

Special **Consumer** **Information** **Report**

This report contains timely articles divided among the following sections:

CREDIT RELATED ALERTS and WARNINGS for CONSUMERS

FACTS for CONSUMERS

FISCAL FITNESS

CREDIT REPORTS SECTION

IDENTITY THEFT

Special Consumer Information, Alerts, and Warnings

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NOTICE

The best selling e-book called "32 Ways to Quickly Stop Foreclosure" has been revised in 2008 to include changes in the foreclosure process.

Introduction

Thank you for taking the time to review the important information that follows. It is critical that Americans take charge of their financial well-being before someone else takes advantage of their trusting nature.

You have taken the first step to make your financial future the best it can be by reading and using the tips presented in this e-book. This material was developed by authors that worked for the Federal Trade Commission as part of an effort to address the more common but also more serious of day-to-day financial issues that affect consumers.

As you can see from the Index above, you will have the opportunity to review 58 articles spanning 160+ pages that relate specifically to:

CREDIT RELATED ALERTS and WARNINGS for CONSUMERS
FACTS for CONSUMERS
FISCAL FITNESS
CREDIT REPORTS SECTION
IDENTITY THEFT

The text has been presented in a Question/Answer format so you can look for a topic in the index that specifically relates to a question or incident that you need help with. The direct contact for the Federal Trade Commission (FTC) is listed in the text for your convenience and if you need additional help for fraud crimes, you should contact the local authorities in your city.

If you should need specific referrals to vendors that may be helpful to selling a home, do-it-yourself credit repair, foreclosure issues, or general financial well-being, visit our website at www.DaveDinkel.com

Again congratulations for taking the first step in improving your financial well-being and insulating yourself from potential consumer fraud.

Regards,

Dave Dinkel, President
Homeowners United, Inc.
www.StopMyForeclosureMess.com
www.FSBOAutoPilot.com

P.S. *“We strongly believe the information in this text is critical to the financial well-being of all Americans who in any way deal with finances- virtually ALL Americans. So please pass this text along to any and everyone who you care about. There is no cost or obligation on your part, but we do request that you do not make any changes to the text or take credit for any material in it”.*

CREDIT RELATED ALERTS and WARNINGS for CONSUMERS

Advertisements Promising Debt Relief May Be Offering Bankruptcy

Washington, D.C. — Debt got you down? You're not alone. Consumer debt is at an all time high. What's more, record numbers of consumers — more than 1.5 million in 2004 — are filing for bankruptcy. Whether your debt dilemma is the result of an illness, unemployment, or simply overspending, it can seem overwhelming. In your effort to get solvent, be on the alert for advertisements that offer seemingly quick fixes. While the ads pitch the promise of debt relief, they rarely say relief may be spelled b-a-n-k-r-u-p-t-c-y. And although bankruptcy is one option to deal with financial problems, it's generally considered the option of last resort. The reason: its long-term negative impact on your creditworthiness. Bankruptcy information (both the date of your filing and the later date of discharge) stays on your credit report for 10 years, and can hinder your ability to get credit, a job, insurance, or even a place to live.

The Federal Trade Commission (FTC) cautions consumers to read between the lines when faced with ads in newspapers, magazines or even telephone directories that say:

“Consolidate your bills into one monthly payment without borrowing.”

“STOP credit harassment, foreclosures, repossessions, tax levies and garnishments.”

“Keep Your Property.”

“Wipe out your debts! Consolidate your bills! How? By using the protection and assistance provided by federal law, for once, let the law work for you!”

You'll find out later that such phrases often involve filing for bankruptcy relief, which can hurt your credit and cost you attorneys' fees.

If you're having trouble paying your bills, consider these possibilities before considering filing for bankruptcy:

Talk with your creditors. They may be willing to work out a modified payment plan.

Contact a credit counseling service. These organizations work with you and your creditors to develop debt repayment plans. Such plans require you to deposit money each month with the counseling service. The service then pays your creditors. Some nonprofit organizations charge little or nothing for their services.

Carefully consider a second mortgage or home equity line of credit. While these loans may allow you to consolidate your debt, they also require your home as collateral.

If none of these options is possible, bankruptcy may be the likely alternative. There are two primary types of personal bankruptcy: Chapter 13 and Chapter 7. Each must be filed in federal bankruptcy court. As of April 2006, the filing fees are \$274 for Chapter 13 and \$299 for Chapter 7. Attorney fees are additional and can vary.

The consequences of bankruptcy are significant and require careful consideration. Other factors to think about: Effective October 2005, Congress made sweeping changes to the bankruptcy laws. The net effect of these changes is to give consumers more incentive to seek bankruptcy relief under Chapter 13 rather than Chapter 7. Chapter 13 allows you, if you have a steady income, to keep property, such as a mortgaged house or car that you might otherwise lose. In Chapter 13, the court approves a repayment plan that allows you to use your future income to pay off your debts during a three-to-five-year period, rather than surrender any property. After you have made all the payments under the plan, you receive a discharge of your debts.

Chapter 7, known as straight bankruptcy, involves the sale of all assets that are not exempt. Exempt property may include cars, work-related tools, and basic household furnishings. Some of your property may be sold by a court-appointed official — a trustee — or turned over to your creditors. The new bankruptcy laws have changed the time period during which you can receive a discharge through Chapter 7. You now must wait eight years after receiving a discharge in Chapter 7 before you can file again under that chapter. The Chapter 13 waiting period is much shorter and can be as little as two years between filings.

Both types of bankruptcy may get rid of unsecured debts and stop foreclosures, repossessions, garnishments and utility shut-offs, and debt collection activities. Both also provide exemptions that allow you to keep certain assets, although exemption amounts vary by state. Personal bankruptcy usually does not erase child support, alimony, fines, taxes, and some student loan obligations. Also, unless you have an acceptable plan to catch up on your debt under Chapter 13, bankruptcy usually does not allow you to keep property when your creditor has an unpaid mortgage or security lien on it.

Another major change to the bankruptcy laws involves certain hurdles that you must clear before even filing for bankruptcy, no matter what the chapter. You must get credit counseling from a government-approved organization within six months before you file for any bankruptcy relief. You can find a state-by-state list of government-approved organizations at www.usdoj.gov/ust. That is the website of the U.S. Trustee Program, the organization within the U.S. Department of Justice that supervises bankruptcy cases and trustees. Also, before you file a Chapter 7 bankruptcy case, you must satisfy a “means test.” This test requires you to confirm that your income does not exceed a certain amount. The amount varies by state and is publicized by the U.S. Trustee Program at www.usdoj.gov/ust.

Buying, Giving, and Using Gift Cards

Shopping for gifts can be a real dilemma. Just what do you get the person who has everything: your finicky Aunt Mary, your co-worker, or your child's babysitter? Gift cards may be the answer: one size fits all, and the recipients can get exactly what they want.

