

CONSUMER BEAT Credit (Part I): How To Get It

Could we possibly imagine a world without credit? Whether we are buying furniture, a car or a house in monthly instalments, or whether we are paying for meals, theatre seats or clothing with credit cards - it's all credit. And most of us take it for granted.

We should not. Credit is a privilege and a responsibility. Many people can't get it, and many can't keep it. And many people have it but can't really afford it. Like everything else, credit costs money, and we have to budget for it.

Advantages and disadvantages

In a way, credit is like fire: handled properly, it can give us great benefits; handled foolishly, we invite disaster.

Used wisely and responsibly, credit can enrich our lives. It allows us to get a better education, or buy that house when it is needed, or just generally improve our standard of living.

Used carelessly or irresponsibly, credit can lead to severe financial problems. If we overextend our ability to pay, if we have too many credit card payments outstanding, if we don't have enough money left over from our paycheck to pay our

monthly loan instalments, we can be in deep trouble.

Credit is a temporary replacement for money, and it allows us to buy goods and services as we need them, without having to wait to save enough money for them. We cannot often afford to pay cash for unexpected emergencies (such as illness or replacing a furnace) or for major purchases (such as a house, a car, or appliances) or services (such as home repairs). In addition, credit cards allow us to go shopping without carrying large sums of money.

However, easily available credit can encourage us to live beyond our means. We may spend more than we can afford to pay back. When we buy too many things on credit, we may have to pay off the amount in small monthly instalments which, in turn, cost us a lot of money in interest. And when we use retail store credit accounts, we may forget to compare prices for better value because it is so simple to buy everything in one store.

Evaluating the advantages and disadvantages of credit is half the battle in using credit wisely.

As with most other purchases, shopping around helps

us find the best possible credit terms.

We pay for the use of credit with interest charges, and these charges can vary from one source to another, depending on the degree of risk involved, the cost of money at that particular time, and other factors.

Credit is available in the form of charge accounts, credit cards and loans. We can apply at banks, credit unions, trust companies, consumer loan companies, finance companies, credit card organizations, and retail stores for the form of credit most useful for our purpose.

Be sure to compare interest rates and other terms of credit agreements and services before you make a decision.

Your credit worthiness

In order to reduce the risks involved in lending money, credit-granting agencies try to determine your credit worthiness by looking for signs of stability and responsibility, based on your promise and ability to repay the amount you borrow.

Your ability to obtain credit in any form depends on your credit record based on what creditors traditionally call the three Cs:

Character - a sincere attitude towards repayment of your loan or account based on your previous financial record;

Capacity - includes employment record and ability to pay instalments from current income;

Collateral - that's what you own that is worth more than the debt, such as life insurance, savings, car, equity in a home or household goods.

After an initial written application, your credit worthiness may then be determined by personal interview, or by a point scoring system.

Most credit grantors, however, no longer use the personal interview for evaluating your information. The more impersonal and probably fairer system of credit point scoring is used widely today. This new system eliminates a credit grantor's personal likes and dislikes towards an applicant.

Credit point scoring evaluates credit applicants according to points assigned for certain characteristics, such as occupation, employment, stability of employment, res-

idence (owned, or rented), and other credit references (credit cards, loans, savings and checking accounts - ad-su on). The total point score is considered an indicator of the applicant's credit worthiness.

Your credit record
From the first time you use credit, a credit bureau maintains a record of most of your

credit transactions. Whenever you apply for any form of credit anywhere, your potential credit grantor may have the information of your credit application verified through a credit bureau or credit reporting agency which collects such information. This verification then helps the credit grantor decide whether or not to extend credit to you.

It is, therefore, in your own best interest to keep your credit record favorable by using credit wisely and by repaying your debts promptly.

Under The Consumer Reporting Act, you have the right to review your credit record (also called credit rating). Check your local telephone

book for the credit bureau nearest you and set up an appointment to review your file. To find out what information may be reported and how it may be used, ask for your free copy of *The Consumer Reporting Act*, and how it helps you, at the Consumer Information Centre (see address below).

This is the first of a four-part series excerpted from the booklet, *The facts about credit and you*, available free from the Consumer Information Centre, Ontario Ministry of Consumer and Commercial Relations, 555 Yonge St., Toronto, M7A 2H6. Telephone (416) 963-1111, collect calls accepted.

Heating with Wood Yet?

