

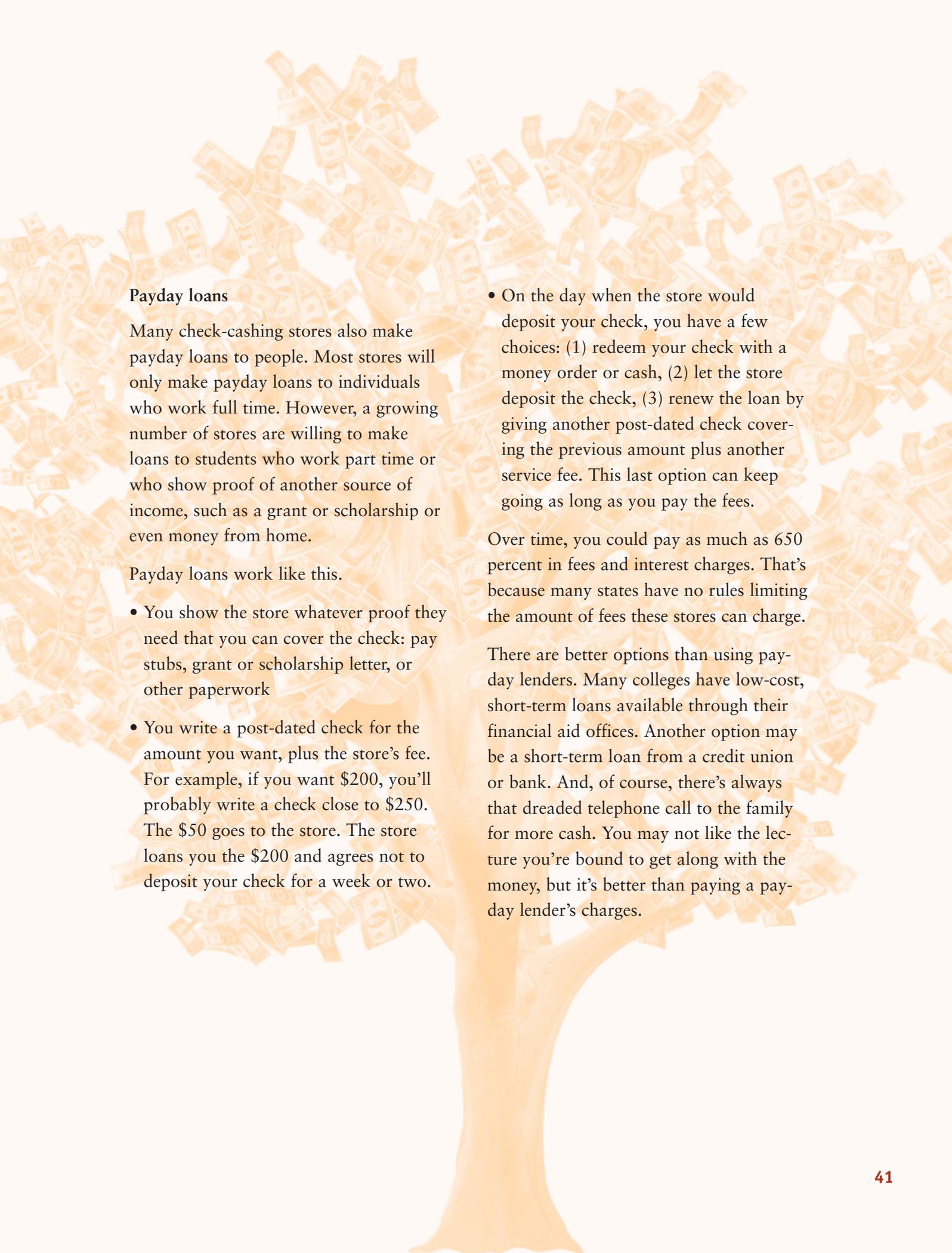
## Avoiding expensive, easy fixes

You have probably seen ads for check-cashing stores, payday loans, and rent-to-own stores. You may be intrigued by the services they offer. But these short-term money fixes will cost you big bucks.