But before you buy a sack-full of gift cards from your favorite retailer, restaurant, or local financial institution, the Federal Trade Commission (FTC) wants you to know that some strings may be attached. For example, some cards can be used only at the retailer's store locations; others can be used at any retailer and online. Some cards have expiration dates; others let the user "reload" or add money to the balance on the card. And some have fees, like activation fees, transaction fees, monthly maintenance fees, replacement fees for lost or stolen cards, or balance inquiry fees. Or there may be a fee for inactivity. For example, if someone hasn't used the card in a while, say, 24 months, a fee might be deducted from the balance each month until the card is used or the balance is checked.

Consumers are projected to spend a whopping \$25 billion on gift cards in the 2006 holiday season, up from the \$18 billion they spent on gift cards a year ago.

Tips for buying gift cards

Store cards sold by retailers usually are issued free of charge. But banks often charge consumers a fee to buy their cards. Some bank gift cards come with a Personal Identification Number (PIN) that lets the user withdraw cash from an ATM.

Regardless of who you buy a gift card from - or where:

Buy from sources you know and trust. Avoid buying gift cards from online auction sites; the cards may be counterfeit or may have been fraudulently obtained.

Read the fine print before you buy. If you don't like the terms and conditions, buy elsewhere.

When you're buying a card, ask about expiration dates and fees. This information may appear on the card itself, on the accompanying sleeve or envelope, or on the issuer's website. If you don't see it, ask. If the information is separate from the gift card, give it to the recipient with the card to help protect the value of the card.

Inspect the card before buying. Verify that none of the protective stickers have been removed. Also make certain that the codes on the back of the card have not been scratched off to reveal a PIN number. Report tampered cards to the store selling the cards.

Give the recipient the original receipt to verify the card's purchase in case it is lost or stolen.

Consider purchase fees: Is there a fee to buy the card, or activate it? If you buy the card online or on the phone, is there a fee for shipping and handling? Does expedited delivery cost more?

Consider fees for the recipient. It might be embarrassing to give a \$50 gift card to someone if much of the amount gets gobbled up in fees.

Check on purchase exceptions. For example, can the recipient use a store-specific gift card at either the physical store or at the store's website? Can an "all purpose" card really be used to buy groceries or gasoline?

Tips for using gift cards

If you've received a gift card, be smart about how you use it.

Read the terms and conditions when you get the card, and check for an expiration date or any fees.

If you didn't get the card's terms and conditions, the original purchase receipt, or the card's ID number, ask for them from the person who gave you the card, and then keep them in a safe place.

Treat your card like cash. If your card is lost or stolen, report it to the issuer immediately. You may be out the entire amount on the card. Some issuers don't replace the cards, but others do if you pay a fee. If an issuer charges for a replacement card, you'll most likely need to document the purchase and provide the ID number on the card. Most issuers have toll-free numbers to report lost or stolen cards.

If your card expires before you've had a chance to use it or exhaust its value, contact the issuer. They may extend the date, although they may charge a fee to do it. Some merchants have stopped charging inactivity fees or imposing expiration dates, so it pays to check with the issuer to make sure you've got the most up-to-date information.

Problems and Complaints

If you have a problem with a gift card, the first step is to contact the store or financial institution that issued the card. If you can't resolve the problem at that level, you may want to file a complaint with the appropriate authorities:

For cards issued by retailers: Contact the Federal Trade Commission at ftc.gov or call toll-free: 1-877-FTC-HELP. You also may file a complaint with your state Attorney General (for a list of state offices, visit www.naag.org.)

For cards issued by national banks: Contact the Comptroller of the Currency's (OCC) Customer Assistance Group by calling 800-613-6743 or sending an e-mail to: customer.assistance@occ.treas.gov. The OCC charters, regulates, and supervises national banks, some of which issue gift cards.

Credit Card Loss Protection Offers: They're the Real Steal

"I got a call from a woman who said I need credit card loss protection insurance. I thought there was a law that limited my liability to \$50 for unauthorized charges. But she said the law had changed and that now, people are liable for all unauthorized charges on their account. Is that true?"

Don't buy the pitch - and don't buy the "loss protection" insurance. Telephone scam artists are lying to get people to buy worthless credit card loss protection and insurance programs. If you didn't authorize a charge, don't pay it. Follow your credit card issuer's procedures for disputing charges you haven't authorized. According to the Federal Trade Commission, your liability for unauthorized charges is limited to \$50.

The FTC says worthless credit card loss protection offers are popular among fraudulent promoters who are trying to exploit consumers' uncertainty. **As a result, the agency is cautioning consumers to avoid doing business with callers who claim that:**

you're liable for more than \$50 in unauthorized charges on your credit card account;

you need credit card loss protection because computer hackers can access your credit card number and charge thousands of dollars to your account;

a computer bug could make it easy for thieves to place unauthorized charges on your credit card account; and

they are from "the security department" and want to activate the protection feature on your credit card.

The FTC advises consumers not to give out personal information - including their credit card or bank account numbers - over the phone or online unless they are familiar with the business that's asking for it. Scam artists can use your personal information to commit fraud, such as identity theft. That's where someone uses some piece of your personal information, such as your credit card account number, Social Security number, mother's maiden name, or birth date, without your knowledge or permission to commit fraud or theft. An all-too-common example is when an identity thief uses your personal information to open a credit card account in your name.

NOTICE

The best selling e-book called "32 Ways to Quickly Stop Foreclosure" has been revised in 2008 to include changes in the foreclosure process. In addition, the text includes various ways to repair your credit both before and after foreclosure.

Credit Insurance: Is It for You?

The next time you apply for a mortgage or personal loan, you may be asked if you want to buy credit insurance, or it might already be included in your loan proposal. Credit insurance protects the loan on the chance that you can't make your payments. Credit insurance usually is optional, which means you don't have to purchase it from the lender. In fact, the Federal Trade Commission (FTC), the nation's consumer protection agency, says it's against the law for a lender to deceptively include credit insurance (or other optional products) in your loan without your knowledge or permission.

There are four main varieties of credit insurance: Credit life insurance pays off all or some of your loan if you die. Credit disability insurance, also known as accident and health insurance, makes payments on the loan if you become ill or injured and can't work. Involuntary unemployment insurance, also known as involuntary loss of income makes your loan payments if you lose your job due to no fault of your own, such as a layoff. Credit property insurance protects personal property used to secure the loan if destroyed by events like theft, accident or natural disasters.

Shopping Tips

Before deciding to buy credit insurance from a lender, think about your needs, your options, and the rates you're going to pay. You may decide you don't need credit insurance. If you do, credit insurance can be an expensive form of insurance. For example, it may be less expensive and more practical for you to get life insurance than credit insurance. Before deciding to buy credit insurance, you should ask:

How much is the premium?

Will the premium be financed as part of the loan? If so, it will increase your loan amount and you'll pay additional interest and more for points (if points are on your loan).

