *For-profit colleges have an average dropout rate of 54 percent within a year of enrollment as of 2010. This is attributed to a failure to invest in student support staff and career counselors. For-profit schools hire 2 ½ recruiters for every student support staffer and councilor hired.*
- *Those who take out student loans to attend for-profit schools account for 43 percent of all federal student loan defaults, even though they make up only 12 percent of*

college enrollees and only 24 percent of students who take out federal loans for school.

- *Service-members, veterans, spouses, and family members have become highly attractive prospects for for-profit colleges, and many schools have put significant resources into recruiting and enrolling them as students to gain access to their education's benefits. Recruiters will often mislead service-members about whether their tuition and other costs will be fully covered by their education benefits.*

Depending on your situation, a for-profit college might be the right fit for you. However, it is recommended that you look into your options with a traditional public or private nonprofit school before pursuing an education elsewhere. If you are worried about the cost or a demanding schedule at work or home, call the admissions office of the school you are interested in and ask to speak with one of their counselors about planning your education. They will be more than happy to help you better understand your options and lay out a solid plan for furthering your education.

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Debt and Divorce

Financial Obligations

Generally, during the marriage, one spouse is not liable for the debts taken on separately by the other spouse unless the debt is incurred for family necessities. If the debt is incurred for family necessities, then either of the spouses can be sued by the creditor for payment of the debt. Montana law defines family necessities to include “all goods and services that are reasonably required to provide for the health, welfare, comfort, and education” of both spouse and minor children. Food, clothing, and shelter are necessities, as are transportation and medical care expenses. Even attorney’s fees have been found to constitute a necessary expense when an attorney is hired to defend against an abusive spouse. The level of necessary family articles is determined by the standard of living achieved by the couple. Standard of living generally means the level of material comfort enjoyed by the family.

Montana case law provides direction for several debt and divorce issues as follows:

- *If a spouse leaves the household, it could be that the abandoned married spouse does not have to pay for the debts of the spouse who left, even if those debts are necessary debts. In this case, a husband abandoned his wife and was hospitalized and died leaving a large medical services debt. That hospital sued the wife for payment on the premise that it was a necessary family debt. However, the Montana Supreme Court held that the abandonment or separation limited the wife’s obligation to pay the debt to the hospital.*
- *In a divorce action, the court has broad discretion to distribute all marital debts between the husband and wife, and can assign debts to either or both spouses after balancing the needs of each of the parties. The*

Montana Supreme Court found that the assignment to the husband of all debts accumulated during the marriage, leaving the wife free from debt because she had no marketable skills and was unable to find employment, was proper.

- *In a bankruptcy action, spousal or child support obligations, or any other debt owed to a spouse, former spouse, or child as a result of divorce will not be discharged because they are necessary debts. Also, spousal and child support debts are paid from the bankrupt estate before any other debts.*

If a spouse has been ordered to pay a debt of the former spouse, the former spouse is not relieved of the obligation to pay the creditor, because the creditor was not part of the divorce action and is not bound by the divorce court’s rulings. Therefore, both spouses are still parties to the contract with the creditor and remain liable to the creditor for the debt. If someone who is ordered to pay their former spouse’s debts fails to follow the divorce court’s order, the other spouse must continue to pay the obligations to their creditors. The former spouse’s remedy is to file a court action against the spouse for reimbursement, generally through a motion for contempt of court. Often, attorney’s fees and costs are recoverable by the spouse who files the court action if they prevail.

Division of Military Pension

When a former or current member of the armed forces gets divorced, the Uniform Service Former Spouse’s Protection Act (USFSPA) recognizes the right of each state to distribute the service-member’s military pension according to state laws applicable to the division of material



The courts will not need to get involved in the dividing of property if you and your spouse can resolve your property disputes yourselves, or with the help of a lawyer and mediator. The decision of how to split material property can be **decided by you and your spouse** any time during the court proceedings, as long as you both agree to accept the conditions of the distribution.



property. What this means in Montana, is that material property must be distributed between the spouses in a way that is equitable or fair. This does not mean that the property will be distributed equally though. The equitable distribution of property in a divorce is decided by the courts by considering what each spouse contributed to the marriage and what each will need to move forward after divorce.

The courts will not need to get involved in the dividing of property if the two parties can resolve their disputes themselves, or with the help of a lawyer and mediator. The decision of how to split material property can be decided by the parties involved any time during the court proceedings, as long as both spouses agree to accept the conditions of the distribution. The court will usually accept a written separation agreement that details the preferences of each spouse. Only when a compromise cannot be reached is the court required to step in to ensure that property is properly divided.

It is recommended that you find an attorney who is familiar with the VA system and military retirement pay when seeking legal counsel in your divorce proceedings.

bankruptcy and divorce might seem like it makes a lot of sense, especially if you and your spouse managed to rack up a lot of credit card debt. These are two distinctive legal proceedings though and there are a few things you should know if you are planning on filing for both at around the same time. For instance, filing for bankruptcy during your divorce proceedings can slow down your disillution to a crawl because a state court can't make decisions about your property while it is under the control of a federal bankruptcy court. A state court can still make rulings on custody, visitation, and child support payments during a bankruptcy proceeding though. If your ex-spouse files bankruptcy after a divorce, it might be possible for creditors to come after you for debts that you signed for together. Your divorce decree might order you to pay certain debts in exchange for property. These debts cannot be discharged in bankruptcy, but you may be able to roll them into a payment plan if you file for Chapter 13. In addition, if you are required to pay child support or alimony in your divorce decree, these cannot be discharged in bankruptcy and a court will not finalize a Chapter 13 bankruptcy if you still owe past-due child support or alimony.

If you are thinking that you will need to go through bankruptcy at some point either before, during, or soon after your divorce, you should consult with your attorney and a qualified financial advisor before your filing.

Bankruptcy and Divorce

Money problems often lead to divorce, and filing for



Banking

You've probably had some association with banks or financial institutions at this point in your life. Your choice in banks probably had more to do with convenience and availability of their location(s) and ATMs or because a family member already was banking with them. But what should you really be looking for in a bank, and what sort of accounts should you have? The first thing to note is that all banks have to be chartered with the State of Montana's Division of Banking. You can check listings of chartered banks and credit unions in the state as well as their branch locations here: banking.mt.gov/Banks_TrustCompanies_CreditUnions.

Checking Accounts

Checking accounts are a standard form of bank account that makes money readily available to you through checks or a debit card issued through your bank. It is a useful tool in managing your finances and eliminates the need to carry large sums of cash with you wherever you go or to send cash to pay bills. There are many different kinds of checking accounts you can open depending on the bank you decide to do business with. Few banks will offer interest on your checking account, but all of them impose fees and conditions. It is very common for banks to charge a fee if your monthly balance falls below a certain amount, or if you access your account more than a stipulated number of times per month. A bank's fee schedules are important to be aware of when opening an account with them, especially a checking account.

Before opening a checking account, think about how you're going to use it, and be aware of the bank's policies regarding

minimum balances, interest rates, and overdraft fees. If you think you will use your debit card or checks for a lot of everyday things, you'll want to avoid a bank that charges you every time you write a check or use your card. Typically though, if you have a savings account with the same bank they will often waive many of their checking fees. The best way to avoid lots of extra fees though is to keep careful track of your spending. Over-drafting on your account or bouncing a check can be expensive!



Before opening a checking account, think about how you're going to use it, and be aware of the bank's policies regarding minimum balances, interest rates, and overdraft fees.



Also remember to keep your checkbook and debit card in a safe place and report to your bank immediately if either go missing. The bank will then freeze your account, stopping any ongoing transactions, and will replace your card or send you a new box of checks for a nominal fee.

Savings Accounts

When considering a bank to open a savings account, think about your savings habits, and then choose a bank that suits these habits best. Many banks charge a monthly maintenance fee and may add additional fees if your account falls below a certain amount. They also may require you to keep an account active or face penalties.

Before opening an account, be sure you know the terms and conditions that the bank will impose. Know if they use a tiered account system (meaning that the bank will pay significantly more or less interest depending on the amount of funds you maintain in the account), if you will be penalized for closing your account before a certain date, and most important of all, make sure the account is insured by the Federal Deposit Insurance Corporation (FDIC).

Lastly, while few banks pay interest on checking accounts, they all pay interest on savings accounts. The amount of interest paid to an account varies from bank to bank, but the average current rate is less than 0.57 percent of the account balance.

Money-Market Accounts

Money-Market Accounts (MMA) are accounts that generally pay a higher rate of interest and require you to maintain a higher minimum balance. You are also generally limited in the number of withdrawals you can make from these accounts per month without incurring penalties.

Certificate of Deposit

A certificate of deposit (CD) is another form of savings account, although a much more restricted one. If your normal savings contains more money than you think you'll need in the near future, you may consider locking some funds into a CD. Interest rates are higher in a CD than they are in a savings or MMA, but you cannot make deposits or withdrawals from it. The money you place in a CD sits in the account and accrues interest for a specified period of time, typically 3 months to a year, with interest rates set for the life of the account. If you need to access this money before the account matures you will be penalized by your bank, so do not tap these funds unless you absolutely have to.

Electronic Banking

Most banks offer account management services to their customers online, allowing them to access their accounts directly to check balances, transfer funds, and pay bills. Banks are fond of these services because they reduce operating costs and improve customer satisfaction. In addition to their online services, some banks offer mobile banking options, making

it possible for customers to access all the normal functions of online banking through their smart phone or tablet. Check with your bank for more information on these services.

Internet Banks

Virtual banks or e-banks offer many of the same services as traditional brick and mortar locations and tend to have lower overhead, which offers certain advantages to their customers. Often these take the form of higher interest rates and lower fees. When dealing with these institutions the FDIC recommends that users take special precaution to avoid scams and make sure their choice in banks is legitimate. You can confirm a bank's registry and depositor insurance by checking the FDIC's registry list here: research.fdic.gov/bankfind/. Don't reveal any personal information to an e-bank until you're sure they are on the level, and you understand your rights and the conditions of the account.

Credit Unions

Credit unions are another banking institution that offers many of the same services as commercial banks. They can generally offer better rates on loans and savings accounts, because they are nonprofit organizations and therefore don't pay federal taxes. It used to be the case that only people with the same occupations or who are associated by industry or union could form and join credit unions. These restrictions have been lifted in recent years to allow anyone to open an account with one. If you are considering whether to bank with one of these institutions, be sure it is a member of the National Credit Union Share Insurance Fund (NCUSIF); not all credit unions are.

Thrifts

These are commonly known as Savings and Loans. This name

has been sullied somewhat due to a number of scandals and defaults in the 1980s, but due to protective measures imposed on these institutions by federal regulators, they are now safe again to receive customer's deposits. They generally only do business by accepting deposits from and extending credit primarily to individuals. If you are considering banking with one of these institutions be sure that your deposits are insured.

or not to sign up with a bank, get a copy of their fee disclosure statement, either online or at a branch location. If these fees are more than you'd want to pay for the services that are offered, take your business elsewhere.

ATMs are another part of banking that can cause you to pay a lot more than you expected to. ATM service charges can be annoying and expensive. To avoid them, plan out how much cash you will need and when you will need it, and use your bank's ATM whenever possible. Also shop around to find ATMs in your area with the lowest service fees. In addition, you can use checks or your debit card at a grocery store to get cash back when paying for groceries. Most stores allow you to withdraw with your card or write a check over the amount of your groceries by \$20-30 at a time. Just make sure that your bank does not charge extra when you withdraw money this way.

Avoiding Excessive or Hidden Fees

In recent years the amount of fees charged by banks has increased steadily. In the past bank profits mainly accumulated from the difference between the interests paid on deposits and the interest charged on loans. Now most of their profits come from fees and penalties. When you are considering whether

In recent years the amount of fees charged by banks has increased steadily. In the past bank profits mainly accumulated from the difference between the interests paid on deposits and the interest that was charged on loans. Now most of their profits come from **fees and penalties**. When you are considering whether or not to sign up with a bank, get a copy of their fee disclosure statement, either online or at a branch location.



Interest Rates

An interest rate is the rate at which interest is paid by a borrower for the use of money that they borrow from a lender. Specifically, it is a contractually agreed upon percentage of the principle that accrues at regular intervals, usually on a yearly basis. The percentage of the principal that accrues each year is called the Annual Percentage Rate (APR).

For more information on interests rates, please refer to the Federal Trade Commission's Facts for Consumers page via their website: www.consumer.ftc.gov/articles/0347-your-equal-credit-opportunity-rights.

Truth in Lending Act

For most consumers, interest rates affect their debt burden in the form of APR on credit accounts and personal loans. There are some protections in the Truth in Lending Act that you should be aware of when dealing with a lender. These provisions include:

- *Your credit card companies must disclose their terms in writing, and must provide 45 days' notice before changing your account fee structure or interest rates, and must explain the reasoning behind any interest rate increases.*
- *Your credit card may not change during the first year unless it is tied to a variable index, you do not follow the terms of a debt management agreement, or you are more than 60 days late on a payment*
- *The amount of your payment must be applied to the balance with the highest interest rate.*
- *If your interest rates rise, you may request a reduction after six months of on-time payments.*
- *Interest can only be applied to balances held during the current billing period – previously creditors were able to determine interest charges by calculating average daily balances for both current and previous billing periods, often making for higher interest rates.*
- *You have the right to dispute charges made to your account.*

Interest and Pawn Shops

If you need money, there is almost always a better option available to you than to sell your belongings at a pawn shop or have them held as collateral for a loan. If you don't see any other options for yourself, you should understand the following.

First, the way pawn shops work is quite simple. You take an item into the shop that you intend to sell; an employee makes an assessment of its value and then gives you an offer on it. You can haggle a little bit, but you probably won't be able to get the price much higher than their initial offer. Once there is an agreed-upon price, you give them the item and they give you the money. Whatever they pay you for the item; they will turn around and try to sell it at a higher price for a profit. This is a business to them and they aren't doing you a favor, so make sure you are getting a good deal on the item before you agree to sell. Do your homework and have a rough idea of what the item should be worth before taking it to hock.

The same procedure applies if you go to a pawn shop for a loan and put up an item as collateral, except in this case, you have a short window of time, usually about 30 days, to pay back the loan and retrieve your item before the pawn shop can try to sell it. If you need more time to pay back the loan, you can usually get an extension for an additional fee. Make sure you keep track of the claim ticket you receive when you pawned the item; otherwise you won't be able to prove it was

yours.

Pawnbroker activity is restricted by laws and regulations at both the state and national level. Pawnshops have to be licensed in order to operate in the state of Montana. Any loans made by a pawnbroker in the state cannot charge interest higher than 25 percent on a 30-day loan, and cannot charge fees that amount to more than 25 percent of the value of the loan for the purpose of extending the loan, storage of the item, maintenance of the item, or for a sales commission for an employee. Violation of the rules entitles the customer to double their money back, and the pawnbroker will be responsible for reimbursing the customer for any attorney or court fees incurred while pursuing a case against them.

The state of Montana also requires that pawnbrokers keep a registry of all the items they purchase or hold for a loan. These registries must include for each item; the date when the loan for the item is due, the amount paid for the item, the name of the purchaser, and the date and time of sale. These are open records that should be available to anyone who would wish to see them.