## Check-cashing stores

Check-cashing stores charge a fee for cashing checks. Often, it is as much as 3 to 4 percent (\$3 or \$4 for every \$100). This may not sound like much at first, but if you regularly cash checks at one of these stores, it could cost you several hundred dollars (or more) each year. A better option for you is to have a checking account at a bank or credit union. These financial institutions cash checks from customers for free.





## Payday loans

Many check-cashing stores also make payday loans to people. Most stores will only make payday loans to individuals who work full time. However, a growing number of stores are willing to make loans to students who work part time or who show proof of another source of income, such as a grant or scholarship or even money from home.

Payday loans work like this.

- You show the store whatever proof they need that you can cover the check: pay stubs, grant or scholarship letter, or other paperwork
- You write a post-dated check for the amount you want, plus the store's fee. For example, if you want \$200, you'll probably write a check close to \$250. The \$50 goes to the store. The store loans you the \$200 and agrees not to deposit your check for a week or two.

- On the day when the store would deposit your check, you have a few choices: (1) redeem your check with a money order or cash, (2) let the store deposit the check, (3) renew the loan by giving another post-dated check covering the previous amount plus another service fee. This last option can keep going as long as you pay the fees.

Over time, you could pay as much as 650 percent in fees and interest charges. That's because many states have no rules limiting the amount of fees these stores can charge.

There are better options than using payday lenders. Many colleges have low-cost, short-term loans available through their financial aid offices. Another option may be a short-term loan from a credit union or bank. And, of course, there's always that dreaded telephone call to the family for more cash. You may not like the lecture you're bound to get along with the money, but it's better than paying a payday lender's charges.

### Rent-to-own

Rent-to-own stores provide items, such as furniture or appliances, for rent. Part of each rent payment goes toward buying the item. Be careful of such offers—by the time you have paid enough rent to buy the item, you will have paid three to 10 times as much as the item really costs.

Not convinced? Let's say you and your roommate want a TV. The TV costs \$400 at a department store, but you don't have that much cash. Instead, you and your roommate agree to a rent-to-own plan for the same TV. This is what your \$400 TV could cost you:

Weekly rental	$\$15.95 \times 78 \text{ weeks}$	=	\$1,244.10
5% sales tax	$80¢ \times 78 \text{ weeks}$	=	\$62.40
Delivery fee	\$10.00 (once)	=	\$10.00
Total cost of rent-to-own TV			\$1,316.50

A better option would be to save until you can buy the item or buy a used TV and pocket the savings for school.