Can you pay monthly instead of financing the entire premium as part of your loan?

How much lower would your monthly loan payment be without the credit insurance?

Will the insurance cover the full length of your loan and the full loan amount?

What are the limits and exclusions on payment of benefits - that is, spell out exactly what's covered and what's not.

Is there a waiting period before the coverage becomes effective?

If you have a co-borrower, what coverage does he or she have and at what cost?

Can you cancel the insurance? If so, what kind of refund is available?

Before you sign any loan papers, ask the lender whether the loan includes any charges for voluntary credit insurance. If you don't want credit insurance, tell the lender. If the lender still pressures you to buy insurance, find another lender. And review your loan papers carefully to be

sure they have been drawn up correctly. Lenders can't deny you credit if you don't buy optional credit insurance - and if you don't buy it directly from them. If a lender tells you that you'll only get the loan if you buy the optional credit insurance, report the lender to your state attorney general, your state insurance commissioner or the FTC. Consumers should ask these same questions about other extra products offered with their loan, such as auto or shopping clubs, home or auto security plans, and debt cancellation products.

Financial Readiness: As Critical as Fully Charged Batteries

Home is where most people feel safe and comfortable. But sometimes — say, when a hurricane, flood, tornado, wildfire, or other disaster strikes — it's safest to pack up and go to another location.

The Federal Trade Commission (FTC), the nation's consumer protection agency, says that when it comes to preparing for situations like weather emergencies, financial readiness is as important as a flashlight with fully charged batteries. Leaving your home can be stressful, but knowing that your financial documents are up-to-date, in one place, and portable can make a big difference at a tense time.

Here are some tips from the FTC for financial readiness in case of an emergency:

Conduct a household inventory. Make a list of your possessions and document it with photos or a video. This could help if you are filing insurance claims. Keep one copy of your inventory in your home on a shelf in a lockable, fireproof file box; keep another in a safe deposit box or another secure location.

Buy a lockable, fireproof file box. Place important documents in the box; keep the box in a secure, accessible location on a shelf in your home so that you can “grab it and go” if the need arises. Among the contents:

- your household inventory

- a list of emergency contacts, including family members who live outside your area

- copies of current prescriptions

- health insurance cards or information

- policy numbers for auto, flood, renter's, or homeowner's insurance, and a list of telephone numbers of your insurance companies

- copies of other important financial and family records — or notes about where they are — including deeds, titles, wills, birth and marriage certificates, passports, and relevant employee benefit and retirement documents. Except for wills, keep originals in a safe deposit box or some other location. If you have a will, ask your attorney to keep the original document as well as:

- a list of phone numbers or email addresses of your creditors, financial institutions, landlords, and utility companies (sewer, water, gas, electric, telephone, cable)

- a list of bank, loan, credit card, mortgage, lease, debit and ATM, and investment account numbers

- Social Security cards

backups of financial data you keep on your computer

an extra set of keys for your house and car

the key to your safe deposit box

a small amount of cash or traveler's checks. ATMs or financial institutions may be closed.

Consider renting a safe deposit box for storage of important documents. Original documents to store in a safe deposit box might include:

deeds, titles, and other ownership records for your home, autos, RVs, or boats

credit, lease, and other financial and payment agreements

birth certificates, naturalization papers, and Social Security cards

marriage license/divorce papers and child custody papers

passports and military papers (if you need these regularly, you could place the originals in your fireproof box and a copy in your safe deposit box)

appraisals of expensive jewelry and heirlooms

certificates for stocks, bonds, and other investments and retirement accounts

trust agreements

living wills, powers of attorney, and health care powers of attorney

insurance policies

home improvement records

household inventory documentation

a copy of your will

Choose an out-of-town contact. Ask an out-of-town friend or relative to be the point of contact for your family, and make sure everyone in your family has the information. After some emergencies, it can be easier to make a long distance call than a local one.

Update all your information. Review the contents of your household inventory, your fireproof box, safe deposit box, and the information for your out-of-town contact at least once a year.

Resources

FEMA's Community and Family Preparedness [Program](#)

[American Red Cross Community Disaster Education](#)

[The U.S. Department of Homeland Security](#) (see also www.ready.gov/america/natural_disasters.html)

Your insurance company

How to Be the Class ‘Value-dictorian’

‘Tis the season for exams, commencements, and a renewed focus on the future, but when it comes to dealing in the marketplace, everyone has the potential to be a value-dictorian. Before spending your hard-earned money, ask questions, do your homework, and speak up.

The Federal Trade Commission, the nation’s consumer protection agency, suggests that students and grads tap into these 10 tips to make the most of their money:

1. **Keep your personal information to yourself.** In the past five years, millions of Americans have been victims of identity theft, including many students. Protect your passwords, guard your credit card number, shred sensitive paperwork, and don’t leave your mail where it might tempt a potential identity thief.
2. **Socialize safely online.** Social networking sites can expose you to people with less than friendly intentions. Consider restricting access to your page. Post only information that you’re comfortable with the whole world knowing, because once it’s posted, you can’t take it back. Don’t post your full name, Social Security number, address, phone number, or bank and credit card account numbers. Be cautious about posting the name of your school, sports team, clubs, and where you work or hang out. Trust your gut and report any suspicions to the site and the police.
3. **Consider the National Do Not Call Registry.** As hard as it may be for your parents to believe, there may be times when you don’t want to be on the phone — especially when the caller is a stranger trying to sell you something. Visit donotcall.gov and register your phone number with the National Do Not Call Registry.
4. **Stay away from “guarantees” of scholarships.** Reputable groups don’t charge for information about scholarships. Steer clear of anyone “guaranteeing” you financial aid for college or vocational school — especially if they insist you pay them for the information first.
5. **Don’t buy bogus weight loss products.** Good health isn’t about a number on a scale. It’s about cultivating a positive attitude, enjoying a variety of foods, and staying fit and active. Take a pass on any product that promises easy or effortless weight loss; instead, focus on healthy habits that will last a lifetime.
6. **Understand credit.** Credit is more than just a plastic card; it’s your financial future. Before you sign on the dotted line, make sure you “speak credit.” That “permanent record” your teachers always warned you about? It’s called a credit report. Late payments now will come back to haunt you when you try to buy a car, get an apartment, or even land a job. Once you’ve established credit, get a free copy of your credit report at annualcreditreport.com.
7. **P2P file-sharing can be risky.** Peer-to-peer file-sharing can open the door to unwanted content, spyware, and viruses. If you decide to use file-sharing software, install it carefully. Otherwise, you might give strangers access not just to the files you intended to share, but also to other information on your hard drive, like email and personal documents. Remember that sharing copyrighted music or other entertainment via P2P can land you in legal hot water.