There are also federal restrictions placed on pawn shops, including: requiring customers to present a government issued ID such as a driver's license when doing business with a pawn shop, pawn shops have to explain to you in writing the terms of any loans they give you, and finally, pawn shops are required to protect your personal information and keep it confidential.

Pay Day Lenders

In 2009 the Montana Legislature passed legislation regulating the business of pay day lending in the state. Most of these regulations were rendered moot by a citizen ballot initiative that was ratified on November 2, 2010; the Montana Loan Interest Rate Limit or I-164. The measure capped yearly interest rates at 36 percent, where previously they were allowed to rise to 400 percent or higher. The passage of I-164 caused the majority of pay day lenders to close their doors and leave

the state. There are still title loan operations doing business in the Montana and it is worth checking the listing of licensed lenders on the Division of Banking's website before entering a contract with one

Some pay day lenders still operate on Native American reservations as well. Montana laws do not affect these businesses though, and anyone who is considering a loan from one of these businesses should be cautious. You will likely pay exorbitant interest rates and fees and will be subject to aggressive collection practices if you fall behind on your monthly payments. If you find yourself coming up short when it's time to pay the bills or lack the funds to make an important purchase, you should speak with your bank first before taking out a loan with a pay day lender. Most local banks and credit unions are invested in their communities and will often be willing to cut a reasonable deal on a loan if you legitimately need the help getting caught up.

The Montana Division of Banking would also like to urge consumers who are seeking short-term loans to be careful of pay day lenders operating online and to thoroughly read the terms of any loan agreement before entering into a contract. Internet-based pay day lenders are often not licensed to do business in Montana and may not conform to the conditions outlined in Montana law. In addition, if you take a loan from an internet lender who is not licensed in this state, there is little that the Montana Banking Division can do to compel these lenders to treat you fairly.

In addition, many of these businesses provide very little contact information on their sites and operate through third-party loan-broker, making it incredibly difficult for a consumer to even tell who they actually owe money to, or to contact their lender if they have a problem. Many internet lenders will set up a direct withdrawal from a consumer's bank account for loan payments, and will do so in such a way that the loan will be automatically extended or renewed each month for an additional fee with the customer's consent. This has the effects of quickly depleting the customer's saving, often putting them in a precarious financial situation.



Identity theft

How to Protect Yourself

In this age of electronic communication, it has become easier than ever to impersonate someone else or steal their personal information. Identity theft is now the top-reported form of crime in the United States. Identity theft occurs when someone acquires key pieces of your personal information; such as your name, Social Security number, date of birth, or credit card information, and uses it to commit fraud or other crimes. Identity thieves may use your information to open credit cards, take out loans, open bank accounts, or even start a business in your name. Identity theft can be extraordinarily costly to those who fall victim to it. It is important that you guard your information closely and take proactive measures to ensure your information doesn't fall into the wrong hands.

There are a number of steps that are recommended to consumers that can help to protect you from having your identity stolen:

- *Keep track of your conversations with financial institutions such as a bank. Note who you talk to, about what, and when. This will come in handy if you have problems later with this institution or there are discrepancies found in your account that are not your fault.*
- *Don't give your Social Security number out unless it's absolutely necessary. This is the key to identifying yourself to many financial institutions. If someone else gets a hold of it, it becomes very easy for them to impersonate you to banks and lenders.*
- *Remove unnecessary information from your checks. You cannot be required to include your Social Security number, date of birth, or phone number on a check.*
- *Never provide personal information over the phone or internet unless you know the business and were the one who initiated contact with them. Legitimate businesses will not randomly call or email you asking for personal information.*
- *Cross-cut shred any documents that contain your personal information. This includes prescriptions, credit card statements or applications, insurance policies, pay stubs, or anything that contains your Social Security number, birth date, or personal contact information.*
- *Stop pre-approved credit and insurance offers from being delivered to you in the mail. In most cases, these are not the best credit or insurance offers you can get, and they put you at significant risk for identify theft. Identify thieves can pluck these offers out of the mail or trash and use them to open credit card accounts or insurance policies in your name. To stop most pre-approved credit offers, call 888-5OPTOUT (888-567-8688) or go online to www.optoutprescreen.com.*
- *You are entitled to a free annual credit report every 12 months from the three major credit bureaus. It is recommended that you retrieve your credit reports periodically to check their accuracy. This is a great way to stay on top of your finances and identify any fraudulent account activity that might have occurred.*
- *Only shop online with reputable businesses and make sure the site is secure before providing your credit card information.*
- *Do not carry your Social Security card or birth certificate, or those of anyone else, in your wallet, and do not leave the house with them unless it is for a specific purpose. Make sure these items stay in a safe place in your home to protect them from theft and to make sure you can find them when you need them.*
- *Limit the number of credit cards you carry on your person and write either "Ask for ID" or "See ID" on the*

back of the card instead of signing it.

- Set your computer's operating system, web browser, and security system to update automatically.

Security Freeze

A security freeze allows you to proactively lock up your credit information so no one can access it without your permission. This is one of the best ways to protect yourself from identity theft because it prevents someone who is misusing your information from opening a line of credit in your name. The credit freeze will remain in place until you request that it be lifted. You can freeze your credit and your children's credit as well.

Obtaining a credit freeze is simple. First you have to make sure to freeze your credit with all three credit bureaus in order for it to be effective. You must write a letter to each bureau requesting the freeze; each letter must contain identifying information, which at a minimum must include your name, birth date, street address, and Social Security number. You will also be required to include a small fee with your letter. It costs \$3 per bureau, for a total cost of \$9 to perform a complete freeze. If you are married, each spouse will have to perform the freeze separately, costing a total of \$18 for the household.

If you are a victim of identity theft you can have your credit files frozen for free by including a copy of the policy report confirming you to be a victim of identity theft along with your letter. Once the freeze is in place it will stop anyone, including yourself, from opening a line of credit in your name without expressed permission from you.

Once you are ready to send your letter of request, send one copy of the letter with the appropriate fees and police report to each of the following addresses:

- *Equifax Security Freeze PO Box 105788, Atlanta, GA 30348 800-525-6285*
- *Experian Security Freeze PO Box 9554 Allen, TX 75013 888-397-3742*
- *TransUnion Security Freeze PO Box 6790 Fullerton, CA 92834-6790 800-680-7289*



A security freeze allows you to proactively lock up your credit information so no one can access it without your permission. This is one of the best ways to protect yourself from identity theft because it prevents someone who is misusing your information from opening a line of credit in your name. The credit freeze will remain in place until you request that it be lifted. You can freeze your credit and your children's credit as well.



Each of the credit bureaus will send you written notice that the freeze is in place within five days of it going into effect. This confirmation will include a personal identification number (PIN), and instructions on how to lift or remove the freeze. If you ever want to have the freeze temporarily lifted you can call any of the credit bureaus and using your PIN, have the freeze temporarily removed. When you call you will need to specify whether you want it lifted for a particular period of time or only for an individual lender. You will be charged \$3 for this service.

If you want to permanently remove your credit freeze you will need to follow the same procedure as you would to temporarily lift the freeze over the phone, except that you would specify that the freeze is to be removed permanently. There is no charge for permanently removing a security freeze.

What to Do If You Are a Victim

If you have become a victim of identity theft, there are a couple of things you need to do immediately to minimize the damage that criminals can do to your finances and reputation. First contact the fraud department of the 3 major credit bureaus. Their information can be found below:

- *Equifax: 800-525-6285 www.equifax.com P.O. Box 740241, Atlanta, GA 30374-0241*
- *Experian: 888-EXPERIAN (397-3742) www.experian.com PO Box 9532, Allen, TX 75013*

Credit Bureau Contact Information

Equifax

1-800-525-6285

www.equifax.com

PO Box 740241
Atlanta, GA 30374-0241

Experian

1-888-EXPERIAN (397-3742)

www.experian.com

PO Box 9532
Allen, TX 75013

TransUnion

1-800-680-7289

www.transunion.com

Fraud Victim Assistance Division
PO Box 6790, Fullerton, CA
92834-6790

- *TransUnion: 800-680-7289 www.transunion.com Fraud Victim Assistance Division PO Box 2000, Chester, PA 19016*

Report the theft of your identity to local law enforcement. Once they have filed their report, get the case file number or a copy of the report for your records.

You will then want to complete an Identity Theft Passport application at the Montana's Attorney General's website, here: media.dojmt.gov/wp-content/uploads/X-200-Identity-Theft-Passport-Application.pdf. Once you have printed out and completed the application, deliver it to local law enforcement along with a copy of your driver's license. They will then pass it along to the Office of Consumer Protection.

Be sure to report the crime to the Federal Trade Commission (FTC) and complete an FTC ID Theft Affidavit. You can find the Affidavit online by following this link: <http://www.ftc.gov/opa/2002/02/idtheft.shtm>.

Notify all your financial institutions that you are a victim of

identity theft. Change your account numbers and passwords.

Mail copies of the following documents to all three credit bureaus and to all creditors and collection agencies showing or attempting to collect the fraudulent charges:

- *FTC ID Theft Affidavit*
- *The police report or case number*
- *Your ID Theft Passport*
- *A letter disputing the fraudulent charges. The dispute letter must do all of the following: identify who you are, indicate which accounts are disputed, affirmatively state that you had nothing to do with the charges on the accounts, and request that the accounts be blocked from your credit report.*

Lastly, begin checking your credit reports every three months until the matter is resolved and pay all portions of your bills that are accurate, but DO NOT pay any charges you are disputing.



Taxes

Filing correctly

Income related to veterans' military service may be taxable, so it is important to file a tax return every year. Many military bases offer free tax preparation assistance to veterans and their families through the Volunteer Income Tax Assistance (VITA) program. To find a VITA location near you, call 800-906-9887.

The IRS also offers a free file program through its website at www.irs.gov. This service is free for those with an adjusted gross income of \$58,000 or less. Note that because this income figure is adjusted, you may earn more than \$58,000 in gross income and still qualify. One way to check is to review your prior year's income tax return for your adjusted gross income amount, particularly if your income and deductions this year will be similar. Even if you don't qualify for the free filing, you can access forms to fill in online through the free file site as well.

Tax Evasion

Since shortly after the federal income tax was enacted in 1913, some individuals and groups have encouraged others not to comply with the income tax law. There have been unsuccessful challenges about the applicability of tax law using a variety of arguments. There have been assertions that the 16th Amendment was not properly ratified, the tax law was unconstitutional, the tax law did not apply to certain types of income, and that the law only applies to certain individuals and not to others. Despite the courts having consistently rejected these arguments, their promoters continue to present them, often in pseudo-legal language, luring unsuspecting people into participating in their schemes.

The IRS has compiled a helpful list of tax schemes and false arguments about the tax code that you should be aware of. You can find more information about these scams at the following link <https://www.irs.gov/uac/facts-fiction-of-frivolous->



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arguments-nonfiler-enforcement .

Trust Abuses

In the last few years there has been a proliferation of abusive trust schemes. These promotions are targeted towards mostly wealthy individuals, small business owners, and professionals such as doctors and lawyers, but have been increasingly aimed at veterans and their families.

Abusive trust arrangements typically are promoted by the promise of such benefits as:

- *Reduction or elimination of income subject to tax.*
- *Deductions for personal expenses paid by the Trust.*
- *Allows a taxpayer to elect to deduct the expenses or property on their income taxes when they are paid for by or included in the trust.*
- *The reduction or elimination of self-employment taxes.*
- *The reduction or elimination of gift and estate taxes.*
- *Gaining access to benefits and government programs for which they are not eligible due to income requirements.*

Trust schemes such as these often use trusts to hide the true ownership of assets and income or to disguise the substance of transactions. Although these schemes give the appearance of separating responsibility and control from the benefits of ownership, as would be the case with legitimate trusts, the person involved in the scheme still has control of them.

These trust schemes are often promoted by a network of promoters and sub-promoters who have charged \$5,000 to \$70,000 for their packages. This fee enables taxpayers to have trust documents prepared, to utilize foreign and domestic trustees as offered by promoters, and to use foreign bank accounts and corporations.

Be aware that abusive trust schemes will not produce the tax benefits advertised by their promoters and that the IRS is actively examining these types of trust arrangements. Often the objective of the individuals who promote these types of schemes is to steal the money or assets they are entrusted with, resulting in the only one being scammed to be the person trying to defraud the government. Furthermore, in appropriate

circumstances, taxpayers and/ or the promoters of these trust arrangements may be subject to civil and criminal penalties.

Veterans in particular should be wary of these schemes. Participation in one may result in the loss of the benefits that you are already eligible for, and you run the additional risk of losing all your savings and assets if the Trust turns out to be fraudulent. It is best to avoid these types of schemes altogether. If you believe that you have been approached by one of these schemes, contact either the Montana Veterans Affairs Office at 406-324-3740 or the Office of Consumer Protection at 406-444-4500.

Consequences of Noncompliance

- *The Internal Revenue Service has focused its efforts against noncompliance by adopting a multi-functional compliance approach:*
- *Helping innocent taxpayers, who have been misled, become compliant with applicable tax laws.*
- *Vigorously pursuing enforcement actions against those who continue to promote others to violate laws or who violate the laws themselves.*

Regardless of the arguments or schemes used, they have two things in common; their legitimacy is consistently rejected by the courts, and their participants and promoters may face repercussions through the IRS. The IRS has one of the highest conviction rates in federal agency enforcement. In addition to serving substantial prison sentences imposed by the courts, those convicted must also pay fines, civil penalties, court fees, and any back taxes that they may owe.

Military Tax Benefits

Military retirement pay based on age or length of service is considered taxable income. Military disability retirement pay and veterans' benefits, however, may be partially or fully excluded from income. The Defense Finance and Accounting Services will normally provide a veteran with a Form 1099-R, which indicates the taxable portion of compensation received. Military disability retirement pay you receive as a pension,

annuity or similar allowance for a personal injury or sickness resulting from your active duty service will generally be excluded from your taxable income.

Additionally, a number of veterans' benefits are also excluded from income for federal tax purposes. These include:

- *Education, training and subsistence allowances*
- *Disability compensation and pension payments for disabilities paid to veterans or their families*
- *Grants for homes designed for wheelchair living*
- *Grants for motor vehicles for veterans who lose their sight or use of their limbs*
- *Insurance proceeds paid to veterans or their beneficiaries*
- *Benefits under a dependent-care assistance program*
- *Death benefits paid to a survivor of a member of the armed forces who died after 9/11/2001*
- *Payments made under a compensated work therapy program*

If the VA assesses a disability related to a year for which you have already filed tax returns, you should consider amending your prior return by filing a Form 1040X. For example, if you are a disabled veteran, you may be eligible to claim a federal tax refund if the VA has determined an increase in your percentage of disability or if you are a combat-disabled veteran and are granted combat-related special compensation. Amended returns cannot be e-filed, and you should be prepared to attach all documents from the VA related to the determination.

