



LEGAL AID SOCIETY OF PALM BEACH COUNTY

# 2019 Hardship Guide for Furloughed Federal Employees

## Mortgage lenders and financial institutions offer relief during Government Shutdown

**Here are some practice steps to take if you're at risk  
of falling behind on mortgage**

1. Cut all unnecessary spending and talk to your creditors. Account for every dollar going out. Look at canceling subscription services, recurring home maintenance services and vacation travel — at least until the shutdown (or your own cash crunch) is over. Learn about other ways to cut back on spending and how to create a budget. Additionally, monitor account balances and, if necessary, pay only the minimum on credit balances until your income is restored, says Mark Hamrick, Bankrate.com senior economic analyst. The Office of Personnel Management posted sample letters on its website that impacted employees can use to ask creditors for leniency on bill deadlines.

“Call and speak with creditors, such as auto loan providers or utilities, to see if they have flexibility on payments for temporary hardship cases,” Hamrick says. “While they will not likely forgive the debt, some creditors might be willing to allow a delay in payment.”

You'll still owe the money, but it might not be owed immediately — and that can improve near-term cash flow to pay for immediate basic needs, such as rent or mortgage, Hamrick adds.

3. Explore short-term, low-interest direct deposit loans. Some institutions are offering “furlough” loans for clients who have their paychecks deposited directly into a checking or savings account. These loans don't require credit checks and are often for a limited amount at a low interest rate. Contact your bank or credit union directly to inquire whether this is an option.

4. Tapping an open home equity line of credit, or HELOC. If you already have a HELOC and are still in the draw period, you could pull out cash from your available line to make your mortgage payment. The average interest rate for a HELOC is 6.52 percent and 5.88 percent for a home equity loan, according to Bankrate.com data. That's much lower than the average interest rate on credit cards at 17 percent or more.

5. Be cautious about using credit cards or borrowing from retirement and 401(k) accounts. If you've exhausted all other options, paying for your rent, mortgage or other bills with a credit card can get you by if it's an accepted form of payment. However, you don't want to rely too heavily on credit cards because you'll pay much higher interest rates than other forms of borrowing, making credit cards harder to pay off as interest piles on.

You may need to turn to your long-term savings and investments for emergency cash. However, you should do so with extreme care. Roth IRA holders may withdraw their own contributions — not earnings — without tax or penalty. But traditional IRA holders will pay income taxes and a 10 percent penalty on the taxable amount if you're under age 59 1/2.

The IRS reports that 401(k) holders can borrow up to half of their account balance (a maximum of \$50,000) tax-free, but funds must be repaid within five years in most cases. The catch is that you have to stay with your current employer for the duration. If you lose your job, you'll have 30 to 60 days to repay the loan or face penalties.

Since these options can severely disrupt your retirement plans, consider them as a last resort. Before pulling funds from any long-term investment, read the fine print and consult your attorney, tax adviser or/or accountant.

For many Americans, credit card bills represent a significant portion of monthly expenses, and if you're currently being impacted by the federal government shutdown, aside from your rent or mortgage, your next big concern may be how you're going to pay credit card bills. There are a few things to consider:

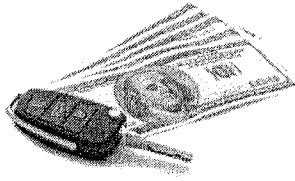
### **Making Credit Card Payments**

1. Credit card payments should not take priority over paying home loans, auto loans and student loans. Cars can be subject to repossession and homes can be foreclosed on, whereas the consequences will be less severe for not paying a credit card payment on time.
2. Ask your credit card company about grace periods. Many card companies do offer grace periods for people who are in a financially difficult situation, so you may have a few more days to pay before you're stuck with big penalties.
3. Contact your credit card company about reducing your minimum payments for a period of time. Explain to them it's the result of the government shutdown. Many credit card companies are happy to work with borrowers, if they're forthcoming about the situation and take steps to fix it.
4. Another option for dealing with credit card debt is to open a new card with a lower interest rate, and transfer the balance of your other cards. This may help you consolidate your debt and pay less money in interest rates.



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### **Dealing with Other Financial Issues**



As well as these major payments, there are other issues that may arise during this time. One payment many people have to contend with is an auto payment. If you feel you won't be able to make this payment on-time, contact your lender well in advance and discuss loan modification and financial hardship programs that may be available. Every financial institution is different, so ask what the best option is for your situation.

If you're not being paid during this time, you can also save money and pay other bills by taking advantage of local community-based resources that provide food, such as food banks and local churches. These are organizations that are designed to help people in emergency situations, including a government shutdown. If you have children, you may want to consider taking advantage of WIC, which is a federal program that provides food to families in need.