8. **Travel scams turn spring breaks into spring busts.** Who doesn't dream of spending spring relaxing in the sun or snowboarding on some mountain? Be aware that scam artists target students who are looking for low-cost vacations. Before you show up at the airport with your sunscreen, review the tour package carefully and investigate the operator. Check out ftc.gov/travel for more travel tips.
9. **Phishing scams reel in personal information.** You've gotten emails claiming to be from your bank or ISP asking you to "verify" your credit card or checking account number. They're from fraudsters phishing for your information. Never give out your personal information in response to an email. When in doubt, check it out by calling the company directly. Visit onguardonline.gov to learn more.
10. **Some employment services are scams.** Bona fide job placement services can help launch you in the career of your dreams. But bogus companies can scam you out of your money. Before paying any money to someone offering to help you land a job, check out who you're doing business with.

Just When You Thought It Was Safe...

Advance-Fee Loan "Sharks"

A different breed of "loan shark" is preying on unwary consumers by taking their money for the promise of a loan, credit card or other extension of credit.

Advertisements and promotions for advance-fee loans "guarantee" or suggest that there's a high likelihood of success that the loan will be awarded, regardless of the applicant's credit history. But, to take advantage of the offer, the consumer first has to pay a fee. And that's the catch: The consumer pays the fee, the scam artist takes off with the money, and the loan never materializes.

Legitimate guaranteed offers of credit do not require payments up front. Legitimate lenders may require consumers to pay application, appraisal or credit report fees, but these fees seldom are required before the lender is identified and the application completed. In addition, the fees generally are paid to the lender, not to the broker or arranger of the "guaranteed" loan.

Legitimate lenders may guarantee firm offers of credit to credit-worthy consumers, but they rarely do this before evaluating a consumer's creditworthiness.

Advertisements for advance-fee loans generally appear in the classified section of daily and weekly newspapers and magazines. Often, the ads feature "900" numbers, which result in charges on your phone bill. Advance-fee loans also are promoted through direct mail and radio and cable TV spots. The appearance of ads in media outlets that you recognize - like your local newspaper or radio station - is no guarantee of the legitimacy of the company behind the ad.

The Federal Trade Commission says you can avoid being bitten by advance-fee loan sharks: Here's how:

Don't pay for a promise. It's illegal for companies doing business by phone to promise you a loan and ask you to pay for it before they deliver.

Ignore any ad - or hang up on any caller - that guarantees a loan in exchange for an advance fee. Legitimate lenders never "guarantee" or say that you will receive a loan before you apply, especially if you have bad credit or no credit record.

Never give your credit card or bank account numbers, or Social Security Number, over the telephone unless you are familiar with the company and know why the information is necessary.

Knee Deep in Debt

Having trouble paying your bills? Getting dunning notices from creditors? Are your accounts being turned over to debt collectors? Are you worried about losing your home or your car?

You're not alone. Many people face a financial crisis some time in their lives. Whether the crisis is caused by personal or family illness, the loss of a job, or overspending, it can seem overwhelming. But often, it can be overcome. Your financial situation doesn't have to go from bad to worse.

If you or someone you know is in financial hot water, consider these options: realistic budgeting, credit counseling from a reputable organization, debt consolidation, or bankruptcy. Debt negotiation is yet another option. How do you know which will work best for you? It depends on your level of debt, your level of discipline, and your prospects for the future.

Self-Help

Developing a Budget: The first step toward taking control of your financial situation is to do a realistic assessment of how much money you take in, and how much money you spend. Start by listing your income from all sources. Then, list your "fixed" expenses — those that are the same each month — like mortgage payments or rent, car payments, and insurance premiums. Next, list the expenses that vary — like entertainment, recreation, and clothing. Writing down all your expenses, even those that seem insignificant, is a helpful way to track your spending patterns, identify necessary expenses, and prioritize the rest. The goal is to make sure you can make ends meet on the basics: housing, food, health care, insurance, and education.

Your public library and bookstores have information about budgeting and money management techniques. In addition, computer software programs can be useful tools for developing and maintaining a budget, balancing your checkbook, and creating plans to save money and pay down your debt.

Contacting Your Creditors: Contact your creditors immediately if you're having trouble making ends meet, and tell them why it's difficult for you to make the payments. Next try to work out a modified payment plan that reduces your payments to a more manageable level. Don't wait until your accounts have been turned over to a debt collector. At that point, your creditors have given up on you.

Dealing with Debt Collectors: The Fair Debt Collection Practices Act is the federal law that dictates how and when a debt collector may contact you. A debt collector may not call you before 8 a.m., after 9 p.m., or while you're at work if the collector knows that your employer doesn't approve of the calls. Collectors may not harass you, lie, or use unfair practices when they try to collect a debt. And they must honor a written request from you to stop further contact.

Managing Your Auto and Home Loans: Your debts can be unsecured or secured. Secured debts usually are tied to an asset, like your car for a car loan, or your house for a mortgage. If

you stop making payments, lenders can repossess your car or foreclose on your house. Unsecured debts are not tied to any asset, and include most credit card debt, bills for medical care, signature loans, and debts for other types of services.

Most automobile financing agreements allow a creditor to repossess your car any time you're in default. No notice is required. If your car is repossessed, you may have to pay the balance due on the loan, as well as towing and storage costs, to get it back. If you can't do this, the creditor may sell the car. If you see default approaching, you may be better off selling the car yourself and paying off the debt: You'll avoid the added costs of repossession and a negative entry on your credit report.

If you fall behind on your mortgage, contact your lender immediately to avoid foreclosure. Most lenders are willing to work with you if they believe you're acting in good faith and the situation is temporary. Some lenders may reduce or suspend your payments for a short time. When you resume regular payments, though, you may have to pay an additional amount toward the past due total. Other lenders may agree to change the terms of the mortgage by extending the repayment period to reduce the monthly debt. Ask whether additional fees would be assessed for these changes, and calculate how much they total in the long term.

If you and your lender cannot work out a plan, contact a housing counseling agency. Some agencies limit their counseling services to homeowners with FHA mortgages, but many offer free help to any homeowner who's having trouble making mortgage payments. Call the local office of the Department of Housing and Urban Development or the housing authority in your state, city, or county for help in finding a legitimate housing counseling agency near you

Credit Counseling and Debt Management Plans

Credit Counseling: If you're not disciplined enough to create a workable budget and stick to it, can't work out a repayment plan with your creditors, or can't keep track of mounting bills, consider contacting a credit counseling organization. Many credit counseling organizations are nonprofit and work with you to solve your financial problems. But be aware that, just because an organization says it's "nonprofit," there's no guarantee that its services are free, affordable, or even legitimate. In fact, some credit counseling organizations charge high fees, which may be hidden, or urge consumers to make "voluntary" contributions that can cause more debt.

