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Home Improvements Start With Some Financial Spring Cleaning

Before you can get your house in order, you should do some financial spring cleaning.

Spring is a time of year many people associate with a fresh start. As the mercury rises, so, too, does people' enthusiasm for clearing away a year's worth of clutter, be it filtering a closet full of clothes or finally getting around to cleaning up the garage. Others want to renovate their homes and tackle larger projects. But a much as you might want to start building that deck you've always wanted or finally get cracking on remodeling your kitchen, clearing away the financial clutter is an important step to take before you embark on the journey of home repair.

Managing your finances might seem a bit more dauntir to you than organizing the garage. That's why companies like Novadebt, a New Jersey-based nonprof social services agency, can work with you on an individual basis, mapping out a financial course of actio depending upon your situation and needs. The compar can also help you in repaying any debt you might have and also educate you in how to avoid future debt.

The best way to start any home-improvement project doesn't involve hammers, nails, drywall or even contractors. Instead, focus on proper money management, which may afford you some extra funds for desired home-improvement projects. For those suffering from large, moderate or even small amounts of debt, Novadebt offers these tips for money management that should ensure you can create the home of your dreams and still have enough money left to enjoy it.

• Take a moment to reflect on your finances — which habits work for you, which don't and what you can change for the future to ensure your financial freedom?

• Set goals. Make sure they are specific, measurable, achievable, relevant, and time-bound.

• Open a savings account and commit to making a regular deposit in the account monthly.

• Deal with debt. Increase the payment being made to creditors. Take a look at transferring balances on any credit cards to lower interest rate accounts. Speak with a credit counselor about how to best approach your individual financial situation.

• If you don't already have a budget, take the time to develop one that fits the needs of the household. If you already have a budget take a look at it again and re-evaluate spending and income, carry a book or notepad with you for a month. Log every purchase to help focus your mind on budgeting and help you reduce the amount of unnecessary purchases you make.

Once you've gotten yourself back on track and are ready to begin focusing on home improvements, it's important to learn from any past mistakes you might have made. Many debtors don't find themselves in debt because of the price tags of things they have bough Rather, interest rates established by creditors are what hurt debtors the most. That said, it's important before you begin any large home improvement projects that will require you to borrow money that you understand interest rates and how to make them work fc you.

"It's imperative that people know what can happen to them as the rates continue to rise and how to avoid becoming victims of a lack of foresight," says Sandy Shore, Senior Counselor at Novadebt. Rising interest rates are a chief reason why Shore and her associates expect personal bankruptcies and foreclosures to rise sharply in coming years.

The chief problem many borrowers face is a spike in interest rates that can suddenly make "cheap" borrowed money more "expensive -- leaving many borrowers in a surprising amount of debt. For instance, in one recent year, 11.2 million people took advantage of lov interest rates and refinanced their homes, leaving many of them in a "cash rich" position.

Unfortunately, rather than using the money borrowed at a low rate to pay off money previously borrowed at a higher rate (credit cards, etc.), most borrowers bought consumer items. When the rates spiked, many were left owing more money than they had originally expected to.

Such a position is one many homeowners cannot afford to find themselves in, meaning they must seek ways to protect themselves should interest rates begin to rise. Shore offers these suggestions for those people thinking of borrowing money to finance home improvements or other needs:

• Try to lock in a fixed rate on any debts rather than accept a variable rate. This includes adjustable rate mortgages and any new credit cards you might apply for that are tied into an index. Be sure you know about any penalties and other costs before you sign on the dotted line.

• If you have substantial credit-card debt, try to make larger payments so the principal is reduced. That way, if the interest rate goes up, the amount of the increase you feel in actual dollars will be less.

• Don't lock savings up in fixed-rate instruments with long maturities. Also, if you have savings that are currently earning a low rate interest, consider using some of them to pay off high interest rate debt.

Home improvements can be a wonderful way to both increase the value of your home and the pride you take in it. But before you sig off on anything, remember proper money management is the best first step. To learn more about managing your finances, contact

Novadebt by calling (800) 992-4557 or visiting www.novadebt.org.

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