Refund Anticipation Loans

Refund anticipation loans are short term loans repaid with a borrower's income tax refund. The loans generally carry high fees. For instance, a filer who qualifies for a \$1,500 refund would be charged \$61.22 for a 10- day advance on the refund, which translates into an annual percentage rate of 149 percent. Refund anticipation loans have generally been marketed through tax preparation businesses to their customers. However, recent federal regulations have stopped this practice for nearly all tax preparation businesses. In states that allow payday lenders, some version of refund anticipation loans may still be available.

A cheaper way to receive your refund quickly if you have a bank account is to file your return electronically and indicate on your return that it should be directly deposited into your bank account. Typically, you should receive your refund in two weeks or less, and there is no additional charge for this service from the IRS.

If you do not have a bank account, you can still file electronically and receive your refund quickly on a prepaid card. Also, some tax preparation businesses may offer free refund anticipation checks in the amount of your refund minus the cost of preparing your taxes. You should confirm that there is no charge for such checks and also keep in mind that you may be charged a fee to cash such a check if you are not currently a bank customer.



Bankruptcy

If you find yourself unable to pay your bills, you may wonder if bankruptcy would help your situation. In the right situation, bankruptcy can provide a fresh start for your finances. In other situations, it may not provide the help you need. This section will explain some basic information about bankruptcy. It will also tell you how you can learn more, and how to get help filing bankruptcy.

Important: This information is not a substitute for legal advice. It is highly recommended that you speak with a bankruptcy attorney about your specific situation.

What is Bankruptcy?

Bankruptcy is a legal process under federal law. It can help people or businesses who are overwhelmed with debt. The person filing bankruptcy is called a debtor. Bankruptcy cases are filed with a United States Bankruptcy Court. There is a filing fee to file a bankruptcy case with the court. You might qualify to have the fee waived, or make payments on it.

The most common types of bankruptcy for individuals are “Chapter 7” and “Chapter 13.” This just refers to the Chapter of the U.S. Bankruptcy Code under which the bankruptcy is filed. Most people file a Chapter 7 bankruptcy. In a Chapter 7 bankruptcy, most people’s assets are largely exempt, meaning the trustee cannot take them and sell them to pay creditors. This means there is usually no money to pay to any of the creditors. The debts will just be discharged, and the debtor will receive a fresh start. A Chapter 7 bankruptcy usually takes 3 to 6 months.

A Chapter 7 Bankruptcy can stop creditors from collecting debts. This includes: Debt collections, debt lawsuits, wage or bank account garnishment, car repossession, utility shut-offs, eviction, and foreclosure.

Bankruptcy can give a person time to sort out their finances. Some debts can be wiped out for good. Other debts can be brought current by a payment plan with the creditor.



Most people file either a “Chapter 7” or a “Chapter 13” bankruptcy. This just refers to the Chapter of the U.S. Bankruptcy Code under which the bankruptcy is filed.



In a Chapter 13 bankruptcy, the debtor can have a three- to five-year payment plan to bring debts current or pay them off. This can be helpful to a debtor who is behind on a house payment or car payment, and wants to catch up their payments and keep the asset. However, a Chapter 13 bankruptcy requires a debtor to have enough money to make the payments required under the payment plan.

Many considerations go into the decision whether to file a Chapter 7 or Chapter 13 bankruptcy. If you are unsure which type of bankruptcy is right for you, you may wish to speak with a bankruptcy attorney.

Drawbacks of Filing Bankruptcy

Bankruptcy is not a magic fix for all situations. It is important to remember that there are drawbacks to filing bankruptcy. These include:

- *Some debts do NOT go away with bankruptcy. You will still have to pay these debts after bankruptcy. These may include: Child Support and Alimony; Student Loans; Tax Debts; Criminal Fines and Restitution*

- *Chapter 7 Bankruptcy may not give you enough help if you have “secured” loans like home loans or car loans. These loans can’t be wiped out if you want to keep the property. When you bought the home or car, you signed a contract that said the lender can take the property if you don’t make the payments. However, if you file a Chapter 13 Bankruptcy, you may get more time to catch up on payments. You can get up to five years. This can make a big difference if you are behind on payments and need help getting caught up. However, you have to show that you have enough income to make the payments.*
- *Bankruptcy will hurt your credit score. If you file bankruptcy, your credit score will go down. However, if you are behind on bills, your credit score might already be low.*
- *You may not be able to get any new loans or credit for a while after you file bankruptcy. When you do get a loan, the lender may charge you higher interest. Other people who can look at your credit score include landlords, a new employer, and car insurance companies. However, your current employer cannot discriminate against you for filing bankruptcy.*
- *Bankruptcy will not wipe out debts for your co-signers. If you file bankruptcy, it will only wipe out the debt for you. If you have a co-signer on a debt, he or she will still have to pay the debt.*

Is Bankruptcy My Only Option?

This depends on what problems you want to fix by filing bankruptcy. You might have a problem that can be fixed without filing bankruptcy. For example:

Debt Collector Harassment

Is your main problem that debt collectors are harassing you? You probably don’t need to file bankruptcy just for this. The law says that if you ask them to leave you alone, they have to stop calling or writing you. You will still owe the debt, but they cannot harass you about it. If they still do not stop, they are breaking the law. You may be able to sue them. They also cannot call you at all hours, call other people about your debt, threaten you with jail or bodily harm, or use abusive language.

Montana Legal Services Association (MLSA) has a form letter you can send to debt collectors. You can find it online at www.montanalawhelp.org. Or you can apply to MLSA for help with debt collector harassment here: www.montanalawhelp.org/find-legal-help.

Collections, Lawsuits, and Garnishment

Is your main problem that you have debts that are going to collections or lawsuits? Collections and court judgments can be very stressful. However, they are not always as bad as debt collectors make them seem. It is true that they are bad for your credit score, but bankruptcy is much worse.

More importantly, sometimes a collector cannot take any money or property from you at all, even if they take you to court. How can this be? The answer is that some of your income and property is exempt. This means a creditor can’t take it to pay a judgment. If you do not make much money or own valuable property, much of your money and property might be exempt. Many Montanans are totally exempt from collectors, especially if you are on a fixed income.

MLSA provides many self-help resources about collections problems, lawsuits, and garnishment. These are available on montanalawhelp.org, see link here www.montanalawhelp.org/issues/money-problems/garnishment-bank-account-levy?channel=information-and-forms. Or you can apply to MLSA for more help. You may also want to look to the Federal Bankruptcy Courts’ website www.uscourts.gov/FederalCourts/Bankruptcy.aspx and Nolo’s page on bankruptcy www.nolo.com/legal-encyclopedia/bankruptcy for more general information.

Will I Qualify to File Bankruptcy?

If your income is less than the national median family income, you probably qualify to file bankruptcy.

If your income is more than the national median family income, the Bankruptcy Court might not let you use a Chapter

7 bankruptcy. You can still *file* a Chapter 7 bankruptcy. But the court will look closely at your finances. If you have extra money to make some payments to creditors, the court may make you change to a Chapter 13 bankruptcy. Chapter 13 bankruptcy is more complicated than Chapter 7. If you have to file a Chapter 13 bankruptcy, you should talk to a lawyer. You should discuss this option with an attorney if you:

- *Have equity in a car worth more than \$2,500 (or \$5,000 in two cars for a married couple) after any loans you owe on it.*
- *Have equity of more than \$250,000 in a house.*
- *Will not be able to catch up on any missed house or car payments within three months, even after other debts are wiped out.*
- *Have income more than the national median family income for your household size.*

When Is the Best Time to File Bankruptcy?

It is important to think about *when* you file bankruptcy. Certain times are better for filing bankruptcy than others. Think about the following things when planning to file bankruptcy:

- *Do not wait until the last minute if you might be facing garnishment, repossession, eviction, or foreclosure. It takes some time to fill out your bankruptcy forms. You cannot file bankruptcy overnight. Plan on at least two months to fill out your forms. If you are very busy or have a lot of debts, it may take longer. Do not wait until your situation is an emergency.*
- *You should not file bankruptcy yet if you expect more large debts to come along. You can only file bankruptcy once every seven years. If you know that you will probably have more debts happening soon, you should wait to file bankruptcy. That way all those debts will be included. For example, maybe you know you will need surgery in the next year. If you file bankruptcy now, you will not be able to include the hospital bill for the surgery. You will have to pay it.*

- *If you are not facing garnishment, repossession, eviction, or foreclosure, you may want to wait to file bankruptcy. If no one in your household has employment income, and you are not at risk of losing any assets, you might not need to file bankruptcy at this point. Remember, you can only file bankruptcy once every seven years. If there is a chance your financial situation might get worse, it is wise to wait and file bankruptcy then.*
- *If you have been unemployed but you expect to get a job soon, you may want to file bankruptcy now. Creditors can't garnish your income when you are only receiving public benefits. Once you start earning money, you might be garnished. Also, a good time to get a fresh start is when your financial situation is about to improve.*
- *If you usually get an income tax refund, it is usually better to file early in the year. This will save the most possible of your tax return the following year. If you file bankruptcy later in the year, more of your tax return will be taken the following spring. If your situation is not an emergency, you may wish to plan to file in January or February of the next coming year.*

What If I Can't Afford a Bankruptcy Attorney?

You may have more options than you think. Many bankruptcy attorneys offer free consultations to discuss your situation and help you decide whether bankruptcy is right for you in the first place. Many bankruptcy attorneys also accept payments, and can help you figure out how to come up with the necessary legal fees.

If you still cannot afford an attorney, you may be able to file your own Chapter 7 bankruptcy yourself. Montana Legal Services Association provides free online resources for helping low-income debtors file their own Chapter 7 bankruptcy. These resources are available at www.montanalawhelp.org.

This information is for educational purposes only. It cannot not tell you whether you should file bankruptcy. If you are unsure, you should talk to a lawyer. You can also see if you qualify for help through MLSA.

Legal Advice about Money or Housing Problems

If you have low income and qualify for MLSA services, you can talk to an MLSA advocate about your money problems or housing problems. They can tell you what your legal options are. They have staff and attorneys who may be able to help you deal with debts, garnishments, and eviction or foreclosure. They can help you look for other options besides filing bankruptcy.

- *You must have income less than 200 percent of the national poverty level for your household size. MLSA staff can figure this out for you when you apply for services.*
- *You must apply for MLSA services. You can call 800-666-6899 or apply online.*
- *MLSA does not do debt counseling. If you need help with budgeting or debt counseling, please contact Rural Dynamics, Inc. (RDI) by going to their website at www.cccsmt.org or calling 877-275-2227. You can always contact MLSA later if RDI says you need legal help.*

Help with Filling out Your Bankruptcy Forms

If you have low income and qualify for MLSA's Bankruptcy Trained Advocate Program (B-TAP), you can get help filling out your bankruptcy forms. A trained Bankruptcy Advocate can answer your questions and check over your forms.

- *You must first be screened by MLSA to find out if you qualify for their services and get general legal advice about your money or housing problem. Other legal options might be better than bankruptcy.*
- *If MLSA staff cannot help you with other legal options, they can refer you to the B-TAP Program. The B-TAP Program has certain requirements. You must meet ONE of the following requirements:*
 - * *You must earn income that is garnishable. This means you must have income from a job (or you are going to soon), and your take-home pay must be more than \$217.50 per week.*

OR

- * *You must be facing eviction or foreclosure and Chapter 7 Bankruptcy could fix your housing*

problem. This means you can afford your monthly housing payment after your other debts are wiped out through bankruptcy, and if you owe back payments, your landlord or lender must be willing to talk about a payment plan to let you catch up.

What If MLSA Can't Help Me?

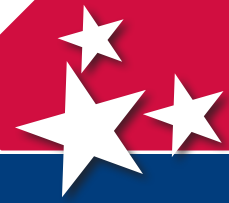
- *You can take a financial education class. You will learn how to budget, lower expenses, and manage debt. You may find that this information helps you to fix money problems without filing bankruptcy.*
- *Get started on steps you must take before filing bankruptcy by using MLSA's Where to Start Checklist.*
- *File bankruptcy on your own using MLSA's Chapter 7 Toolkit. (Go through the Where to Start Checklist first.)*
- *MLSA can refer you to a program called Montana Modest Means. This program has attorneys who can help you file bankruptcy at a reduced rate of \$600 plus court filing costs.*
- *Talk to a private attorney; many do initial consultations for free.*

What if My Situation is Urgent?

- *Your situation might be more urgent if:*
- *You have received notice of a foreclosure sale date;*
- *You have received a notice of eviction or court papers for an eviction;*
- *You are being garnished or are about to start being garnished, and your garnishment puts your housing, transportation, or other basic necessities at risk.*

Please note – MLSA cannot provide “emergency” bankruptcy assistance. If you believe you need to file bankruptcy within the next 30 days, please see the options listed above under “What if MLSA Can't Help Me?”

However, MLSA may be able to help you find other legal options. You might find a solution that helps your situation without filing bankruptcy. Contact MLSA to apply for services.



Foreclosure

How to Avoid Foreclosure

The most effective way to avoid foreclosure on your home is to make all of your payments on time and in the amount requested.

However, if you are unable to make all of your payments and you are currently in default on your loan, or you are current, but afraid you might become delinquent, you can potentially avoid foreclosure by applying for a loan modification. You can apply for a modification through the bank that is servicing your loan or through a housing agency in Montana, such as NeighborWorks Montana (www.nwmt.org), Rural Dynamics, Inc. (www.ruraldynamics.org), Human Resources Development Council (<http://hrdc7.org/>) or Homeword (www.homeword.org/). These housing agencies are independent from the banks, and can help you navigate the complicated process of obtaining a modification. Please contact a housing agency and your bank immediately if you are in imminent threat of default or are in default and would like to avoid foreclosure.

In addition to obtaining assistance from a housing counselor, if you think your servicer has been abusive or violated the law, contact Montana Legal Services Association (www.mtlsa.org) or call their helpline 800-666-6899 and the Montana Attorney General's Office of Consumer Protection (doj.mt.gov/consumer) for evaluation of your situation and potential assistance.

Be proactive, not reactive. Contact your mortgage servicer or a Department of Housing and Development (HUD) approved housing counseling agency. HUD-approved counselors have a higher success rate when the conversation surrounding a

trial loan modification agreement and/or permanent loan modification happen months before the foreclosure sale date is set. You can search for an approved counselor on the HUD website here www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm.

Please contact any of the above organizations or agencies if you are concerned you might lose your home.

If you are unable to obtain a loan modification, you can prevent foreclosure by paying the full amount due on the loan prior to the trustee's sale or by bidding on your own home at the trustee's sale. If, however, you know you will be unable to keep your home, but want to avoid foreclosure the following options are potentially available.

Sell your home

You can always sell the home and pay off the amount remaining due on the loan.

Short sale

A short sale is when the mortgage holder agrees to permit the sale of the property, rather than foreclose, even if the proceeds of the sale are not enough to cover the amount due on the mortgage. In order to complete a short-sale, the mortgage holder must give the borrower permission. If there are multiple liens on the property, the short-sale process will be more complicated and the mortgage holder will be less likely to permit a short sale.