Most credit counselors offer services through local offices, the Internet, or on the telephone. If possible, find an organization that offers in-person counseling. Many universities, military bases, credit unions, housing authorities, and branches of the U.S. Cooperative Extension Service operate nonprofit credit counseling programs. Your financial institution, local consumer protection agency, and friends and family also may be good sources of information and referrals.

Reputable credit counseling organizations can advise you on managing your money and debts, help you develop a budget, and offer free educational materials and workshops. Their counselors are certified and trained in the areas of consumer credit, money and debt management, and budgeting. Counselors discuss your entire financial situation with you, and

help you develop a personalized plan to solve your money problems. An initial counseling session typically lasts an hour, with an offer of follow-up sessions.

Debt Management Plans: If your financial problems stem from too much debt or your inability to repay your debts, a credit counseling agency may recommend that you enroll in a debt management plan (DMP). A DMP alone is not credit counseling, and DMPs are not for everyone. You should sign up for one of these plans only after a certified credit counselor has spent time thoroughly reviewing your financial situation, and has offered you customized advice on managing your money. Even if a DMP is appropriate for you, a reputable credit counseling organization still can help you create a budget and teach you money management skills.

In a DMP, you deposit money each month with the credit counseling organization, which uses your deposits to pay your unsecured debts, like your credit card bills, student loans, and medical bills, according to a payment schedule the counselor develops with you and your creditors. Your creditors may agree to lower your interest rates or waive certain fees, but check with all your creditors to be sure they offer the concessions that a credit counseling organization describes to you. A successful DMP requires you to make regular, timely payments, and could take 48 months or more to complete. Ask the credit counselor to estimate how long it will take for you to complete the plan. You may have to agree not to apply for — or use — any additional credit while you're participating in the plan.

Protect Yourself

Be wary of credit counseling organizations that:

charge high up-front or monthly fees for enrolling in credit counseling or a DMP.

pressure you to make “voluntary contributions,” another name for fees.

won't send you free information about the services they provide without requiring you to provide personal financial information, such as credit card account numbers, and balances.

try to enroll you in a DMP without spending time reviewing your financial situation.

offer to enroll you in a DMP without teaching you budgeting and money management skills.

demand that you make payments into a DMP before your creditors have accepted you into the program.

Debt Consolidation

You may be able to lower your cost of credit by consolidating your debt through a second mortgage or a home equity line of credit. Remember that these loans require you to put up your home as collateral. If you can't make the payments — or if your payments are late — you could lose your home.

What's more, the costs of consolidation loans can add up. In addition to interest on the loans, you may have to pay "points," with one point equal to one percent of the amount you borrow. Still, these loans may provide certain tax advantages that are not available with other kinds of credit.

Bankruptcy

Personal bankruptcy generally is considered the debt management option of last resort because the results are long-lasting and far reaching. People who follow the bankruptcy rules receive a discharge — a court order that says they don't have to repay certain debts. However, bankruptcy information (both the date of your filing and the later date of discharge) stay on your credit report for 10 years, and can make it difficult to obtain credit, buy a home, get life insurance, or sometimes get a job. Still, bankruptcy is a legal procedure that offers a fresh start for people who have gotten into financial difficulty and can't satisfy their debts.

There are two primary types of personal bankruptcy: Chapter 13 and Chapter 7. Each must be filed in federal bankruptcy court. As of April 2006, the filing fees run about \$274 for Chapter 13 and \$299 for Chapter 7. Attorney fees are additional and can vary.

Effective October 2005, Congress made sweeping changes to the bankruptcy laws. The net effect of these changes is to give consumers more incentive to seek bankruptcy relief under Chapter 13 rather than Chapter 7. Chapter 13 allows people with a steady income to keep property, like a mortgaged house or a car that they might otherwise lose through the bankruptcy process. In Chapter 13, the court approves a repayment plan that allows you to use your future income to pay off your debts during a three-to-five-year period, rather than surrender any property. After you have made all the payments under the plan, you receive a discharge of your debts.

Chapter 7 is known as straight bankruptcy, and involves liquidation of all assets that are not exempt. Exempt property may include automobiles, work-related tools, and basic household furnishings. Some of your property may be sold by a court-appointed official — a trustee — or turned over to your creditors. The new bankruptcy laws have changed the time period during which you can receive a discharge through Chapter 7. You now must wait 8 years after receiving a discharge in Chapter 7 before you can file again under that chapter. The Chapter 13 waiting period is much shorter and can be as little as two years between filings.

Both types of bankruptcy may get rid of unsecured debts and stop foreclosures, repossessions, garnishments and utility shut-offs, and debt collection activities. Both also provide exemptions that allow people to keep certain assets, although exemption amounts vary by state. Note that personal bankruptcy usually does not erase child support, alimony, fines, taxes, and some student loan obligations. And, unless you have an acceptable plan to catch up on your debt under Chapter 13, bankruptcy usually does not allow you to keep property when your creditor has an unpaid mortgage or security lien on it.

Another major change to the bankruptcy laws involves certain hurdles that a consumer must clear before even filing for bankruptcy, no matter what the chapter. You must get credit

counseling from a government-approved organization within six months before you file for any bankruptcy relief. You can find a state-by-state list of government-approved organizations at www.usdoj.gov/ust. That is the website of the U.S. Trustee Program, the organization within the U.S. Department of Justice that supervises bankruptcy cases and trustees. Also, before you file a Chapter 7 bankruptcy case, you must satisfy a “means test.” This test requires you to confirm that your income does not exceed a certain amount. The amount varies by state and is publicized by the U.S. Trustee Program at www.usdoj.gov/ust.

Debt Negotiation Programs

Debt negotiation differs greatly from credit counseling and DMPs. It can be very risky, and have a long term negative impact on your credit report and, in turn, your ability to get credit. That's why many states have laws regulating debt negotiation companies and the services they offer. Contact your state Attorney General for more information.

The Claims

Debt negotiation firms may claim they're nonprofit. They also may claim that they can arrange for your unsecured debt — typically credit card debt — to be paid off for anywhere from 10 to 50 percent of the balance owed. For example, if you owe \$10,000 on a credit card, a debt negotiation firm may claim it can arrange for you to pay it off with a lesser amount, say \$4,000. The firms often pitch their services as an alternative to bankruptcy. They may claim that using their services will have little or no negative impact on your ability to get credit in the future, or that any negative information can be removed from your credit report when you complete their debt negotiation program. The firms usually tell you to stop making payments to your creditors, and instead, send payments to the debt negotiation company. The firm may promise to hold your funds in a special account and pay your creditors on your behalf.

The Truth

Just because a debt negotiation company describes itself as a “nonprofit” organization, there's no guarantee that the services they offer are legitimate. There also is no guarantee that a creditor will accept partial payment of a legitimate debt. In fact, if you stop making payments on a credit card, late fees and interest usually are added to the debt each month. If you exceed your credit limit, additional fees and charges also can be added. This can cause your original debt to double or triple. What's more, most debt negotiation companies charge consumers substantial fees for their services, including a fee to establish the account with the debt negotiator, a monthly service fee, and a final fee of a percentage of the money you've supposedly saved.