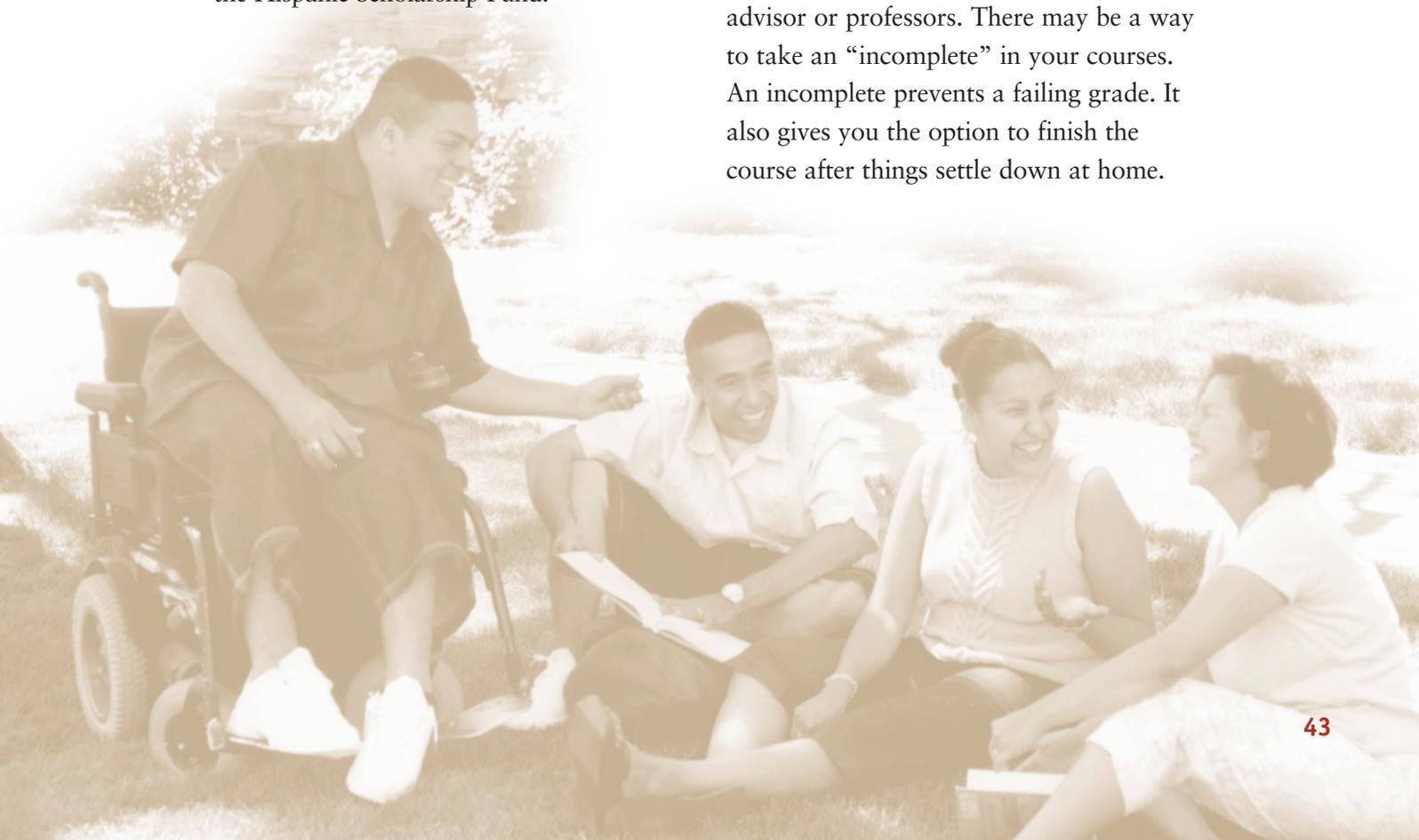
## Not giving up

It's common for college students to hit a few money bumps. Try not to panic if this happens to you. It does not mean that you must drop out of school. Before making any decisions, consider these options:

- Repeat any financial aid strategies that worked for you in the past.
- Check with your school's financial aid office about help for students in this situation.
- Search for scholarship opportunities in your field of study that target students beyond the freshman year.
- Touch base with funding groups, such as the Hispanic Scholarship Fund.

- Look into a better-paying part-time job or ask for a raise at your current job.
- Ask family members for a short-term loan until you get back on your feet. Then, show how responsible you are becoming by repaying this temporary loan.
- Look into temporarily attending school part time to lower your costs and increase the amount of time you have available to work and earn money.
- Check out additional student loan options, as a last resort.

You also may face a family situation where you are needed at home. Before you miss too many classes or get behind in your coursework, you may want to talk to your advisor or professors. There may be a way to take an “incomplete” in your courses. An incomplete prevents a failing grade. It also gives you the option to finish the course after things settle down at home.