Deed in lieu

A deed-in-lieu of foreclosure is when the mortgage holder agrees to accept the voluntary return of the property as an alternative to foreclosure. If there are multiple liens on the property, a mortgage holder will not accept a deed-in-lieu.

What to Know About the Proceedings

Montana is a non-judicial foreclosure state, meaning that a bank may foreclose on a home without using the courts. Instead, once a homeowner goes into default the bank may sell the home at a public auction, also called a trustee's sale, on the courthouse steps of the county in which the residence is located. There are, however, a number of steps a bank must complete in order to conduct a sale.

To begin the foreclosure process, a bank will generally send out a notice of default and intent to accelerate the loan, in which the bank will state the amount needed to bring the loan current and that a failure to pay that amount will result in the full amount remaining due on the loan to become due in full. Next, the bank is required by statute to send a notice of trustee's sale by certified mail to the homeowner. This notice must be mailed at least 120 days before the date set for the trustee's sale. The bank must also post notice of the trustee's sale on the property and to publish the notice multiple times in the local newspaper and record affidavits showing all requirements were met with the county clerk and recorder.

Only after the bank has completed the steps outlined above may a bank proceed to conduct a trustee's sale. At the trustee's sale, the home may be sold to any purchaser, except the trustee, as long as the purchaser can pay the price bid in cash or a cash equivalent. A sale may be postponed up to 15 days by public proclamation at the time and place scheduled for the original trustee's sale. If the borrower is in an active bankruptcy, the sale may be postponed multiple times by public proclamation for 30 days for each postponement, as long as the total period of postponement does not exceed 120 days. Once a trustee's sale has occurred, the mortgage holder cannot obtain a deficiency judgment against the borrower, meaning that after the sale, the borrower has no further debt obligation to the mortgage holder. If there is more than one mortgage or lien on the property, the borrower may still owe money to these additional lenders after a trustee's sale.

VA Loans and Foreclosure

The U.S. Department of Veterans Affairs (VA) also guarantees some home loans. If you have a VA home loan, the following alternatives for foreclosure may be available in addition to the ones described above.

Repayment Plans

A repayment plan is an agreement between the borrower and the lender whereby the borrower can reinstate a loan that is at least 61 days delinquent by paying the regular monthly payment plus a portion towards the delinquency each month.

Special Forbearance

Pursuant to a special forbearance, the mortgage holder will suspend payments or accept reduced payments for one or more months. Following a special forbearance period, the borrower will have to pay off the parts of the debt that are overdue in either a lump-sum repayment or through a payment plan.

Loan Modification

Much like non-VA loans, a VA-guaranteed loan may be modified to extend the maturity date or to change the interest rate. A housing counselor can help you navigate the various modifications that are available and assist you in applying for such a modification.

Refinance

A borrower may be able to refinance a high-interest loan at a current, lower rate through a VA Interest Rate Reduction Refinancing Loan. You can get more information about this at www.benefits.va.gov/HOMELOANS/irrrl.asp?expandable=0. The balance of the new loan can include the delinquent payments plus late fees.

Compromise Sale

This is the same as with a short sale, but is called a "Compromise Sale."

Assumption: If a modification, or other workout, is unsuccessful, the borrower may be eligible for forbearance for a short time in order to facilitate the sale or transfer of the property to a third party. Depending on when the loan was originally made, the borrower may need VA approval.

- **Refunding:** *Refunding occurs when the VA buys a loan in default and takes over loan servicing. The VA makes little use of this option.*

For non-VA loans, similar options for repayment plans, forbearances, refinancing and assumption are available. To learn more about these non-VA options contact your servicing bank, housing counselors, or the Department of Housing and Urban Development's avoiding foreclosure page portal.hud.gov/hudportal/HUD?src=/topics/avoiding_foreclosure.

Bankruptcy and Foreclosure

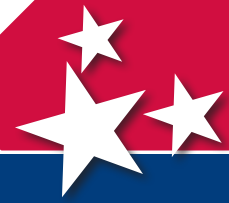
In addition to the options outlined above, you can automatically stop the foreclosure sale, at least temporarily, by filing for bankruptcy. However, once your bankruptcy case has been filed, the foreclosure sale may be resumed under certain conditions. Bankruptcy is a difficult and complicated process, so please contact an attorney for assistance. If you need help finding an attorney, contact the Montana State Bar's Lawyer Referral Service at 406- 449-6577 or www.montanabar.org (Select "Need Legal Help?" then "Lawyer Referral" in the drop down).

Post Foreclosure

If you are unable to avoid foreclosure, and your home was sold at a foreclosure sale, you are still entitled to live in the home for a minimum of 40 days. Montana law provides a specific method for eviction of a person after a foreclosure sale. After the home is sold, the borrower is entitled to keep the home for 10 days following the sale. On the 10th day, the purchaser at the trustee's sale becomes the rightful owner and the borrower becomes a tenant-at-will, meaning the purchaser/new owner, may evict the borrower at any time. In order to accomplish this eviction, though, the purchaser/new owner must give the borrower written notice to vacate the property in no less than 30 days. If the borrower does not vacate the property within the 30 days, the purchaser/new owner can bring a court action to evict the borrower. If the purchaser/new owner brings a lawsuit against the borrower, the borrower could be liable for a significant amount of money.

Additional Resources:

- *Montana Law Help at www.montanalawhelp.org/issues/housing/foreclosure*
- *State Side Legal at www.statesidelegal.org/library/2594*
- *The U.S. Department of Veterans Affairs at www.homeloans.va.gov*
- *The U.S. Department of Housing and Urban Development at www.hud.gov*



For Active Duty Personnel

Servicemembers Civil Relief Act

The Service-member's Civil Relief Act (SCRA) is a federal law that protects the financial and civil rights of members of the military in certain conditions. The SCRA is designed to be used by service-members when their military mission makes it harder for them to function in civil society. The key to invoking the protections of the SCRA is to provide a copy of military orders.

The SCRA provides protection for service-members on many issues, so that service-members can focus on their military mission. One of the most important protections is the ability to delay court and administrative proceedings (like child support calculations) by writing a letter to the judge if the service-member cannot participate due to a deployment. Another critical protection is the reduction of pre-service debt interest rates to 6 percent. Other protections include the right to early termination of residential and automobile leases, preservation of a service-member's state of residence for tax purposes, protection of health and life insurance coverage, early termination of cell phone contracts, delay of mortgage foreclosure proceedings, and relief from court ordered garnishments.

The SCRA does not apply to all types of active duty for the National Guard. For protections afforded to members of the National Guard in support of their state mission, see the Montana National Guard Civil Relief Act at Montana Code Annotated §§ 10-1-901 - 904.

For more information on the SCRA and the benefits it provides to service members, please visit the American Bar Association's SCRA page (www.americanbar.org/portals/public_resources/aba_home_front/information_center/servicemembers_civil_relief_act.html) and Military.com Legal Matters page (www.military.com/benefits/military-legal-matters/scra/servicemembers-civil-relief-act-overview.html) for an overview of the act and what it may mean for you and your family.

Emergency Relief Funds

When soldiers are deployed, they leave a number of obligations behind including homes and families that continue to require attention and care. To address the real needs of soldiers and their dependents when a service-member is deployed or is on active-duty, the Army Emergency Relief Fund (AER) was established in 1942 as a private nonprofit organization, with the sole function of providing emergency financial assistance to soldiers and their dependents. AER funds are made available to mission commanders and garrison commanders through the 906 AER Sections located at U.S. Army installations and communities worldwide when there is demonstrable need.

Eligibility for the program is restricted to service-members and their dependents of the National Guard and the U.S. Army who are on active duty for more than 30 days, soldiers retired from active duty because of old age or physical disability,

and the survivors of soldiers who died while on active duty. AER funds can be distributed to cover the costs of food, rent, utilities, emergency transportation, vehicle repair, medical expenses, undergraduate scholarships for deserving students, and supplemental pay when a pay check is delayed or money is stolen. Funds are distributed in the form of an interest-free loan, or in special cases determined by individual need, a half loan/ half grant, or full grant that is not required to be paid back or is only required to be paid back in part.

If you wish to apply for assistance through the AER you should inquire at your local Section Location as to how to proceed with the application process. You can search for a Section Location near you here: www.aerhq.org/Office-Locator. When you visit your Section office, be sure to bring your military ID card, leave and earning statement, leave/ PCS orders, other important documents such as car repair estimates, rental agreements, utility bills, and other documents that will help determine your level of need.

If you are currently deployed, your spouse can apply for financial assistance in your place. Spouses must bring with them to your local AER Section: a document that designates them with power of attorney in your absence, a copy of your military ID, and any documents that can help demonstrate your level of need. If you are having trouble finding a Section Location near you, consider contacting one of the AER's affiliates. These affiliates include American Red Cross 24 hour Emergency Communication

Center (www.redcross.org) 877-272-7337, Air Force Aid Society Section (www.afas.org) 703=607-3060, Navy-Marine Corps Relief Society Auxiliary (www.nmcrs.org) 703-696-1481, and the Coast Guard Mutual Assistance Office (www.cgmahq.org) 800881-2462 from 7 a.m. – 4 p.m. and 202-945-3064 after 4 p.m. All funds distributed through these organizations are underwritten by the AER. If they can't help you directly, they are a good place to find out who can.



In 2001 Congress created the Career Status Bonus, otherwise known as Redux. It is an incentive program that gives active-duty military personnel the option to take a lump-sum bonus of \$30,000 when they have accumulated 15 years of active service in exchange for a reduced retirement benefits package.



For more information about financial assistance you can call or email the AER at 866-878-6378/ aer@aerhq.org, or visit their website at www.aerhq.org/dnn563/Home.aspx

Career Status Bonus

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Income

Veterans Preference for Employment

The State of Montana gives preference to hiring veterans for government jobs at the state and local levels, including public schools and colleges. If you think you qualify for the preference, you must submit a written notice and claim of preference to the hiring government entity before the time to submit applications expires. Veterans are also entitled to preference in government layoffs. If you believe you have not been given a preference to which you are entitled, you must act quickly, by submitting a request for an explanation from the hiring entity about why you were not hired or were laid off. If you do not agree with the explanation, you can file a lawsuit in district court, but you must act quickly and file the action within 90 days of receipt of the hiring decision. If you do not file in time, you cannot bring the issue up again.

Small Business Administration Loans

SBA offers information on small business loans, grants, bonds and other financial assistance. While SBA does not make loans directly, you can find a local lender who can help you with your loan application. You may also speak directly with a local SBA representative by visiting their website www.sba.gov/about-offices-content/2/3126 or by calling them at 406-441-1081.

SCORE Association

SCORE stands for the Service Corps of Retired Executives. It is a 501(c)(3) nonprofit organization that provides free business mentoring services to entrepreneurs around the country. The organization also presents business workshops and seminars for business owners that are reasonably priced or often free. Business mentoring services are provided by both active and retired business executives and entrepreneurs who donate their time and expertise as mentors to assist new and established small businesses. SCORE is a resource partner with the U.S. Small Business Administration. They offer online classes and webinars in the following areas:

- *Accounting and Budgeting*
- *Business Planning*
- *Cash Flow Management*
- *Customer Relations*
- *Financing, Legal*
- *Human Resources*
- *Management*
- *Marketing and PR*
- *Social Media & Networking*
- *Buying and Selling A Business*
- *Disaster Preparation and Relief*
- *Technology & Computers*
- *Franchising*
- *Internet and eCommerce*
- *Home-Based Business*
- *Green Business*
- *Tax Planning.*

SCORE maintains a network of over 13,000 volunteer mentors in communities across the country to help aspiring business owners get their enterprises off the ground. To find a mentor in your area visit SCORE's chapter search site located here: www.score.org/chapters-map.

In addition to its other programs, SCORE is committed to helping out our country's men and women in uniform start and sustain small businesses. They have an initiative that is targeted to assist members of our military (active duty, reserves, and National Guard) and all veterans and their immediate family members with a number of unique offers not available to the general public. This program, sponsored by The Walmart Foundation, is called the Veteran Fast Launch Initiative and it provides:

- *Scholarships to attend SCORE workshops for free.*
- *An enhanced mentoring program where participants are assigned a highly experienced mentor to guide them in the formation of a small business or in improving their current business strategy.*
- *Free or significantly discounted resources for starting businesses, such as computer software and business services provided by their major corporate partners.*

For more information visit the Veteran Fast Launch website at vetsfastlaunch.org/.

Disability Benefits

As a veteran, you may be entitled to monthly benefits payments from the United States Department of Veterans Affairs. This can be a crucial supplement to your income, especially since these benefits are tax-free. If you served in the military and you have an injury, disease, or chronic condition, you should consider exploring this option.

The VA has three major organizations that serve Veterans: Veterans Health Administration (VHA), National Cemetery Administration (NCA), and Veterans Benefits Administration (VBA).

Veterans submit claims for disability compensation and

pension to the VBA. The VBA then provides direct benefit payments to the veterans through a particular program. The VBA's Compensation and Pension programs include (but are not limited to):

- **Disability Compensation:** *Money paid to veterans with disabilities resulting from a disease/injury incurred or aggravated during active military service; based on degree of disability from 10 percent to 100 percent.*
- **Pension:** *Income support to veterans who served during wartime, and their families, for non-service-connected disabilities or death; the amount is based on existing income.*
- **Spina Bifida Monthly Allowance:** *Money for children born with spina bifida whose parents served in Vietnam during a certain period or in or near the demilitarization zone in Korea during a certain period.*
- **Children of Women Vietnam Veterans Born with Certain Defects:** *Money, health care, and vocational training to eligible children with listed defects that result in permanent physical or mental disability.*

Compensation payments are based on your degree of disability, and pension payments are needs-based. The amount of compensation currently starts at \$127/month for a veteran who has no dependents or spouse and is rated 10 percent disabled. For a veteran with a spouse and one child who is rated 100 percent disabled, the monthly payment is currently \$3,037.

How to Know if you are Eligible for Disability Payments

To be eligible for most of the VA's benefits programs, you must meet the legal definition of a "veteran". The definition sounds fairly straightforward: "a person who served in the active military, naval, or air service, and who was discharged or released there from under conditions other than dishonorable." However, you should consider talking to a veterans' service representative or attorney who handles veterans' disability claims for help before you decide whether you are eligible for compensation or pension from the VA.

Service in the military includes conventional service in one of the five branches of the U.S. Armed Forces. But, it may also include service as a reservist, service in the National

Guard, cadet service in a military academy, and even service in a government organization like the National Oceanic & Atmospheric Administration.

Active service includes active duty or full-time duty in the U.S. Armed Forces.

As for the conditions of your discharge, don't assume that only an "honorable" discharge makes you eligible for VA disability compensation benefits. The VA's language regarding discharge does not match the military's language regarding discharge. This means you cannot automatically decide whether you were discharged "under conditions other than dishonorable" by looking at your discharge papers. If the military's characterization for your discharge is something other than "honorable," you should consider contacting a veterans' service representative or an attorney who handles veterans' disability claims for help in interpreting your discharge papers.

Which Program—Compensation or Pension?

If you meet the definition of "veteran," you will need to determine whether you should seek benefits for service-connected disability compensation or non-service-connected disability pension.