While creditors have no obligation to agree to negotiate the amount a consumer owes, they have a legal obligation to provide accurate information to the credit reporting agencies, including your failure to make monthly payments. That can result in a negative entry on your credit report. And in certain situations, creditors may have the right to sue you to recover the money you owe. In some instances, when creditors win a lawsuit, they have the right to garnish your wages or

put a lien on your home. Finally, the Internal Revenue Service may consider any amount of forgiven debt to be taxable income.

Damage Control

Turning to a business that offers help in solving debt problems may seem like a reasonable solution when your bills become unmanageable. But before you do business with any company, check it out with your state Attorney General, local consumer protection agency, and the Better Business Bureau. They can tell you if any consumer complaints are on file about the firm you're considering doing business with. Ask your state Attorney General if the company is required to be licensed to work in your state and, if so, whether it is.

Some businesses that offer to help you with your debt problems may charge high fees and fail to follow through on the services they sell. Others may misrepresent the terms of a debt consolidation loan, failing to explain certain costs or mention that you're signing over your home as collateral. Businesses advertising voluntary debt reorganization plans may not explain that the plan is a bankruptcy filing, tell you everything that's involved, or help you through what can be a long and complex process.

In addition, some companies guarantee you a loan if you pay a fee in advance. The fee may range from \$100 to several hundred dollars. Resist the temptation to follow up on these advance-fee loan guarantees. They may be illegal. It is true that many legitimate creditors offer extensions of credit through telemarketing and require an application or appraisal fee in advance. But legitimate creditors never guarantee that the consumer will get the loan — or even represent that a loan is likely. Under the federal Telemarketing Sales Rule, a seller or telemarketer who guarantees or represents a high likelihood of your getting a loan or some other extension of credit may not ask for or accept payment until you've received the loan.

You should be cautious of claims from so-called credit repair clinics. Many companies appeal to consumers with poor credit histories, promising to clean up credit reports for a fee. But you already have the right to have any inaccurate information in your file corrected. And a credit repair clinic cannot have accurate information removed from your credit report, despite their promises. You also should know that federal and some state laws prohibit these companies from charging you for their services until the services are fully performed. Only time and a conscientious effort to repay your debts will improve your credit report.

If you're thinking about getting help to stabilize your financial situation, do some homework first. Find out what services a business provides and what it costs, and don't rely on verbal promises. Get everything in writing, and read your contracts carefully.

Payday Loans = Costly Cash

**"I just need enough cash to tide me over until payday."
"GET CASH UNTIL PAYDAY! . . . \$100 OR MORE . . . FAST."**

The ads are on the radio, television, the Internet, even in the mail. They refer to payday loans - which come at a very high price.

Check cashers, finance companies and others are making small, short-term, high-rate loans that go by a variety of names: payday loans, cash advance loans, check advance loans, post-dated check loans or deferred deposit check loans.

Usually, a borrower writes a personal check payable to the lender for the amount he or she wishes to borrow plus a fee. The company gives the borrower the amount of the check minus the fee. Fees charged for payday loans are usually a percentage of the face value of the check or a fee charged per amount borrowed - say, for every \$50 or \$100 loaned. And, if you extend or "roll-over" the loan - say for another two weeks - you will pay the fees for each extension.

Under the Truth in Lending Act, the cost of payday loans - like other types of credit - must be disclosed. Among other information, you must receive, in writing, the finance charge (a dollar amount) and the annual percentage rate or APR (the cost of credit on a yearly basis).

A cash advance loan secured by a personal check - such as a payday loan - is very expensive credit. Let's say you write a personal check for \$115 to borrow \$100 for up to 14 days. The check casher or payday lender agrees to hold the check until your next payday. At that time, depending on the particular plan, the lender deposits the check, you redeem the check by paying the \$115 in cash, or you roll-over the check by paying a fee to extend the loan for another two weeks. In this example, the cost of the initial loan is a \$15 finance charge and 391 percent APR. If you roll-over the loan three times, the finance charge would climb to \$60 to borrow \$100.

Alternatives to Payday Loans

There are other options. Consider the possibilities before choosing a payday loan:

When you need credit, shop carefully. Compare offers. Look for the credit offer with the lowest APR - consider a small loan from your credit union or small loan company, an advance on pay from your employer, or a loan from family or friends. A cash advance on a credit card also may be a possibility, but it may have a higher interest rate than your other sources of funds: find out the terms before you decide. Also, a local community-based organization may make small business loans to individuals.

Compare the APR and the finance charge (which includes loan fees, interest and other types of credit costs) of credit offers to get the lowest cost.

Ask your creditors for more time to pay your bills. Find out what they will charge for that service - as a late charge, an additional finance charge or a higher interest rate.

Make a realistic budget, and figure your monthly and daily expenditures. Avoid unnecessary purchases - even small daily items. Their costs add up. Also, build some savings - even small deposits can help - to avoid borrowing for emergencies, unexpected expenses or other items. For example, by putting the amount of the fee that would be paid on a typical \$300 payday loan in a savings account for six months, you would have extra dollars available. This can give you a buffer against financial emergencies.

Find out if you have, or can get, overdraft protection on your checking account. If you are regularly using most or all of the funds in your account and if you make a mistake in your checking (or savings) account ledger or records, overdraft protection can help protect you from further credit problems. Find out the terms of overdraft protection.

If you need help working out a debt repayment plan with creditors or developing a budget, contact your local consumer credit counseling service. There are non-profit groups in every state that offer credit guidance to consumers. These services are available at little or no cost. Also, check with your employer, credit union or housing authority for no- or low-cost credit counseling programs.

If you decide you must use a payday loan, borrow only as much as you can afford to pay with your next paycheck and still have enough to make it to the next payday.

NOTICE

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"How to Legally Stay in Your Foreclosed Home For Up to Seven Years and Never Make a Mortgage Payment",

and

"The Ultimate Revenge – How to Buy Another Home After Your Foreclosure in Ten Days With No Money and No Credit".

Both of these Blockbuster reports are FREE with the e-book.

The Secrets of Mystery Shopping Revealed

Do you love to shop? If so, you may be tempted by unsolicited emails or newspaper ads that claim you can earn a living as a secret or mystery shopper by dining at elegant restaurants, shopping at pricey stores, or checking into luxurious hotels. But, according to the Federal Trade Commission (FTC), the nation's consumer protection agency, marketers who promise lucrative jobs as mystery shoppers often do not deliver bona fide opportunities.

What is Mystery Shopping?

Some retailers hire marketing research companies to evaluate the quality of service in their stores; these companies use mystery shoppers to get the information anonymously. They assign a mystery shopper to make a particular purchase in a store or restaurant, for example, and then report on the experience. Typically, the shopper is reimbursed, and can keep the product or service.