By: A. St. Germain
President
Canadian Wood Energy Institute

Comparison of Average Annual Home Heating Costs

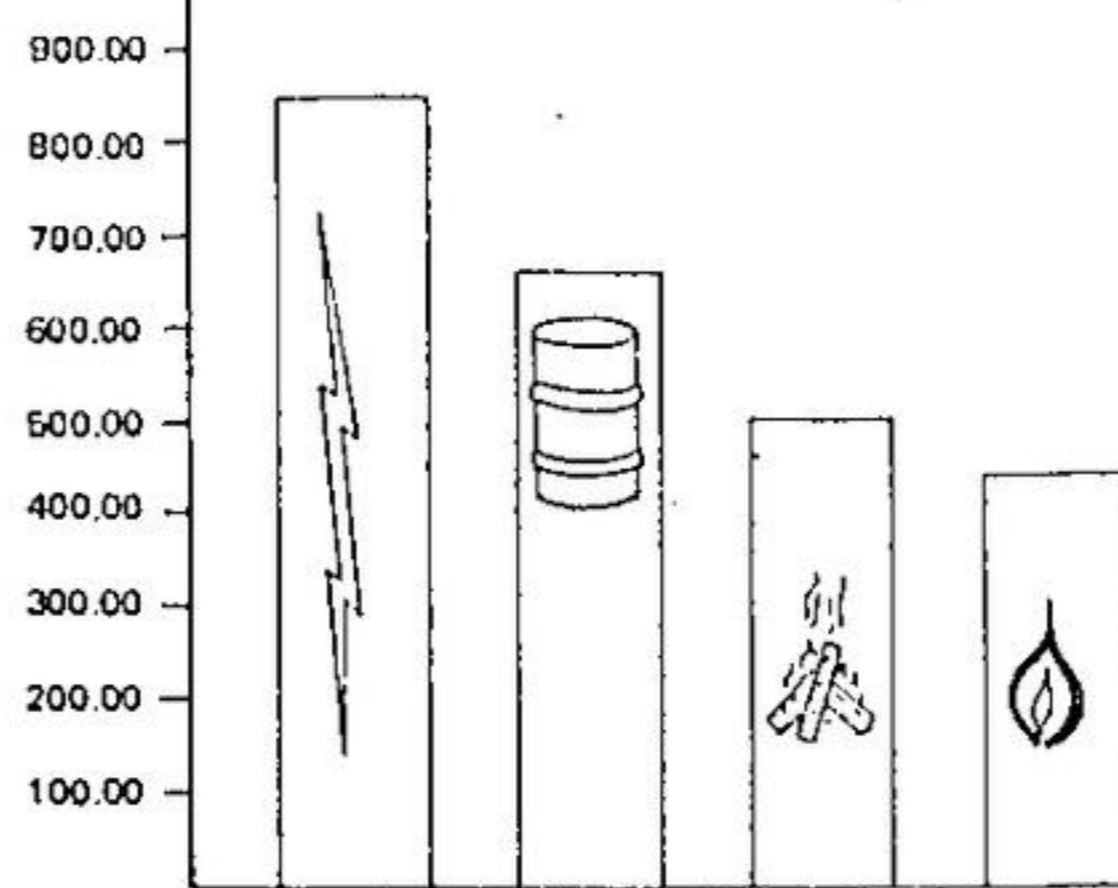


Chart is based on fuel consumption for an average Orillia home and the prevailing fuel prices in August 1980. Note that oil and gas prices are expected to again rise in October of this year.

Some 40% of Vermont homes are using wood as their main source of heat. Yet only 8% of Canadians are said to be using wood as their main source of heat, although many more people will be using wood each winter to cut down on increasing oil and electric fuel bills.

Why heat with wood? The savings over the use of oil or hydro are obvious. Wood is also a renewable energy source that will reduce future requirements of non-renewable natural resources - oil or gas.

One more reason to heat with wood - it's safe, pleasant heating. You don't hear that oil burner or gas burner cut in and out. You get steady heat and far less dryness and static electricity.

But wood must be available at a reasonable price, seasoned, stored and hand fed into a heater or furnace. Ashes have to be removed. Also, if you are away you will still need a stand-by oil, gas or electric heating system.

Remember, throwing logs into an open fireplace is not heating with wood. 85% of that beautiful heat is going straight up the

chimney. However, many improvements in wood heating appliances as well as new types of equipment have been introduced to the market.

Most modern wood heating appliances today are thermostatically controlled and many will allow burning periods of up to 12 hours with one fill of wood. Some are also combination units which allow the householder to have the combination of wood/oil or wood/electric furnace in one unit. With two thermostats, if the fire from wood dies down, the conventional fuel furnace takes over.

When buying wood look beyond the cost. The type of wood and whether it is seasoned and how it's cut and whether delivery is included are all factors. A standard cord of wood will measure 4' x 4' x 8' or 128 cubic feet and seasoned hard woods make for a better fuel.

For details on cost comparisons, wood BTU ratings, or additional information write: Home Heating, Hunter Enterprises Orillia, Ltd., P.O. Box 400, Orillia, Ont. L3V 6K1.

Standing Pilgrims
During their pilgrimage to Mecca, Muslims stand on the Plain of Arafat and pray from noon until sundown, says National Geographic. Pilgrims rest up the day before at a nearby village for this day of "standing," the high point of their ritual.

Freshen Disposal
When you have grated the peel and juice of a lemon, don't discard it. Use it one more time by grinding it up in your garbage disposal. It will give the disposal a clean, fresh aroma.

Use Soon
You can leave fruits and fruit juices in opened tin cans if you cover and store them in the refrigerator. But use them within two or three days after opening.

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