To be eligible for VA disability pension, you must demonstrate total and permanent disability. Your disability does not have to have been caused by your service in the military. For pension purposes, anyone 65 years or older is conclusively presumed to be permanently and totally disabled.

To be eligible for service-connected disability compensation, you must show an injury/disease that is connected to your service in the military. You do not, however, need to show you are totally and permanently disabled; instead, your monthly compensation payment is adjusted by your percentage of disability. You may even receive a 0 percent disability rating if you are eligible, but your injury or disease does not currently impair your earning capacity.

Who Decides Your Claim?

The staff members at the VA Regional Office in Helena are the first to decide your compensation or pension claim. If you

appeal a VA Regional Office decision, your appeal will go to the Board of Veterans Appeals located in Washington, D.C. If you appeal from a board decision, your appeal will go to the U.S. Court of Appeals for Veterans Claims, also located in Washington, D.C.

How to Apply

The VA's website, www.va.gov, is a wealth of good information for veterans who are exploring whether to apply for disability compensation or pension, in addition to many other benefits. If you think you may be eligible to apply for benefits, you should visit the VA's "How to Apply" page: benefits.va.gov/COMPENSATION/apply.asp

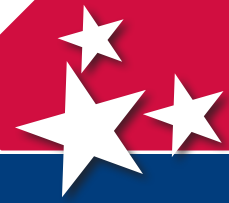
You can find an accredited attorney or claims agent to assist you by using the Accreditation Search page: www.va.gov/ogc/apps/accreditation/index.asp (select "attorney" or "claims agent" and search by State—Montana).

Finally, you can find a list of Veterans Service Offices run by the Montana Veterans Affairs Division at montanadma.org/montana-veterans-affairs.

Employment

Finding gainful employment is a challenge for many Americans. Thankfully for our nation's veterans there are a number of programs and initiatives to help them connect with employers or develop marketable skills in post-deployment. Review the resources below to find a program that works for you, your current job search strategy, and employment interests:

- *United States Department of Labor- Employment Services Information: www.dol.gov/vets/programs/empserv/main.htm#.UMJYEKxrSjQ*
- *United States Department of Labor- VETS Program Information: www.dol.gov/vets/programs/main.htm#.UMJbvaxrSjQ*
- *Montana Department of Labor and Industry- Veteran Employment Services: wsd.dli.mt.gov/job-seeker/veteran-services*
- *Helmets to Hardhats: helmetstohardhats.org*



Retirement

Military Pensions

Military retirement pay is different from a pension plan or retirement benefits that you might pay into in the civilian world. For one, there is no vesting, no matching of funds, no paid interest, and no special retirement accounts. Another big difference is that you can't lose your civilian pension for misconduct after you retire, but you can lose a military pension. All military retirees continue to be bound by the Uniform Code of Military Justice, and can be court-martialed for behavior unbecoming of their rank. Part of the reason for this is that retirees can be put back on active duty when the military deems it necessary. Your likelihood of being placed on active duty after retirement is based on whether the military places you in one of three categories:

- *Category 1: Non-disabled retirees, under the age of 60 who have been retired less than 5 years.*
- *Category 2: Non-disabled retirees, under the age of 60 who have been retired for more than 5 years.*
- *Category 3: Retirees who are 60 or over, or who have retired due to disability.*

You are more likely to be called up if you are in category 1 than if you are in category 2, and more likely to be called up if you are in category 2 than if you are in category 3. Category 3 participants are rarely ever put on active duty.

Twenty years of continuous service in the Army, Air Force, or Coast Guard is typically sufficient for a service-member to retire with full pension benefits. The Navy and Marines require 30 years for enlisted members and 20 years for commissioned and warrant officers. Unlike many civilian plans, military retirement is all or nothing, you either qualify or you don't.

Calculating Your Retirement Pay

Retirement pay is based on your average rate of basic pay and the number of years you served. Use the following simple formula to calculate your expected retirement pay:

$$\text{Basic Pay} \times \text{Years of Service} \times 2.5\%$$

Here is an example: You earned an average of \$3,500 a month in basic pay during your time in the military and you served the full 20 years required to retire with pension. You would then calculate your retirement pay as follows:

$$3,500 \times 20 = 70,000$$

$$70,000 \times .025 = 1,750$$

Based on this calculation you will receive \$1,750 a month in retirement pay once you leave the service.

Calculating retirement pay of members of the National Guard and Reserve is a little different than calculating retirement benefits for other members of the military. The same formulas are used to calculate expected retirement pay for the Guard and Reserve, except for the fact that a calculated equivalent of full-time service is used instead of the total number of years served.

In order to qualify for retirement from the Guard or Reserve you must serve for 20 qualifying years. A qualifying year is one in which you acquire 50 retirement points, with four points being earned for each weekend drill, and one point for each day spent on active duty or deployment. Minimum yearly service requirements are one weekend a month of drill, and two weeks of active duty training. If you meet these minimum

requirements you will have acquired 62 points for the year, putting you slightly ahead of the requirement for that year. Points accumulate each year, and the excess points provide a slight buffer should you miss drills the next year.

There are some restrictions on how you accumulate the necessary number of points. For instance, you can only accumulate 75 points on inactive duty such as weekend drill. Time spent in military school or on deployment is considered active duty and there are no restrictions on the number of points you can earn on active duty in a year. For example, if you are deployed to Afghanistan for a year you will have acquired 365 points, 366 if it is a leap year.

Guard and Reserve calculate their expected retirement pay as follows. First calculate your equivalent years of full-time service:

Total Number of Retirement Points / 360

Ex: 3,600 Retirement Points / 360 = 10 years of service

Calculating your retirement pay is done using the following formula:

Average Basic Pay x Number of Equivalent Active-duty Service Years x 2.5%

Guard and Reserve do not actually become eligible to receive retirement pay until they reach age 60. This age requirement can be reduced by three months for every 90 days served in a combat zone, although you cannot receive your pension prior to age 50, regardless of the amount of time spent in a combat zone.

Retirement pay is subject to an annual cost of living allowance (COLA) increase on Dec 1st of each year. The increase is tied to the rate of inflation for that year.

One final thing to note: If you are receiving disability compensation, your retirement benefits will be reduced by the amount of disability paid to you, unless you qualify for an offset due to a disability rating of 50 percent or more. You may also qualify for an offset due to Combat Related Special Compensation. Inquire at your local VA office to learn more about these helpful provisions.

A number of handy online tools exist to help you calculate your estimated retirement benefits available. They can be found at militarypay.defense.gov/tools/index.html.

Medical Retirement

Sometimes a serious injury or illness may interrupt an otherwise successful and fruitful military career. If this happens to you, you may be eligible for medical retirement. The process begins when a service-member becomes injured or very sick, a military doctor may determine that they have a medical condition that interferes with their ability to perform the duties required of them in their job. The doctor will then refer the service-member's case to a Physical Evaluation Board (PEB) where a panel of impartial physicians will review the facts of the case and decide whether to return the service-member to active duty or to recommend medical separation or retirement. The PEB's recommendations are then passed along to a central medical board, which uses a combination of four determining factors to make a decision whether you are fit for duty. These factors are:

- *Whether you can perform your military job*
- *Your determined destabilizing medical condition*
- *The stability of your condition*
- *In the case of a pre-existing condition, years in active duty service*
- *The board will use these four factors to determine whether to place you in one of four dispositions:*
- **Fit for Duty:** *This means that the board believes you are capable of performing your military duties with your present ailment or injury. They may recommend that you change jobs or station to better accommodate your condition.*
- **Medical Separation:** *This is when the board finds that your condition is bad enough to make you unfit for service. You will be relieved of duty with two months of severance pay for each year you served. This is usually recommended for pre-existing conditions of service-members who have acquired less than eight years of*

service. If it is determined that your condition was not aggravated by military service though, you may not be awarded severance pay.

- **Temporary Medical Retirement:** This is when you are determined unfit for duty but your condition is not considered permanent, and will likely change within the next five years. You will be given leave for five years with pay and will be subject to a medical re-evaluation every 18 months. If at any time you are found fit for duty during this five-year window, you will be returned to active duty.
- **Permanent Medical Retirement:** You may be recommended to this if you are found to be unfit for service, and your disability is determined to be permanent and stable. Your disability rating must be at 30 percent or higher. If your condition is determined to be service related, you may also qualify for disability payments through the VA in addition to your retirement pay.

Medical retirement pay is determined by the higher of two calculations:

Disability Rating x Retirement Base Pay

Or

2.5 x Years of Service x Retirement Base Pay

You can appeal the central medical board's decisions regarding your disability status and you're allowed to have legal counsel present at your hearings.

A complete list of medical conditions that may preclude you from continuing your military service can be found here: usmilitary.about.com/od/theorderlyroom/l/blmedstandards.htm.

Retirement Pay and Taxes

Your retirement pay is subject to federal income tax, but the first \$3,600 of your pay is exempt from state income taxes in Montana. Retirement pay is only totally tax exempt for those who joined the military before Sept. 24^h, 1975 or it is determined that a medical condition that you suffer from is combat-related.

Retirement pay is not subject to Federal Insurance Contribution Act (FICA) tax and receiving retirement pay does not affect the amount you receive from Social Security and vice versa.

Retirement pay cannot be garnished for commercial debts, but can be garnished for the purposes of paying alimony, child support, IRS tax levies, and debt owed to the government.

Thrift Savings Plan

Thrift Savings Plans (TSP) is a 401(k) like retirement program that is available to all federal employees and uniformed service members and reservists. As a defined contribution, the amount of retirement income you eventually receive from the plan is determined by how much you elect to contribute to your account while employed by the federal government. The payments you receive through this plan are a supplement to payments you will receive through the Civil Service Retirement System (aka your military retirement pay). If you are employed by the federal government after your military service is concluded you will have the same TSP account, and will continue to pay into it until you fully retire.

You may contribute up to 100 percent of your monthly pay and incentive or bonus pay to the plan in accordance to restrictions set by the IRS. TSP contributions are tax-exempt, meaning that they are taken out of your pay check before you pay federal and state taxes each month. This is a perk of a TSP that retirement plans in the private sector cannot offer.

You can find the most current information on your plan and other worthwhile information at the thrift savings plan's website found here: www.tsp.gov/index.shtml. You may use your TSP account number or user ID and the password you created when you first opened your account to view your plan's current information and perform various transactions.

If you are having trouble accessing your account, contact the ThriftLine to speak with a representative from 7 a.m. to 9 p.m. EST by dialing their toll-free number, 877-968-3778. You can also use ThriftLine's automated telephone service 24/7 to

find out the latest information about share prices and rates of return, as well as general information about your TSP account. You can also request certain account transactions over the phone. All you need is your TSP account number and your 4-digit TSP PIN. The number for the automated service is the same you would use to speak to a representative.

If you find yourself in need of money immediately, TSP offers 2 types of loans to its plan holders; general purpose loans and residential loans. General purpose loans can be used for any purpose, require no additional documentation, and must be repaid within 1 to 5 years. Residential loans may only be used to purchase or construct a primary residence and must be repaid within 1 to 15 years. You will also be required to produce additional documentation when attempting to take out this type of loan. The amount you can take out for these loans is restricted by how much you have contributed to your retirement account. Interest rates are set for the lifetime of the loan and payments are deducted directly from your paycheck each month. For more information on TSP loans or to print out a TSP-20 application form, please visit www.tsp.gov/planparticipation/loans/loanBasics.shtml.

Spouses of deceased service-members who were enrolled in a TSP plan may set up an account in their own name as long as their eligible share of program benefits is equal to \$200 or more. To learn more about this aspect of the program please see www.tsp.gov/PlanParticipation/BeneficiaryParticipants/index.html.

TSP has recently introduced a new way to save for your retirement with the Roth TSP program. Please see the

following link for complete information www.tsp.gov/PlanParticipation/EligibilityAndContributions/TaxTreatment/index.html.

How Much Do You Need for Retirement?

If you're hoping to reduce the number of days that you will be required to work after you've technically retired or

are hoping to stop working altogether at some point, you will need to make sure that you've accumulated sufficient savings to support yourself. Most people will need 70-80 percent of their working wages to maintain their standard of living after retirement. For example, if you made \$50,000 a year before you retired, you will need \$35,000 to \$40,000 a year to maintain your standard of living.

You can factor social security benefits into this equation, but it isn't advisable to rely too heavily on this as a source of future income. Social Security payments are enough to help pay for the essentials: food, shelter, and clothing.

They will not allow you to live comfortably after retirement. To find out how much you are likely to receive in benefits, call the Social Security Administration (SSA) at 800-772-1213 or visit their website at www.ssa.gov/mystatement/. You can also use the SSA's retirement calculator to get a rough estimate of what you might be entitled too. This tool can be found here www.socialsecurity.gov/estimator/.



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End of Life Issues

Advanced Medical Directive

You must be at least 18 years of age in order to file an advanced directive. It cannot be filed or changed online. To complete an advanced medical directive you must complete a directive form or similar document that meets the requirements of state law, and have it signed by two witnesses. A link to Montana DOJ's directive form can be found here: media.dojmt.gov/wp-content/uploads/F-My-Choices-Advance-Directive.pdf.

You will also need to fill out the Consumer Registration Agreement form. A link can be found here files.doj.mt.gov/wp-content/uploads/2011/05/eolregistrationagreementconsumer1.pdf. Section B of the form allows you to specify the level of privacy you want for your personal information. If your desired level of privacy is not specified you will be assigned to the standard level which allows access to your information by the person who filed the directive (usually this is yourself), a registered health care provider, and anyone with your social security number, birth date, and mother's maiden name; or with your name and access code.

Once you have printed and completed both forms mail them to:

Office of Consumer Protection
P.O. Box 201410
Helena, MT 59620-1410

The Office of Consumer Protection will send you a letter within approximately three weeks confirming that your advanced directive has been filed with the End-of-Life Registry along with your identifying information. The letter will also

include a wallet card and four labels, place a label on the back of your driver's license and insurance card, and place the other two wherever you think they might be useful in the future. The card will contain the access code you will need to check your advance directive through the Montana End-of-Life Registry Service online. Please see the following link to access the registry app.mt.gov/registry/.

Once you name a person as your designee, an attending physician or other health care provider is required to follow the designee's instructions regarding your medical treatment in the event you cannot make these decisions for yourself. You can always change your mind about who to name as your designee on your directive as long as you are competent enough to do so. To change an advance directive, mail a new advance directive form to the Office of Consumer Protection along with a Montana End-of-Life Consumer Registration Agreement indicating that you wish to replace your existing directive with a new one.

For more information on this topic please see the Montana State University's fact sheet on the Rights of the Terminally Ill Act, here msuextension.org/publications/FamilyFinancialManagement/MT199202HR.pdf.

Durable Power of Attorney

A Power of Attorney (POA) is a document that gives someone else the power to act as you in certain situations. These powers include the ability to pay bills out of your bank account, to manage your property, collect income for you, and make purchase on your behalf. A special kind of this designation is known as a Durable Power of Attorney (DPOA).