# YOUR RIGHTS

## Your rights and responsibilities on campus

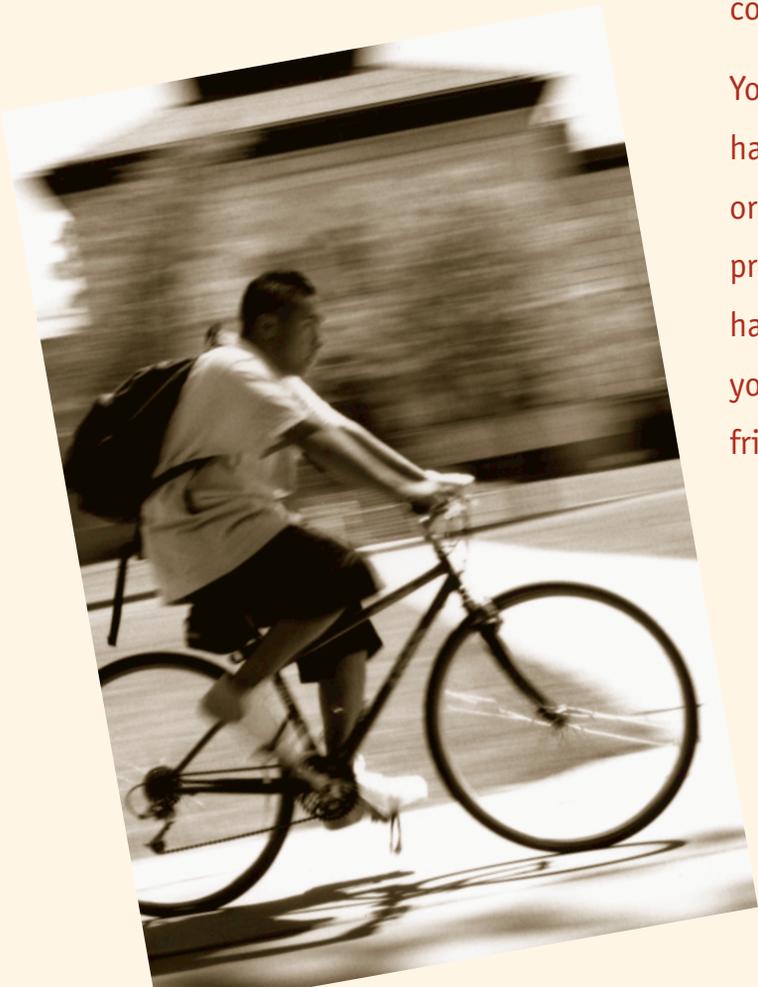
Rules on campus may be confusing at first. It helps to read student handbooks you get at orientation. Don't be afraid to ask questions about things you don't understand. Take the time to learn the ins and outs of college systems, including transcripts, grade reports, and financial aid.

Check everything you receive to be sure your name is spelled correctly, your student ID number is right, etc.

It's your job to make sure that campus computer systems accurately track your course schedule, class credits, and grades. Sometimes mistakes are made. Students find and then request corrections as needed.

In addition, know your rights on campus. For example, you always have the right to see your official transcript and other documents. Check out the procedures for filing grievances or correcting errors in college records.

You also have the right not to be harassed or harmed by faculty, staff, or other students. Find out what the procedures are for reporting any harassment or crimes on campus. Be your own advocate, and help your friends do the same.



## Rosa Armendariz, Program Associate in Higher Education

# PROFILE

Rosa Armendariz, 27, is a 1997 graduate of Stanford University. Her immigrant parents focused on education as she grew up. “I don’t remember what it was that I heard or what filtered through,” she says. “I always knew that I wanted to go to college.”

Growing up, Rosa dreamed of being a spokesperson and political leader for Hispanics. She realized that there were other paths to advocacy during college. Today, she works for a private foundation in California that focuses on college diversity and access for under-represented students.

“Let your dreams ride,” Rosa says. “Let them take you where you need to go.”

In addition, Rosa encourages students to consider all schools, even private ones. “You automatically think you can’t afford it,” she says. “Apply anyway and then see what your options are.”

She points out that private colleges often give more financial aid than others, making them more affordable than people think. She also tells students to not be afraid of student loans. “It’s a worthy investment. You will be able to pay off your loans,” she says. “But, apply for scholarships first!”