For anyone who's affected by the shutdown, it's also important to develop reasonable household budgeting options that will address the situation. It's a good time to scale back on unnecessary expenses, and consider cutting monthly bills, such as cell phone bills, cable bills and internet bills. Contact your service providers to discuss cutting options from your plans that are unnecessary. While this may be a temporary solution, you could find that it's something that will benefit you even after the government shutdown is over.

**Space Coast Credit Union is giving government contractors the option to apply for a one-year, 0 percent interest loan equal to a month's pay. Launch Federal Credit Union is also offering a 12-month, interest-free loan for up to \$3,000.**

### **Student Loans**

Though most student loan borrowers aren't impacted by the shutdown, those who belong to the group of government workers that are furloughed and not receiving a paycheck may be struggling to make their monthly payments.

The Department of Education advises borrowers for whom that's the case to contact their student loan servicer to discuss their repayment options.

Adam Minsky, a Boston-based student loan lawyer, suggests government workers who are furloughed and on an income-driven plan apply to have their monthly

payments reduced based on their changed circumstances. If possible, they should resist entering a forbearance — a temporary status that pauses payments, but where interest accrues.

Entering forbearance could **wind up costing borrowers more** in the long run both because interest capitalizes at the end of a forbearance period and because any time spent in forbearance delays progress towards Public Service Loan Forgiveness, which allows borrowers working in public service, including for the federal government, to have their loans forgiven after at least 10 years of payments.

### **Car Loans**

Since the shutdown began, Chase has worked on an individual basis with affected customers with car loans, credit cards and mortgages.

“We want to make sure all our auto customers know to call us if they need help because of the government shutdown,” said Mark O’Donovan, CEO of Chase Auto. “We often can extend or defer payments on our loans and leases.”

Chase encourages customers to call to discuss certain hardship programs if they are employees of a U.S. federal agency and their income is affected by the shutdown. They should call the special care line at 1-888-356-0023.

Since December 24, Chase has automatically refunded overdraft and monthly service fees on Chase checking and savings accounts that had direct deposit of federal government paychecks

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### **Take Advantage of Tax Breaks**

Regardless of your situation, if you’re unemployed or have been unemployed, you may be eligible to take advantage of some tax breaks. For example, out-of-work job seekers can deduct a number of expenses, from what is spent traveling to interviews, to the costs of printing resumes. Also, the IRS offers a grace period for unemployed individuals that allows them to have extra time to pay their taxes without penalties. Also, if you turned to freelancing or working for yourself to make extra money during this time, you can deduct expenses associated with self-employment, such as your home office or the cost of certain meals.

As well as grace periods, the IRS is also providing tax payers with the opportunity to spread out their payments in more manageable installments. If you’re worried about

your ability to pay your taxes, the IRS will work with you to create a payment plan, as long as you're proactive and express your interest to work with them.



If you are a federal employee residing in Palm Beach County and impacted by the government shutdown, help is one phone call away. FOR QUESTIONS REGARDING:

1. LANDLORD TENANT
2. MORTGAGE FORECLOSURE
3. CONSUMER LAW (STUDENT LOANS, CREDIT CARDS, AUTO LOANS)
4. PUBLIC BENEFITS (FOOD STAMPS & UNEMPLOYMENT BENEFITS)

**Please call the Legal Aid Society of Palm Beach County, Inc. 561-655-8944 EXT. 325.**

Produced by:  
**Vickers House**  
**Housing & Community Services**  
**City of West Palm Beach, FL**

This list is provided from identified resources. This list does not imply that these resources are the only ones available, nor does imply that all services listed will be available at time of call! Please contact the Vickers House staff at (561) 804-4970 or (561) 804-4975 if any of the information listed below proves to be inaccurate or changed. Thank you for your help keeping us up-to-date.

