



# HCU

member  
NEWSLETTER

## Home Remodeling: What Questions Should You Be Asking?

Thinking about renovating your home? Make sure you're prepared by choosing a well-liked and trusted contractor. Choosing the right contractor is the single most important decision that homeowners make on a remodeling project.

Here are five questions you should ask yourself, your contractor, and references if you decide to renovate your home:

1. Are we talking about the same thing? Make sure that you and your contractor are clear about cost estimates. Oftentimes, a contractor's concept of a "worst-case-scenario" cost can be different than yours. Always tell your contractor what your assumptions are.
2. Did you experience cost overruns? Talking to references is the best way to learn whether a contractor routinely underestimates projects, either out of optimism or as a ploy to get the job. Ask them, "I'm concerned that the price of my remodel will change a lot during the job. Was your final cost much higher than the quote?"
3. Did subcontractors view the job and provide estimates? A good contractor will get firm proposals from all the trade contractors. To do this, the trade contractors should visit the site with the general contractor before they provide their proposals and before the job starts.
4. Can you put that in writing? When the contractor creates a written contract with firm quotes from subcontractors, the final cost should only vary about 3% to 5%. The contract should specify that if things go wrong, the contractor will absorb any additional cost.
5. What's happening? Asking questions throughout the project is part of the homeowner's job. By talking to the plumber, you may learn that it's possible to turn a large linen closet into a laundry area at minimal cost, compared with the total price of getting the laundry out of the basement. Asking questions can also clarify other choices, especially when problems occur.

There will be problems and surprises, so it's good to know ahead of time how your contractor to them. Does he or she deliver solutions quickly and help you decide the best way to proceed?

If you're planning to remodel, ask the staff at Hometown Credit Union how a home equity loan could help you.

**OUR COMMITMENT TO OUR HOMETOWN COMMUNITIES MEANS SERVICE YOU CAN TRUST, WHEN AND WHERE YOU NEED IT MOST—WE'LL GO THE EXTRA MILE FOR YOU.**



## International Credit Union Day

This year's theme for ICU Day is Inspiring hope for a global community. On October 15, 2020, credit unions worldwide will be celebrating International Credit Union Day (ICU Day). Celebrated for the first time in 1948, this annual event raises global awareness for the credit union movement through outreach, volunteering, fundraising and other ICU Day-themed activities. Credit unions bring financial inclusion and a promising future to people all over the world, and ICU Day is a chance to spotlight and celebrate these achievements.

*Laugh a little*

Remember if you lose a sock in the dryer, it comes back as a Tupperware lid that doesn't fit any of your containers.

A mom texts, "Hi! Son, what does IDK, LY, & TTYL mean?" He texts back, "I Don't Know, Love You, & Talk To You Later." The mom texts him, "It's ok, don't worry about it. I'll ask your sister, love you too."

*and*

I can't clean my room because I get distracted with all the cool stuff I find.

# Tap Your Home's Equity

If you need cash to remodel your kitchen or bath, a home equity loan or home equity line of credit (HELOC) might be your best bet. These loans let you borrow money using the equity in your home as collateral. Unlike almost any other consumer loan type, the interest on a home equity loan or HELOC of \$100,000 or less is likely to be tax-deductible (\$50,000 if married filing separately).

With a home equity loan, you borrow a lump sum of money repayable over a fixed term, usually 5 to 15 years, giving you the security of a locked-in rate and a consistent monthly payment. A HELOC is much like a credit card or any other type of open-ended credit. You can borrow money as needed, up to the credit limit your lender assigns, by making a transfer into your checking account. At Hometown Credit Union, we offer a 5-year fixed rate on HELOC loans. The monthly payment amount may vary due to minimum interest only payments.

# Credit Cards: Pay More than Minimum for Faster Payoff

Minimum payments on credit cards are between 1% to 4% of the balance due. If you can afford higher payments each month, you'll benefit over the long haul. If you can't afford to pay this percentage of your balance, chances are you're in over your head.

Consider the example of a \$2,000 balance at 18% interest. If your minimum payment is 2% of the balance due each month, it will take you about 19 years to pay it off and you'll pay \$3,862 in interest. (A 2% minimum payment would start at \$40 and taper to \$25. Maintain the \$40 and you'll pay off the debt faster.)

If you're paying 4% of the balance due, you'll pay off the balance in seven years and four months and cut your interest costs to \$1,031. (A 4% minimum payment starts at \$80 and tapers to \$25.)

By paying 8% of the balance due, much more than minimum, it will take you three years and nine months to pay off, and you'll pay about \$433 in interest. (An 8% minimum payment starts at \$160 and tapers to \$25.) Remember, these calculations assume you add no more charges to the card.

Always pay at least the minimum amount due so you don't incur a late fee, and if possible, charge only as much as you can pay in full each month or within a few months. If you're paying high credit card rates elsewhere, check out Hometown Credit Union credit cards for consistent savings.

*"If you believe it'll work out, you'll see opportunities. If you don't believe it'll work out, you'll see obstacles." – Wayne Dyer*



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