Many professionals in the field consider mystery shopping a part-time activity, at best. And, they add, opportunities generally are posted online by marketing research or merchandising companies. Nevertheless, fraudulent mystery shopping promoters are using newspaper ads and emails to create the impression that they're a gateway to lucrative mystery shopper jobs with reputable companies. These solicitations usually promote a website where consumers can "register" to become mystery shoppers — after they pay a fee for information about a certification program, a directory of mystery shopping companies, or a guarantee of a mystery shopping job.

The truth is that it is unnecessary to pay money to anyone to get into the mystery shopper business. The shopping certification offered in advertising or unsolicited email is almost always worthless. A list of companies that hire mystery shoppers is available for free; and legitimate mystery shopper jobs are on the Internet for free. Consumers who try to get a refund from promoters of mystery shopping jobs usually are out of luck. Either the business doesn't return the phone calls, or if it does, it's to try another pitch.

The Facts of Mystery Shopping

Becoming a legitimate mystery shopper for a legitimate company doesn't cost anything. Here's how to do it:

Search the Internet for mystery shopping companies that are accepting applications. Legitimate companies don't charge an application fee. Many accept applications online.

Do some homework about mystery shopping. Check libraries or bookstores for tips on how to find companies hiring mystery shoppers, as well as how to do the job effectively.

Visit the Mystery Shopping Providers Association (MSPA) website at www.mysteryshop.org for information on how to register to be a mystery shopper with a

MSPA-member company, a database of available jobs, and additional information on the industry in general.

In the meantime, the FTC says consumers should be skeptical of mystery shopping promoters who:

Advertise for mystery shoppers in a newspaper's 'help wanted' section or by email. While it may appear as if these companies are hiring mystery shoppers, it's much more likely that they're pitching unnecessary — and possibly bogus — mystery shopping "services."

Sell "certification." Companies that use mystery shoppers generally do not require certification.

Guarantee a job as a mystery shopper.

Charge a fee for access to mystery shopping opportunities.

Sell directories of companies that provide mystery shoppers.

If you think you have encountered a mystery shopping scam, file a complaint with your local consumer protection agency, the Better Business Bureau, your State Attorney General, or the FTC (ftc.gov).

Shopping for a Home Equity Loan?

If you decide that the timing's right for a home equity loan, ask your friends or family for recommendations of lenders. Then, comparison shop. Comparing loan plans will help you get a better deal.

Contact several lenders, not just the ones that send you mail, call you, or knock on your door. Talk with banks, savings and loans, credit unions, mortgage companies, and mortgage brokers. Remember, brokers don't lend money: they help arrange loans.

Ask all the lenders you interview to explain the loan plans they have for you. If you don't understand any loan terms and conditions, ask questions. They could mean higher costs. Knowing just the amount of the monthly payment or the interest rate is not enough. Pay close attention to fees, including: the application or loan processing fee, origination or underwriting fee, lender or funding fee, appraisal fee, document preparation and recording fees, and broker fees which may be quoted as points, origination fees, or interest rate add-on. If points and other fees are added to your loan amount, you'll pay more to finance them.

Also ask for your credit score. Credit scoring is a system creditors use to help determine whether to give you credit. Information about you and your credit experiences – like your bill-paying history, the number and type of accounts you have, late payments, collection actions, outstanding debt, and the age of your accounts — is collected from your credit application and your credit report. Creditors compare this information to the credit performance of consumers with similar profiles. A credit scoring system awards points for each factor that helps predict who is most likely to repay a debt. A total number of points — your credit score — helps predict how creditworthy you are, that is, how likely it is that you will repay a loan and make the payments when they're due.

Negotiate with more than one lender. Don't be afraid to make lenders and brokers compete for your business by letting them know that you're shopping for the best deal. Ask each lender to lower the points, fees or the interest rate. And ask each to meet — or beat — the terms of the other lenders.

Before you sign, read the loan closing papers carefully. If the loan isn't what you expected or wanted, don't sign the loan. Either negotiate changes or walk away. You also generally have the right to cancel the deal for any reason — and without penalty — within three days after signing the loan papers. The lender must return any money you've paid to date.

Your Credit Report

Because your credit report is an important part of many credit scoring systems, it's very important to make sure it's accurate before you submit a credit application. To get copies of

your report, contact the three major credit reporting agencies:

Equifax: (800) 685-1111

Experian (formerly TRW): (888) EXPERIAN (397-3742)

Trans Union: (800) 916-8800

These agencies may charge you up to \$9.00 for your credit report.

To Learn More

For more information about shopping for a home equity loan and a glossary of home loan terms, call the FTC's Consumer Response Center toll-free at 1-877-FTC-HELP (382-4357). Ask for a free copy of [Looking for the Best Mortgage: Shop, Compare, Negotiate](#); and [Home Equity Loans: The Three-Day Cancellation Rule](#). Or visit us online at ftc.gov.

	Lender A	Lender B	Lender C
What are the monthly payments?			
What is the Annual Percentage Rate (APR)? (the cost of credit expressed as a yearly rate; includes the interest rate, points, broker fees, and other credit charges)			
What is the interest rate? (the cost of borrowing money expressed as a percentage rate)			
Will the interest rate change?			
When?			
How often?			
By how much?			

What will you have to pay in points?			
What will you have to pay in fees?			
Application or loan processing fee			
Origination or underwriting fee			
Lender or funding fee			
Appraisal fee			
Document preparation and recording fees			
Broker fees			
Other fees			
Are any of the application fees refundable if you don't get the loan?			
How many years will you have to repay the loan?			
Is this an installment loan or a line of credit?			
Is there a balloon payment?			
What are the total closing costs?			

If you use a broker, how will he or she be paid?			
Does the loan include optional credit insurance? (You don't have to accept optional credit insurance to get your loan.)			
If you want optional credit insurance, can you pay for it monthly instead of financing the premiums as part of your loan?			
Did you get a copy of your credit score?			
Can you afford this loan?			

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and

"The Ultimate Revenge – How to Buy Another Home After Your Foreclosure in Ten Days With No Money and No Credit".

Both of these Blockbuster reports are FREE with the e-book.

FACTS for CONSUMERS

A Consumer's Guide to E-Payments

The Internet has taken its place beside the telephone and television as an important part of people's lives. Consumers use the Internet to shop, bank and invest online. Most consumers use credit or debit cards to pay for online purchases, but other payment methods, like "e-wallets," are becoming more common.

The Federal Trade Commission (FTC) wants you to know about these payment technologies and how to make your transactions as safe and secure as possible. Keep these tips in mind as other forms of electronic commerce, like mobile and wireless transactions, become more available.

AND HOW WOULD YOU LIKE TO PAY?