A DPOA is one that continues to remain in effect even after you have become incapacitated or incapable of making decisions about your estate or health care needs due to illness, injury, or decreased mental ability. Establishing a DPOA is generally a good idea. In the case you become incapacitated, it may become difficult for anyone to make the right call as to your interests and health without having designated someone as your agent.

To establish a POA or DPOA you do not need an attorney, but if you have any questions about the process you should definitely seek legal counsel. Make sure you choose someone you trust to respect your interests when designating them as your agent. To establish a POA, the forms can be found here at store.msuextension.org/publications/FamilyFinancialManagement/MT199001HR.pdf and store.msuextension.org/publications/FamilyFinancialManagement/Statutory_Form_Power_of_Attorney.pdf. Follow the instructions included with the forms and be sure to have the documents notarized and the originals given to the individual you are trusting to be your agent.

End of Life Registry

The Montana End-of-Life Registry keeps track of the advanced health care directives for citizens and stores them in a secure computer database where they are made available for reference by registered physicians and health care providers in the event of an accident or prolonged illness. Advanced health directives are simple statements which instruct your family and health care providers regarding your wishes to accept or refuse medical treatment in the case you become seriously ill, unconscious, or otherwise unable to communicate your desires on your own behalf. They are used only when an attendant health care provider determines that you are in

terminal condition and are no longer capable of participating in the decision-making process regarding your medical treatment.

For more information, please see the Montana State University's End of Life Registry fact sheet, found here www.msuextension.org/publications/FamilyFinancialManagement/MT200602HR.pdf.



The Montana End-of-Life Registry keeps track of the advanced health care directives for citizens and stores them in a secure computer database where they are made available for reference by registered physicians and health care providers in the event of an accident or prolonged illness.



Paying for Funeral Arrangements

Requests for help in covering the cost of burying a loved one who was a veteran through the VA may be complicated, but are well worth investigating. The VA does not make funeral arrangements or perform cremations. Families are responsible for making these arrangements themselves, and any charges received from a funeral home or crematorium are ultimately the family's responsibility to see that they are paid. The families of eligible veterans can receive help through the VA to recoup the costs of a ceremony or burial and may also elect to have headstones and other materials, which may be dedicated free of charge, to honor the deceased's memory and service.

A burial flag may be provided by the VA at no cost to the family, to be draped over the casket or accompany the urn, and then given to the next of kin after the service has concluded. To obtain a burial flag, print out and complete a VA Form 27-2008. You may get a flag at any VA regional office or U.S. Post Office. Generally, the funeral director will help you obtain the flag. A link to a printable version of the form, which includes instructions for submittal, can be found here www.vba.va.gov/pubs/forms/VBA-27-2008-ARE.pdf.

Headstones and markers can be acquired, free of charge, through the VA to bury a recently deceased veteran or to replace a current headstone or marker. There is no charge for

the headstone or marker itself; however, arrangements for placing it in a private cemetery are the family's responsibility and all setting fees are at private expense. To receive a government headstone or marker, a veteran's next of kin, or designated legal representative, must print out and complete a VA Form 40-1330. A printable version of the form can be found here www.va.gov/vaforms/va/pdf/VA40-1330.pdf. Once the form is complete you can fax it and all supporting documents to 800-455-7143, or mail the completed form and copies of the supporting documents to:

Memorial Programs Service (41B)

Department of Veterans Affairs

5109 Russell Road

Quantico, VA 22134-3903

A President Memorial Certificate (PMC) is an engraved paper certificate which is signed by the current president to honor the memory of an honorably discharged veteran. Next of kin, or someone acting on their behalf, may apply for a PMC in person at any VA regional office or by U.S. mail or toll-free fax. Requests cannot be sent via email. Please be sure to enclose a copy of the veteran's discharge and death certificate to verify eligibility. The VA cannot process any request without proof of honorable military service. Please submit copies of these documents only, as the VA will not be able to return the original documents to you. You can fax or mail your request to the same number and address you would use to submit an application for a government headstone or marker. A link to the form you need to receive this certificate can be found here: www.va.gov/vaforms/va/pdf/VA40-0247.pdf.

Military funeral honors are provided through the Department of Defense to honor the memory of a deceased veteran as they are laid to rest. These honors include the presence of an honor detail at the lowering of the casket and the presentation of a folded American flag to the next of kin. If you would like to make these arrangements, speak with the funeral home in advance of the funeral. The VA may also be reached for assistance in this matter.

The VA also provides for some reimbursement of a veteran's burial and funeral expenses. If the death of the veteran was service-related, the VA will pay up to \$2,000 toward funeral and burial costs. If the veteran is to be buried in a national veteran's cemetery, some or all of the cost of transporting the deceased may be reimbursable. If the veteran's death was not service-related, they will pay up to \$700 toward burial and funeral expenses if the veteran was hospitalized at a VA facility at the time of death; this amount is reduced to \$300 if the death occurred elsewhere. The VA will also contribute \$700 in plot allowance if the veteran was buried elsewhere then at a national veteran's cemetery. If the veteran was in a VA hospital or VA contracted nursing home at the time of death, some or all of the cost of transporting their remains may be reimbursed. You can apply for reimbursement by filling out a VA Form 21-530. Once you complete the form mail it and a copy of the veteran's DD 214 (or equivalent), death certificate, and copies of any funeral or burial bills you have paid to:

Fort Harrison

VA Regional Office

633 Veterans Drive

Fort Harrison, MT 59636-0188

The State of Montana will also contribute \$250 to help cover the costs of funeral or burial services. This money is distributed at the discretion of the county commission of the county in which the veteran resided to the family of the deceased when it comes to the commissioner's attention that a veteran has passed away. The county will also contribute \$30 to the establishment of a government grave marker at the grave of an honorably discharged veteran. Check with your county commission for information on how to apply for these funds.

If you find you are having trouble with any of these forms or need advice on how to submit them, contact your local VA office via e-mail or phone. A list of VA facilities in Montana can be found at www2.va.gov/directory/guide/state.asp?State=MT&dnum=ALL or www2.va.gov/directory/guide/fac_list_by_state.cfm?State=mt&dnum=All&isflash=0.

Veterans Cemeteries

A request for burial in a veterans cemetery cannot be made online and all paperwork must be submitted via fax, U.S. mail, or in person. If you would like to be buried in a state or national cemetery, there are certain perks to have your gravesite in one of these locations. For one, you will have a headstone or marker, memorial flag, and presidential memorial certificate provided free of charge, and the VA will cover the cost of opening and closing the grave. In addition your family will not be responsible for the upkeep of the gravesite.

There are no national veterans cemeteries in Montana, but there are three state cemeteries located in Helena, Missoula, and Miles City respectively. More information about these sites can be found here montanadma.org/cemeteries.

Gravesites at a veterans cemetery cannot be reserved in advance and space is limited. This necessitates that a veteran advise their family of their wishes as well as where their discharge papers are kept. These papers are very important to establishing your eligibility for burial in a veterans cemetery. Your family may also want to make arrangements with a funeral home to expedite the approval process.

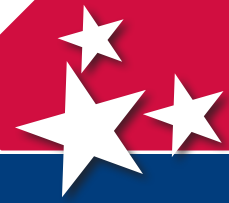
To arrange a burial in a veterans cemetery, have the funeral

home conducting the service contact the cemetery in which you desire to be buried. Make sure you have the following information together in order to ensure approval for a gravesite:

- *Full name and military rank of veteran*
- *Branch of service*
- *Social Security number*
- *Copy of death certificate*
- *DD-214 discharge papers, or their equivalent*
- *Burial transit permit for full body burial or cremation certificate. This will be provided by the mortuary.*
- *Headstone application: This will be filled out by the funeral home or the cemetery sexton. There is a \$115 charge to set the headstone at all three State Veteran Cemeteries. The county of residence will pay \$70 and the family will be responsible for the remaining \$45. Out-of-state residents must pay the full \$115 charge for setting the headstone.*

If you have questions about how to request a gravesite at one of the three veteran's cemeteries in the state, or need help with apply for burial benefits, visit the State Veterans Cemeteries' website to find contact information for cemetery managers who can help you in your area of the state. Link can be found here: montanadma.org/cemeteries

A request for burial in a veterans cemetery cannot be made online and **all paperwork must be submitted via fax, U.S. mail, or in person.** If you would like to be buried in a state or national cemetery, there are certain perks to have your gravesite in one of these locations. For one, you will have a headstone or marker, memorial flag, and presidential memorial certificate provided free of charge and the VA will cover the cost of opening and closing the grave, in addition your family will not be responsible for the upkeep of the gravesite.



Native American Issues

If you are a Native American, you may not know that, a few years ago, the government made some changes that will impact you in the areas of estate law (wills or not having a will), and transfers of real estate over which a Tribal government or Reservation may affect.

If the American Indian Probate Reform Act isn't how you want your Indian Trust Assets to transfer upon death, it is even more important that you have a valid will. It is also important to know that any gift deeds or land sale of Indian Trust Land must be completed through the Bureau of Indian Affairs (BIA). Lawyers can't draft transfer deeds for Indian Trust property, such as gift deeds; and Indian Trust Land can't be sold without the BIA's consent or without going through the BIA's process.

It isn't possible here to spell out all the various ways in which you could be impacted, but you must understand that the possibilities may differ from Tribe to Tribe. It is imperative that you seek legal advice to ensure that your intent and desires are actually accomplished by your will or property transfer.

One of the best sources of information for you is to contact a Fiduciary Trust Officer with the Office of the Special Trustee for American Indians (OST).

The Office of the Special Trustee for American Indians (OST) Mission Statement is: To honor our trust responsibilities to individual Indians and tribes by incorporating a beneficiary focus and participation while providing superior stewardship of Indian trust assets. OST is responsible to provide fiduciary trust services to Indian trust beneficiaries as well as performing oversight functions and financial management of the trust assets.

In addition, the OST will:

- *Coordinate reform efforts to improve overall trust asset management and beneficiary services*
- *Conduct appraisals on Indian trust land*
- *Provide estate planning guidance for Indian trust assets*
- *Provide financial education*

OST has 52 Fiduciary Trust Officers (FTOs) throughout Indian Country, who are the primary point of contact for their Individual Indian Money account holders and Tribes. The FTO works with the BIA and other federal agencies on behalf of a beneficiary to address and resolve issues concerning Indian trust assets. It is strongly recommended that, if you or a client has an issue with a will to be written or an upcoming real estate transfer, you call or visit the applicable FTO for advice.

The FTOs in Montana (and nearby Wyoming) are:

BlackFeet FTO - Lisa Bullshoe, 531SE Boundary St., #212
P.O. Box 880, Browning, MT 59417; 406-338-4358

Crow FTO – Carrie Hugs, P.O. Box 69, Weave Drive Main
BIA Bldg #2, Crow Agency, MT 59022; 406-638-4405

Fort Belknap FTO - Maureen Zamora (also covers Rocky
Boys), 158 Tribal Way, Suite M, Harlem, MT 59526; 406-353-
4034

Fort Peck FTO - Charles Knowlton, P.O. Box 637, 500
Medicine Bear Road, Poplar, MT 59255; 406-768-3288

Northern Cheyenne FTO – Lynnette Tubbs, P.O. Box 40
Hwy 39 Building 41, Lame Deer, MT 59043; 406-477-8289

Flathead OST Office, P.O. Box 278, Pablo, MT 59855; 406-
675-2700

Wind River FTO – Richard Ortiz, P.O. Box 158, 1st and
Washakie, Fort Washakie, WY; 307-332-3669



Your Finances: An Overview

Reviewing Your Assets

Having a complete understanding of your financials is an important part of planning for your future, and the easiest way to clearly view your finances is to calculate your financial net worth. Your financial net worth is a good starting point to understand what steps will be necessary to achieve your future financial goals. It's important to note that knowing your net worth is useful for calculating where you are and how far away you are from where you want to be; it is not a judgment about you as a person. Your net worth is a product of a simple calculation and not an assessment of who you are as a spouse, sibling, or friend.

Calculating your net worth is very easy, and can be done using the following formula:

Your Assets – How Much You Owe = Net Worth

To perform this calculation you first need to add up all your assets; this generally includes: money that you have in your savings and checking account, the value of any stocks, bonds, and mutual funds you have invested in, the value of your retirement account, pension and Social Security, and finally, the value of any business or real estate you may own. You will likely want to refrain from including your car, primary residence, and any valuable pieces of art or collectable memorabilia you may own. This is unless you plan on selling these in the near future and living off the profits, or in the case of a home, borrowing

against the equity or setting up a reverse mortgage.

After you have added up your assets, it is time to determine what you owe. You can accomplish this by adding up all your outstanding debt or any loans you have taken out. The items to add include; credit card debt, car loans, student loans, mortgages, and other debt you owe on real estate and money you have borrowed from friends and family.



If you want to improve your net worth, the first place to start is by reducing your debt load. Start paying down high interest debt first and then begin building a safety reserve equal to three to six months of your average monthly take home pay.



Once you have successfully added your assets, know how much you owe, and have subtracted the latter from the former, you will have your financial net worth. If it's low (or even negative) do not get discouraged. Some debt such as a mortgages or debt that is owed on real estate are necessary for developing these properties as future assets, and your student loans give you a much higher earning potential than you had before earning your degree. Having a low (or very low) net worth in your 20 and 30's is not a big deal, because you still have a lot of time to grow and manage your assets and pay down your debts. If you are older and you find yourself

to have a low net worth, you might want to start taking proactive steps to stabilize your finances.

If you want to improve your net worth, the first place to start is by reducing your debt load. Start paying down high interest debt first and then begin building a safety reserve equal to three to six months of your average monthly take home pay. You should also check your credit score which is based on your

credit report which communicates to lenders your likelihood of defaulting on the credit they extend to you. Your FICO is the leading credit score to know. The median score is around 710, but can run between 300 - 850. You should generally qualify for most loans, at reasonable rates, with a score of 620 or higher. While your credit report is free, a FICO score will cost you. Fair Isaac and Company generally charges about \$15 per score, but separate credit bureaus such as Equifax will provide it for as low as \$7.

While attempting to straighten out your finances and raise your credit rating, it is possible to do things that have the opposite of these desired effects. A good rule to follow is not to pay down your debt with money you don't have (if you can help it), and to make sure you are budgeting your money properly. Instead of paying all sorts of money right away to raise your credit score, take a more constructive approach. You can start by doing the following:

- *Check your credit reports for accuracy. Have accounts that aren't yours removed if they show late payments or have gone to collection, make sure no one has been spending money in your name without your permission, and lastly, if you see any missed payments that are more than seven years old or bankruptcies that are more than two years old, ask that they be removed immediately.*
- *Make sure you pay all your bills on time. Sign up for automatic bill payments to be withdrawn from your checking account when possible. This ensures that your payments are made on time and you can plan in advance to have the money in your account before the withdrawal is made.*
- *Limit your number of loans and credit accounts. The more loans and debt you have, especially consumer loans, and the higher their balance, the more likely these accounts will count against your credit score, because they will be seen as a liability.*

Be aware that not all debt is necessarily bad either. The older the age of a loan, the better it looks on your credit history. Mortgages and student debt should be seen as part of a long-term investment strategy, rather than simply more debt you have to repay. In addition, mortgages and student debt are tax deductible and can reduce the amount of taxes you pay.