Last Updated: January 3, 2017

## RENT AND UTILITIES ASSISTANCE

<b>Adopt-A-Family</b> 253-1361 <b>(Rent) *must have minor children*</b> 1712 2 <sup>nd</sup> Avenue North Lake Worth, FL 33460	<b>Farm Workers Coordinating Council</b> 533-7227 <b>of Lake Worth</b> <b>(Rent / Utilities) (Field &amp; Nursery workers only)</b> 1313 Central Terrace Lake Worth, FL 33460
<b>Catholic Charities</b> 345-2000 <b>(Rent/Utilities)</b> 100 West 20 <sup>th</sup> Street Riviera Beach, FL 33404	<b>Human Services</b> 845-4644 or <b>(Rent / Utilities)</b> (561) 274-3130 South 1440 Martin Luther King Blvd (561) 996-1630 Glades Riviera Beach, FL 33404
<b>Community Caring</b> 364-9501 <b>(Rent / Utilities)</b> 145 NE 4th Avenue Boynton Beach, FL 33425	<b>Salvation Army</b> 686-3530 <b>(Rent)</b> 2100 Palm Beach Lakes Blvd West Palm Beach, FL 33409
<b>Community Action – Lake Worth</b> 694-5418 <b>(Utilities)</b> 1699 Wingfield Street Lake Worth, FL 33460	<b>Salvation Army</b> 968-8189 <b>(Utilities)</b> 4051 Kirk Road Lake Worth, FL 33461
<b>Community Action – Riviera Beach</b> 845-4670 <b>(Utilities)</b> 1440 Martin Luther King Blvd, Riviera Beach, FL 33404	<b>Urban League – West Palm Beach</b> 833-1461 <b>(Rent)</b> 1700 North Australian Avenue West Palm Beach, FL 33407
<b>Community Action – West Palm Beach</b> 355-4792 <b>(Utilities)</b> 810 Datura Street West Palm Beach, FL 33401	<b>Vickers House - Utilities</b> 804-4970 <b>*Seniors over 62 years old</b> 804-4975 811 Palm Beach Lakes Blvd West Palm Beach, FL 33401 <i>*West Palm City Limits Residents Only*</i>
<b>Division of Senior Services – L.W. area</b> 357-7100 <b>Emergency Home Energy Assistance Program</b> <b>(Utilities: Electricity) Seniors over 60 years old</b> 3680 Lake Worth Road – FPL final notice required Lake Worth, FL 33460	<b>Volen Emergency Fund for Seniors</b> 395-8920 <b>*Seniors over 60 years old</b> 1515 W Palmetto Park Rd Boca Raton, FL 33486
<b>Division of Senior Services –WPB area</b> 355-4746 <b>Emergency Home Energy Assistance Program</b> <b>(Utilities: Electricity) Seniors over 60 years old</b> 810 Datura Street, Suite # 300 FPL final notice required West Palm Beach, FL 33401	<b>Lewis Center</b> 904-7900 <b>Homeless</b> 1000 45 <sup>th</sup> Street West Palm Beach, FL 33407

## List of Food Pantries- West Palm Beach

Name	Address	Notes
True Fast Outreach Center (561) 594-9309	638 6 <sup>th</sup> Street West Palm Beach	<ul style="list-style-type: none"> <li>• Food Pantry- Sign up Thurs 9-11am only</li> <li>• Hot Meal- served on Tuesday 7-9 pm, Sunday 2-4 pm</li> <li>• Bus Passes- Monday, Wednesday , Thursday, &amp; Friday 9am- 4pm</li> </ul>
St. Ann's Church (561) 832-3757	310 N. Olive Ave West Palm Beach	<ul style="list-style-type: none"> <li>• Food Pantry on 2<sup>nd</sup> St off Olive</li> <li>• Thursday &amp; Friday 12:45- 2pm</li> </ul>
New Bethel Methodist Church (561) 805-7708	2107 N. Dixie Hwy. West Palm Beach	<ul style="list-style-type: none"> <li>• Thursday 11am-12pm</li> </ul>
Westgate Tabernacle Church (561) 471-9309	1722 Suwanee Dr. West Palm Beach	<ul style="list-style-type: none"> <li>• Everyday 7am-10pm</li> </ul>



CHILDREN

- Bridges at Lake Worth.....561-649-9600
- Palm Beach County Youth Services (*summer camp, free counseling, parenting*)..... 561-242-5700

COUNSELING

- Center for Family Services.....561-616-1222
- Center for Group Counseling.....561-483-5300
- South County Mental Health.....561-495-0522

DISASTER RELIEF

- American Red Cross.....561-833-7711

FAITH ORGANZATIONS (Ind./Family)

- Catholic Charities.....561-775-9560  
(*counseling, immigration/refuge, Rent, utility, screening for food stamps and Medicaid, Benefit Enrollment, food, transportation*)
- Ruth Rales Jewish Family Service.....561-852-3333  
(*Kosher meals, counseling, senior housing, special needs adults*)
- Salvation Army.....Boca: 561 391-1344..... Lake Worth: 561-968-8189.....WPB 561-686-3530  
(*Emergency Assistance, Counseling, Partial Payment of Utility Bills, Rent & Mortgage Assistance, Emergency Food, Clothing Vouchers, Assistance getting Food Stamps & Healthcare benefits*)
- Spanish River church.....561-994-5000
- St. Joan of Arc.....561-962-6000
- St. Vincent De Paul.....561-697-9699

FOOD

- Boca Helping Hands (*hot lunches on site, pantry bags*).....561-417-0913
- CROS Ministries (*Delray area, hot meals, food pantry*).....561-233-9009
- 211
- Food Stamps.....(\*1072)..561-642-1000

HEALTH CARE & INSURANCE

- Caridad.....561-767-6336
- Health Care District.....561-274-3100
- Medicare.....800-633-4227

HOMELESS

- Lewis Center.....561-904-7900  
(*Families: must call Lewis Ctr, ID yourself as a family, they send message to Adopt A Family*)