Interest paid on a mortgage is tax deductible if itemized on the tax return. So are points that are paid to lower the interest rate. Bankrate.com has developed a handy calculating device to help you figure out how much of a deduction you are eligible to claim when you file your taxes. The calculator link can be found here www.bankrate.com/calculators/mortgages/loan-tax-deduction-calculator.aspx.

Your student loan lender will send you a Form 1098-E which identifies how much you've paid in interest that year on your student loans. You can then deduct this amount when you file your taxes even if you do not itemize your deductions. You can deduct up to \$2,500 a year in this way.

One final word on credit accounts; closing a lot of older accounts and opening up a bunch of new ones is generally NOT a good way to raise your credit score, but if you have the opportunity to save money by refinancing your mortgage or by transferring your current credit card debt to a plan that offers a lower APR, go for it! Smart moves like these will have the effect of saving you a lot of money in the long run. Only stick with a credit account if it is costing you less than a going with an alternative. You shouldn't feel beholden to a lender if you can get a better deal somewhere else.

Looking at Your Savings

Calculating your actual savings over the past year can be difficult, but it is necessary to understanding where things actually stand as you look forward to retirement or making a big purchase like a car or home. The amount you actually saved over the past year is equal to the change in your net worth from last year to this one. Use the following formula to calculate your savings:

$$\text{Net Worth Today} - \text{Net Worth Last Year} = \text{Total Savings}$$

Obviously doing this will require you to have calculated your net worth more than one year in a row. That's ok though; proper financial planning takes years to get right and doesn't happen overnight. One good strategy to make sure you are saving enough is to make sure that you put a certain

percentage of your monthly income aside in a savings account which you then promise yourself not to touch. Even saving 5 percent of your monthly income is a good start. You will be surprised at how quickly your savings grow following this approach.

Budgets

Budgets are a hard thing to keep track of. It's difficult to remember all the little transactions that go on in a day, and the thought of organizing them all into a spreadsheet might be enough to make your toe nails curl. But budgets are great little tools that will help you manage your money while making financial decisions easier in the long run. If you haven't already started keeping track of your monthly saving and spending habits, it's never too late to start. A good place to begin building your budget is to keep track of your cash transactions throughout the day in a journal, note how much you spend and what it was spent on. Then go look at your checking or debit account and note what you spend by category. Bring up a spread sheet and plug these categories in with how much you spend from both your accounts and in cash per week for the entire month. If you feel like you could use some help creating a budget for yourself, Freddie Mac has prepared a very thorough budget worksheet that you can use as a template for your own. A link to the worksheet can be found here www.freddiemac.com/homeownership/pdf/monthly_budget.pdf.

Once you have your budget drawn up you'll have a better idea of where your money is going. But you're not done there. You will want to begin thinking of the categories you've created in a couple of different ways; routine expenses vs. non-routine expenses and non-variable expenses vs. variable expenses.

Routine expenses are fixed costs that you pay each month, such as rent or mortgage, car payments, insurance payments,

and health club dues. Non-routine expenses are expenditures that are often overlooked because you don't pay them regularly such as Christmas and birthday gifts, charitable contributions, going to a friend's wedding, baby showers, car repairs, etc. Some of these are expenses that come along every year and you can plan to put some money aside for them, but many aren't.

How do you plan for the unexpected, then? Surprisingly, this isn't too hard to figure out. Add up all of the unexpected expenses you had last year (car repairs, medical bills, etc.) and divide it by 12. This will give you a rough estimate of how much you should be putting aside each month for these types of expenses. If you haven't been on your own that long, ask a family member or older friend for advice.



A good place to begin building your budget is to keep track of your cash transactions throughout the day in a journal, note how much you spend and what it was spent on. Then go look at your checking or debit account and note what you spend by category.



Once you have identified how often you pay for certain expenses, you can start looking at how much you pay per month. This is where we start trimming the fat. You do this by breaking your categories into non-variable and variable expenses. Non-variable or fixed expenses are the kind that you pay the same amount for each month. These are things like your rent or mortgage, club dues, and Netflix. These types of expenses are sometimes necessities, but often you can find ways of scaling them back. For example you can always move into a smaller place or cancel your Netflix account.

Variable expenses are things like food, utilities, travel expenses, and entertainment. Variable expenses go to pay for things that you might not be able to live without, but are usually easier to control because how much you pay for them can vary from month to month. For example, you can always turn down your thermostat, take shorter showers, or rent a movie instead going to see one in the theaters.

When you've finished figuring out how often you have to pay your expenses and have an idea of how much each accounts for your total spending per month, you can really work to reduce expenses. Think about your finances in terms

of how important each category is to your standard of living. You might not be able to completely skimp on food, rent, and utilities, but you can get smarter about how you spend your money in these areas. Try buying food on sale, cooking at home, and layering up when it gets cold. Expenses that aren't necessities — like vacations, entertainment, and club membership — are generally things that you can do without for a couple of months while you get your finances in order.

You will also want to consider spending ratios. These are the percentage of money that goes to paying for any particular item as it relates to your gross income. If your ratio of spending gets too high in a particular area, you should probably think about reining it in. The equation for figuring out your spending ratio is easy:

Amount Spent / Gross Monthly Income

For instance, to calculate your spending ratio for housing add together how much you spend on your rent or mortgage, insurance, property tax, utilities, and upkeep and divide it by your gross income for the month. If the resulting percentage is higher than 28 percent, you're probably paying too much for housing.

This formula can easily be adapted to determine what percentage of your income goes into all sorts of things. You can calculate your debt ratio by adding your monthly loan and credit card payments and dividing it by your income for the month. If the percentage you pay to cover your outstanding debts is more than 36 percent, consider consolidating your loans or work with your lender to bring down your monthly payments.

Another good ratio to calculate is your savings ratio. Your savings ratio is how much of your income is left after you've covered all your expenses divided by your gross income for the month. An ideal saving ratio is between 5-10 percent of your monthly income.

Remember that no matter how frustrating and time consuming putting together a budget may be, you won't be able to reap the benefits of having one if you quit. So stick with it! It takes a long time to get the ratios of saving to spending right and most people devote a couple of years to studying their own habits before they strike the right balance. Be persistent and don't get discouraged because you overspent or didn't put enough aside to cover some surprise expenses that may occur.



Building an emergency reserve is an important part of financial planning, ensuring that in the unfortunate event that you become ill, injured, or unemployed; you have enough to live off of until you recover or find another job without jeopardizing your long term financial goals in the process. Conventional wisdom says that you should have approximately six months of living expenses set aside for an emergency...



You're never wrong to ask for help either. Rural Dynamics Inc (RDI) in Montana specializes in helping people put together household budgets and set manageable financial goals. Call them toll free at: 877-275-2227 or visit their website for more information on how to set up an appointment with one of their counselors www.ruraldynamics.org/.

There are also a number of software programs that can help you keep things tidy. Microsoft Money allows you to create a budget, track investments, and pay bills all electronically. Also look at Intuit's Quicken Deluxe. It boasts many of the same features as Microsoft Money with the added advantage of being easily transferable to Turbo Tax software, saving you the time of manually filling in your personal financial information come tax season.

Emergency Reserves

Building an emergency reserve is an important part of financial planning, ensuring that in the unfortunate event that you become ill, injured, or unemployed; you have enough to live off of until you recover or find another job without jeopardizing your long-term financial goals in the process. Conventional wisdom says that you should have approximately six months of living expenses set aside for an emergency, but putting this much aside doesn't have to be a top priority for everyone. A three-month reserve is enough for anyone who

has stable employment, a retirement account, and family or friends who they can readily borrow from. A six-month reserve is more appropriate for someone who has stable employment and a retirement account, but who has few borrowing options. If you're one of those whose income fluctuates from year to year or who are at high risk of job loss, consider putting aside at least enough to live off of for a year or more. Rule of thumb: The more uncertain you are of the stability of your source of income, the more you should be saving.

Achieving Financial Goals

While saving money is generally a good thing, saving for the sake of saving can cause you to miss out on much of what life has to offer. It is important to identify what you are saving for, prioritize your savings goals, and understand what other strategies you need to adopt in order to get where you want to be.

As some final advice regarding saving and retirement, it is wise to invest in retirements accounts that offer tax advantages. Thankfully this is the case of most 401(k) plans and Thrift Savings Plans. Putting money in these accounts not only helps

you save for the future but can also help lower your taxes, because the amount deducted from your pay check for these accounts are generally not subject to income tax at either the state or federal level. You will only have to pay taxes on these accounts when you finally withdraw money from them. Another great thing about these accounts is that sometimes employers will match their employee's contributions each pay period.

Not all your financial goals can be achieved through retirement accounts though, and many of these plans have caps on how much you can contribute to them per year. If you are attempting to build up your savings to put a down payment on a house or start a small business, you'll definitely want to save money outside of a retirement account because of the fees associated with withdrawing money before you've reached retirement age. Traditional savings accounts might be a more attractive option when saving for these types of investments. Look into money-market accounts, CDs, and short-term bonds as well. You should be able to talk to your bank or a financial advisor for more information. Also, get in the habit of saving for your large purchases instead of buying them with expensive consumer credit, again your bank might have some suggestions on how to go about doing this.



Resources index

Introduction/ Disclaimer

- Attorney Accreditation Search Page: <http://www.va.gov/ogc/apps/accreditation>
- List of Veterans Service Officers in Montana: montanadma.org/montana-veterans-affairs
- State Bar of Montana: www.montanabar.org

Understanding Billing Practices

- Montana Insurance Hotline: 800-332-6148
- Montana Commissioner of Securities and Insurance: www.csi.mt.gov
- Division of Banking: 406-841-2920, www.consumerfinance.gov/complaint

Credit Cards

- Federal Trade Commission: www.ftc.gov/

Justice Court

- Montana District Courts for claims in excess of \$12,000: www.mtd.uscourts.gov/
- Montana Department of Justice for Small Claims Court forms: courts.mt.gov/library/topic/civil_forms.mcp#scf
- Contact Montana Department of Justice: 406- 444-2026, contactdoj@mt.gov, doj.mt.gov/about/contact-us/

Avoiding Scams

- Montana Department of Justice's Guide to Small Claims Court: doj.mt.gov/consumer//guide-to-small-claims-court/
- State Bar of Montana Lawyer Referral Services: 406-449-6577, www.montanabar.org/displaycommon.cfm?an=1&subarticlenbr=19
- Contact Montana Attorney General: 406- 444-2026, contactdoj@mt.gov, <https://doj.mt.gov/agooffice/>
- Contact District Attorney by County: <http://doju.tripod.com/montana.html>
- Contact Montana Commissioner of Securities and

Insurance: 800-332-6148 or visit <http://www.csi.mt.gov/complaint/index.asp>

- Federal Trade Commission: www.ftc.gov
- Financial Industry Regulatory Authority: www.finra.org
- Commodities Futures Trading Commission: www.cftc.gov
- Securities and Exchange Commission: www.sec.gov
- FTC's Guide to Charitable Giving: <http://www.ftc.gov/bcp/edu/microsites/charityfraud/>
- Montana Office of Consumer Protection: 800-481-6896 or 406-444-4500, contactocp@mt.gov, <https://doj.mt.gov/consumer/>
- Report Phishing Scams to the IRS: 800-366-4484, phishing@irs.gov

Loans

- Military.com's Loan Blog: <http://valoan.military.com/>
- VA Home Loan Forms and General Information: <http://www.benefits.va.gov/homeloans/>
- Apply for a CEO online: <https://vip.vba.va.gov>
- Instructions for apply for a CEO: www.benefits.va.gov/homeloans/docs/Veteran_registration_coe.pdf
- Information on Military Benefits available online: www.ebenefits.va.gov
- Regional Loan Center Office: 303-914-2905, <http://www.benefits.va.gov/homeloans/index.asp>
- Veterans United: <http://www.veteransunited.com/>
- VA's Home Loan Fact Sheet: http://www.vba.va.gov/VBA/benefits/factsheets/homeloans/VA_Guaranteed_Home_Loans.pdf
- Military.com's VA Home Loan Tips: <http://www.military.com/money/va-loans/home-purchase/veterans-administration-home-loan-tips.html>
- VA Home Loan Fact Sheets (Grants, mortgage life insurance, etc): <http://www.vba.va.gov/VBA/benefits/factsheets/#BM5>
- Montana Veteran's Home Loan Program Applicable Rates: <http://housing.mt.gov/About/homeownership/>

veteranratesandfunds.mcpix

- Montana Department of Commerce Veterans Home Loan Program: <http://housing.mt.gov/About/homeownership/borrowermtveteranhomeloan.mcpix>
- MBOH approved Homebuyer Education Class: 866-587-2244, info@nwmt.org <http://www.nwmt.org/Templates/MHNHBE.html>
- Lenders Certified by the Montana Board of Housing: <http://housing.mt.gov/content/About/homeownership/docs/certifiedlenderlist.pdf>
- Montana Neighborworks: 406-761-5861, info@nwmt.org, <http://www.nwmt.org/Templates/MHNHome.html>
- Eligibility for Rural Repair and Rehabilitation Loan: <http://offices.sc.egov.usda.gov/locator/app?state=us&agency=rd>
- Rural Development contact info: 406-585-2530, <http://offices.sc.egov.usda.gov/locator/app?state=us&agency=rd>

Debt Collection

- FTC- Fair Debt Collection Practices Act full-text: <http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre27.pdf>
- Montanalawhelp.org: Helpline- 800-666-6899, www.montanalawhelp.org
- Claim of Exemption and Request for Hearing information: <http://www.montanalawhelp.org/resource/notice-of-claimed-exemptions-and-request-for?ref=zoinb>
- State Law Library: <http://courts.mt.gov/library/default.mcpix>
- Homestead Exemption Forms: http://www.courts.mt.gov/library/topic/end_life.mcpix
- Montana State University – Using a Homestead Declaration to Protect Your Home From Creditors: <http://msuextension.org/publications/FamilyFinancialManagement/MT199815HR.pdf>
- FTC Consumer Information: <http://www.consumer.ftc.gov/>
- Privacy Right Clearinghouse – Debt Collection: <https://www.privacyrights.org/Debt-Collection>

Credit Counseling

- Rural Dynamics, Inc – Credit Counseling: 877-275-2227, www.cccsmt.org
- Request your credit report online: www.annualcreditreport.com
- Annual Credit Report Request Service: 877-322-8228, P.O. Box 105281, Atlanta, GA 30348-5281

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Student Debt:

- Free Application for Student Loan Aid: www.fafsa.ed.gov/
- Federal Student Aid Information Center: 800-433-3243, <http://studentaid.ed.gov/>
- Sallie Mae Loan Center: 800-222-7183, www.salliemae.com
- The Department of Education: 800-621-3115, <http://www.ed.gov/>
- National Student Loan Information Center: 800-433-3243, Studentaid@ed.gov, http://www.nsls.ed.gov/nsls_SA/
- Federal Direct Loan Servicing Center: 800-848-0979, <http://www.direct.ed.gov/>
- Search for VA approved Education or Training Program: <http://inquiry.vba.va.gov/weampub/buildSearchInstitutionCriteria.do>
- Search for schools excepting education assistance through the Yellow Ribbon Program: http://gibill.va.gov/gi_bill_info/ch33/yrp/yrp_list_2012.htm, also contact: Ryan Luchau at 406-324-3907, ryan.luchau@us.army.mil
- Apply to transfer GI Bill benefits to a dependent: <https://www.dmdc.osd.mil/milconnect/>
- VA Form 22-1990e: Electronic- https://www.ebenefits.va.gov/ebenefits-portal/ebenefits.portal?_nfpb=true&_portlet.async=false&_pageLabel=ebenefits_myeb_vonapp1, Hardcopy- <http://www.vba.va.gov/pubs/forms/VBA-22-1990e-ARE.pdf>.
- GI Bill website: <http://www.gibill.va.gov/>
- VA's Survivors and Dependents Education Benefits information page: http://gibill.va.gov/benefits/other_programs/dea.html
- Printable copy of VA Form 22-1990: <http://www.vba.va.gov/pubs/forms/vba-22-1990-are.pdf>
- Central VA Processing Office: 800-827-1000, P.O. Box 66830, St. Louis, MO 63166-6830, <http://www2.va.gov/directory/guide/facility.asp?id=249>
- Federal Student Aid's list of closed schools: <http://www2.ed.gov/offices/OSFAP/PEPS/closedschools.html>
- Corporation for National and Community Services: <http://www.nationalservice.gov/>
- Student Loan Borrower Assurances – Discharging Loans in Bankruptcy: <http://www.studentloanborrowerassistance.org/bankruptcy/>

Banking

- List of chartered banks in Montana: http://banking.mt.gov/content/Banks/State_Chartered_Banks
- List of chartered credit unions in Montana: http://banking.mt.gov/content/Credit_Unions/State-Chartered_Credit_Unions_01-03-12
- Bank rankings by deposits and assets: http://banking.mt.gov/content/Banks/Assets_and_Deposits/Bank_Ranking_Assets_and_Deposits
- FDIC Registry: http://www2.fdic.gov/IDASP/main_bankfind.asp

Interest Rates

- Federal Trade Commission's Facts for Consumers: <http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre01.shtm>
- List of registered Pay Day Lenders in Montana: http://banking.mt.gov/content/Deferred_Deposit/Licensee_Lists/DDL_Licensee_List_03-01-12

Identity Theft

- Stop Pre-approved credit offers from being mailed to you: 888-567-8688, www.optoutprescreen.com
- Credit Bureaus Fraud Department:
 - Equifax: 800-525-6285 www.equifax.com PO Box 740241, Atlanta, GA 30374-0241
 - Experian: 888-EXPERIAN (397-3742) www.experian.com PO Box 9532, Allen, TX 75013
 - TransUnion: 800-680-7289 www.transunion.com Fraud Victim Assistance Division PO Box 6790, Fullerton, CA 92834-6790
- Attorney General's Identity Theft Passport application: <https://files.doj.mt.gov/wp-content/uploads/2011/05/identitytheftpassportapplication1.pdf>
- FTC ID Theft Affidavit: <http://www.ftc.gov/opa/2002/02/idtheft.shtm>

Taxes

- Find a local Volunteer Income Tax Assistance program: 800-906-9887
- Internal Revenue Service: www.irs.gov
- Montana Veterans Affairs Office: 406-324-3740, lehall@mt.gov, <http://montanadma.org/montana-veterans-affairs>

- IRS's Non-profit Organization Locator: <http://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check>
- IRS Phishing Reporting: phishing@irs.gov or call 800-366-4484
- Federal Collections Strategies in Cases of Default: <http://studentaid.ed.gov/repay-loans/default/collections>
- IRS – Truth about Frivolous Tax Arguments: http://www.irs.gov/pub/irs-utl/friv_tax.pdf

Bankruptcy

- Montanalawhelp.org- Attorney Search: <http://www.montanalawhelp.org/find-legal-help>
- Montanalawhelp.org- Protections against lawsuits and garnishments: <http://www.montanalawhelp.org/issues/money-problems/garnishment-bank-account-levy?channel=information-and-forms>
- Federal Bankruptcy Court: <http://www.uscourts.gov/FederalCourts/Bankruptcy.aspx>
- Nolo Legal Encyclopedia – Bankruptcy: <http://www.nolo.com/legal-encyclopedia/bankruptcy>

Foreclosure

- NeighborWorks Montana: <http://www.nwmt.org/>
- NeighborWorks Foreclosure Mitigation: www.nwmt.org/foreclosuremitigationhomebuyer counseling.html
- Rural Dynamics, Inc: <http://www.ruraldynamics.org/>
- Human Resources Development Council: <http://hrdc7.org/>
- Homeword: <http://www.homeword.org/>
- Montana Legal Services Association: Helpline- 800-666-6899, website- <http://www.montanalawhelp.org/>
- Montana Attorney General's Office of Consumer Protection: <https://doj.mt.gov/consumer/>
- Find a HUD approved foreclosure counselor: <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>
- HUD Avoiding Foreclosure: http://portal.hud.gov/hudportal/HUD?src=/topics/avoiding_foreclosure
- VA Interest Rate Reduction Refinancing Loan: <http://www.benefits.va.gov/HOMELOANS/irrrl.asp?expandable=0>
- Montana State Bar's Lawyer Referral Service: 406-449-6577, <http://www.montanabar.org/displaycommon.cfm?an=1&subarticlenbr=19>

- State Side Legal at www.statesidelegal.org/library/2594
- The U.S. Department of Veterans Affairs at www.homeoans.va.gov

For Active Duty Personnel

- Montana National Guard Civil Relief Act, full-text: http://data.opi.mt.gov/bills/mca_toc/10_1_9.htm
- Military.com – Service-members Civil Relief Act: <http://www.military.com/benefits/military-legal-matters/scra/servicemembers-civil-relief-act-overview.html>
- AER Section Locations: <http://www.aerhq.org/dnn563/AERLocations.aspx>
- American Red Cross 24 hour Emergency Communication Center: 877-272-7337, <http://www.redcross.org/>
- Air Force Aid Society Section: 703-607-3060, <http://www.afas.org/>
- Marine Corps Relief Society Auxiliary: 703-696-1481, <http://www.nmcrcs.org/>
- Coast Guard Mutual Assistance Office: 800- 881-2462 form 7am – 4pm and 202-945-3064 after 4pm
- Army Emergency Relief Fund: 866)878-6378, aer@aerhq.org, <http://www.aerhq.org/dnn563/Home.aspx>

Income

- Small Business Loan Representative: 406-441-1081, <http://www.sba.gov/about-offices-content/2/3126>
- Find a SCORE Chapter in your area: <http://www.score.org/chapters-map>
- SCORE Veteran Fast Launch Initiative: <http://vetsfastlaunch.org/>
- Veterans Association: www.va.gov
- VA How to Apply page: <http://benefits.va.gov/COMPENSATION/apply.asp>
- VA Attorney or VA Claim search: <http://www.va.gov/ogc/apps/accreditation/index.asp>
- Montana Veterans Service Offices: <http://montanadma.org/montana-veterans-affairs>
- United State Department of Labor- Employment Services Information: <http://www.dol.gov/vets/programs/empserv/main.htm#.UMJYEKxrSjQ>
- United State Department of Labor- VETS Program Information: <http://www.dol.gov/vets/programs/main.htm#.UMJbvaxrSjQ>

- Montana Department of Labor and Industry- Veteran Employment Services: <http://wsd.dli.mt.gov/veterans/vetemployment.asp>
- Helmets to Hardhats: <http://helmetstohardhats.org/>

Retirement

- Retirement Benefit Calculation Tools: <http://militarypay.defense.gov/tools/index.html>
- Complete list of medical conditions that could end your service: <http://usmilitary.about.com/od/theorderlyroom/l/blmedstandards.htm>
- Check your Thrift Savings Account: <https://www.tsp.gov/index.shtml>
- TSP ThriftLine: 877-968-3778
- TSP Loan Application: <https://www.tsp.gov/planparticipation/loans/loanBasics.shtml>
- Spouses Access to TSP: <https://www.tsp.gov/planparticipation/beneficiaryparticipants/yourAccount.shtml>
- Roth TSP: <https://www.tsp.gov/whatsnew/roth/index.shtml>
- Social Security Administration: 800-772-1213, <http://www.ssa.gov/mystatement/>
- SSA Retirement Calculator: <http://www.socialsecurity.gov/estimator/>

End of Life Issues

- Montana Department of Justice’s Advanced Medical Directive form: <https://files.doj.mt.gov/wp-content/uploads/2011/05/advanceddirective1.pdf>
- Montana Department of Justice’s Consumer Registration Agreement form: <https://files.doj.mt.gov/wp-content/uploads/2011/05/eolregistrationagreementconsumer1.pdf>
- Montana End-of-Life Registry Service: <https://app.mt.gov/registry/>
- Montana State University - Rights of the Terminally Ill Act: <http://msuextension.org/publications/FamilyFinancialManagement/MT199202HR.pdf>
- Department of Health and Human Services - Information and forms for establishing and Advanced Medical Directive: www.dphhs.mt.gov/sltc/services/aging/legal/documents/LegalGuide1213/4AdvanceDirectives.doc
- Montana State University - End of Life Registry: <http://www.msuextension.org/publications/>

FamilyFinancialManagement/MT200602HR.pdf

- Establishing Power of Attorney: <http://www.montana.edu/estateplanning/powerofattorneyform.pdf>
- Establishing Durable Power of Attorney: <http://www.dphhs.mt.gov/sltc/services/aging/legal/documents/LegalGuide1213/1PowerofAttorney.doc>
- Burial Flag application form: <http://www.vba.va.gov/pubs/forms/VBA-27-2008-ARE.pdf>
- Government Headstone or Marker application form: <http://www.va.gov/vaforms/va/pdf/VA40-1330.pdf>
- President Memorial Certificate application form: <http://www.va.gov/vaforms/va/pdf/VA40-0247.pdf>
- List of VA facilities in Montana: <http://www2.va.gov/directory/guide/state.asp?State=MT&dnum=ALL> or http://www2.va.gov/directory/guide/fac_list_by_state.cfm?State=mt&dnum=All&isflash=0
- State Veteran Cemeteries in Montana: <http://montanadma.org/cemeteries>
- Montana Veterans Affairs Division Cemetery Program: <http://montanadma.org/cemeteries>

Your Finances

- Bankrate.com- Mortgage Deduction Calculator: <http://www.bankrate.com/calculators/mortgages/loan-tax-deduction-calculator.aspx>
- Freddie Mac Budget Worksheet: http://www.freddiemac.com/homeownership/pdf/monthly_budget.pdf
- Rural Dynamics Inc: 877.275.2227, <http://www.ruraldynamics.org/>

Books

If you find that you need more information on the topics covered on in this guide or didn't find what you are looking,

for consider checking with your local library for the following books. Many of these books were used to aid in the research for this guide, and they are all excellent sources for information anyone who is looking into creating a budget for themselves, saving for their future, making smart investments, or navigating a foreclosure, bankruptcy or divorce.

- *The Complete Idiot's Guide to Personal Finance in Your 20's and 30's 4th Edition* by Sarah Young Fisher and Susan Shelly, Penguin Group, 2009
- *Divorce and Money: How to Make the Best Financial Decisions During Divorce 8th Edition* by Violet Woodhouse and Dale Fetherling, Nolo Press, 2006
- *The Foreclosure Survival Guide* by Stephen Elias, Nolo Press, 2008
- *Judge Advocate General's School Guide to the Servicemembers Civil Relief Act* by American Bar Association, ABA Publishing, 2007
- *Money Trouble: Legal Strategies to Cope With Your Debt 9th Edition* by Robin Leonard, Nolo Press, 2003
- *Oceana's Law for the Layperson; Veterans Rights and Benefits* by Margaret C. Jasper, Oxford University Press, 2009
- *Personal Finance for Dummies 5th Edition* by Eric Tyson, Wiley Publishing Inc, 2006
- *Student Loan Law 4th Edition* by Deanne Loonin, National Consumer Law Center, 2010
- *Taxes 2009 for Dummies* by Eric Tyson, Margaret A. Munro, and David J. Silverman, Wiley Publishing Inc, 2009
- *Veterans Benefits for Dummies* by Rod Powers, Wiley Publishing Inc, 2009

Montana Legal Information for the Non-Lawyer

The Montana State University Extension Service publishes a series of guidance pamphlets, including many explaining Montana laws on several legal issues. The “MontGuides” are in easy-to-read format, and an index for them is found at <https://store.msuextension.org/publications/HomeHealthandFamily/MT198300HR.pdf>

Below is a selection of MontGuides that are most likely to be useful to you in the area of estates, end-of-life planning, deeds, and finance, with their web links. (These are shown with gratitude to, and the permission of, the MSU Extension Resources office.)

MSU Extension MontGuides

MontGuide Index	https://store.msuextension.org/publications/HomeHealthandFamily/MT198300HR.pdf
Glossary of Estate Terms	http://store.msuextension.org/publications/FamilyFinancialManagement/MT200202HR.pdf
Probate in Montana	http://store.msuextension.org/publications/FamilyFinancialManagement/MT199006HR.pdf
Estate Planning	http://store.msuextension.org/publications/FamilyFinancialManagement/MT199508HR.pdf
Wills	http://store.msuextension.org/publications/FamilyFinancialManagement/MT198906HR.pdf
Last Instruction Letter	http://store.msuextension.org/publications/FamilyFinancialManagement/MT198904HR.pdf
Dying Without a Will	http://store.msuextension.org/publications/FamilyFinancialManagement/MT198908HR.pdf
Personal Representatives	http://store.msuextension.org/publications/FamilyFinancialManagement/MT199008HR.pdf
Settling an Estate	http://store.msuextension.org/publications/FamilyFinancialManagement/MT201004HR.pdf
Estate Planning for Pets	http://store.msuextension.org/publications/FamilyFinancialManagement/MT201405HR.pdf
Federal Estate Tax	http://store.msuextension.org/publications/FamilyFinancialManagement/MT199104HR.pdf
End of Life Registry	http://store.msuextension.org/publications/FamilyFinancialManagement/MT200602HR.pdf
Beneficiary Deeds	http://store.msuextension.org/publications/FamilyFinancialManagement/MT200707HR.pdf
Homestead Declaration	http://store.msuextension.org/publications/FamilyFinancialManagement/MT199815HR.pdf
Living Wills	http://store.msuextension.org/publications/FamilyFinancialManagement/MT199202HR.pdf
Using Check Register	http://store.msuextension.org/publications/FamilyFinancialManagement/MT198703HR.pdf
Powers of Attorney	http://store.msuextension.org/publications/FamilyFinancialManagement/MT199001HR.pdf
Developing Spending Plan	http://store.msuextension.org/publications/FamilyFinancialManagement/MT199703HR.pdf
Gifts	http://store.msuextension.org/publications/FamilyFinancialManagement/MT199105HR.pdf



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