Most online shoppers use credit cards to pay for their online purchases. But debit cards — which authorize merchants to debit your bank account electronically — are increasing in use. Your debit card may be an automated teller machine (ATM) card that can be used for retail purchases. To complete a debit card transaction, you may have to use a personal identification number (PIN), some form of a signature or other identification, or a combination of these identifiers. Some cards have both credit and debit features: You select the payment option at the point-of-sale. But remember, although a debit card may look like a credit card, the money for debit purchases is transferred almost immediately from your bank account to the merchant's account. In addition, your liability limits for a lost or stolen debit card and unauthorized use are different from your liability if your credit card is lost, stolen or used without your authorization.

Other electronic payment systems — sometimes referred to as "electronic money" or "e-money" — also are now common. Their goal is to make purchasing simpler. For example, "stored-value" cards let you transfer cash value to a card. They're commonly used on public transportation, at colleges and universities, at gas stations, and for prepaid telephone use. Many retailers also sell stored-value cards in place of gift certificates. Some stored-value cards work offline, say, to buy a candy bar at a vending machine; others work online, for example, to buy an item from a website; some have both offline and online features. Some cards can be "reloaded" with additional value, at a cash machine; other cards are "disposable" — you throw them away after you use all their value. Some stored-value cards contain computer chips that make them "smart" cards: These cards may act like a credit card as well as a debit card, and also may contain stored value.

Some Internet-based payment systems allow value to be transmitted through computers, sometimes called "e-wallets." You can use "e-wallets" to make "micro-payments" — very small online or offline payments for things like a magazine or fast food. When you buy something using your e-wallet, the balance on your online account decreases by that amount. "E-wallets"

may work by using some form of stored value or by automatically accessing an account you've set up through a computer system connected to your credit or debit card account.

“PAYING” IT SAFE

The FTC encourages you to take steps to make sure your transactions are secure and your personal information is protected. Although you can't control fraud or deception on the Internet, you can take action to recognize it, avoid it and report it. Here's how.

Use a secure browser — software that encrypts or scrambles the purchase information you send over the Internet — to help guard the security of your information as it is transmitted to a website. Be sure your browser has the most up-to-date encryption capabilities by using the latest version available from the manufacturer. You also can download some browsers for free over the Internet. When submitting your purchase information, look for the “lock” icon on the browser's status bar, and the phrase “https” in the URL address for a website, to be sure your information is secure during transmission.

Check the site's privacy policy, before you provide any personal financial information to a website. In particular, determine how the information will be used or shared with others. Also check the site's statements about the security provided for your information. Some websites' disclosures are easier to find than others — look at the bottom of the home page, on order forms or in the “About” or “FAQs” section of a site. If you're not comfortable with the policy, consider doing business elsewhere.

Read and understand the refund and shipping policies of a website you visit, before you make your purchase. Look closely at disclosures about the website's refund and shipping policies. Again, search through the website for these disclosures.

Keep your personal information private. Don't disclose your personal information — your address, telephone number, Social Security number, bank account number or e-mail address — unless you know who's collecting the information, why they're collecting it and how they'll use it.

Give payment information only to businesses you know and trust, and only when and where it is appropriate — like an order form. Never give your password to anyone online, even your Internet service provider. Do not download files sent to you by strangers or click on hyperlinks from people you don't know. Opening a file could expose your system to a computer virus or a program that could hijack your modem.

Keep records of your online transactions and check your e-mail for contacts by merchants with whom you're doing business. Merchants may send you important information about your purchases.

Review your monthly credit card and bank statements for any errors or unauthorized purchases promptly and thoroughly. Notify your credit or debit card issuer immediately if your credit or debit card or checkbook is lost or stolen, or if you suspect someone is using your accounts without your permission.

REPORT PROBLEMS IMMEDIATELY

The Fair Credit Billing Act (FCBA) and Electronic Fund Transfer Act (EFTA) establish protections against lost or stolen credit or debit cards, and procedures for resolving errors on credit and bank account statements that can include:

credit charges or electronic fund transfers that you — or anyone you've authorized to use your account — have not made;

credit charges or electronic fund transfers that are incorrectly identified or show the wrong amount or date;

computation or similar errors;

a failure to properly reflect payments or credits, or electronic fund transfers;

not mailing or delivering credit billing statements to your current address, as long as that address was received by the creditor in writing at least 20 days before the billing period ended; and

credit charges or electronic fund transfers for which you request an explanation or documentation, because of a possible error.

For credit: The FCBA generally applies to “open end” credit accounts — that is, credit cards and revolving charge accounts, like department store accounts. It does not apply to loans or credit sales that are paid according to a fixed schedule until the entire amount is paid back, like an automobile loan.

Lost or stolen credit cards: Under the FCBA, your liability for lost or stolen credit cards is limited to \$50. If the loss involves only your credit card number (not the card itself), you have no liability for unauthorized use. It's best to notify your card issuer promptly upon discovering the loss. Many companies have toll-free numbers and 24-hour service to deal with such emergencies. Always follow up with a letter and keep a copy for your records.

Billing errors: The FCBA's settlement procedures apply to disputes about “billing errors” for open-end accounts, including unauthorized charges (you cannot be liable for more than \$50 for unauthorized credit charges); charges for goods or services you didn't accept or weren't delivered as agreed; charges that are incorrectly identified or show the wrong amount or date; math errors; a failure to properly reflect payments or credits; not mailing or delivering credit billing statements to your current address, if the address was received by the creditor in writing at least 20 days before the billing period ended; and charges for which you request an explanation or documentation, because of a possible error.

To take advantage of the FCBA's consumer protections for errors on your account, write to the creditor at the address given for “billing inquiries,” not the address for sending your payments. Include your name, address, account number and a description of the billing error. Send your letter so that it reaches the creditor within 60 days after the first bill containing the error was mailed to you. And if you send your letter by certified mail, return receipt requested, you'll have

proof that the creditor received it. Include copies (not originals) of sales slips or other documents that support your position. Keep a copy of your dispute letter.

The creditor must acknowledge your dispute in writing within 30 days after it is received, unless the problem is resolved within that period. The creditor must conduct an investigation and either correct the mistake or explain why the bill is believed to be correct, within two billing cycles (but not more than 90 days), unless the creditor provides a permanent credit instead. You may withhold payment of the amount in dispute and any related finance charges and the creditor may not take any action to collect that amount during the dispute.

For debit: The EFTA applies to electronic fund transfers — transactions involving automated teller machines (ATMs), debit cards and other point-of-sale debit transactions, and other electronic banking transactions that can result in the withdrawal of cash from your bank account.

Lost or stolen debit cards: If someone uses your debit card, or makes other electronic fund transfers, without your permission, you can lose from \$50 to \$500 or more, depending on when you report the loss or theft. If you report the loss within two business days after you discover the problem, you will not be responsible for more than \$50 for unauthorized use. However, if you do not report the loss within two business days after you realize the card is missing, but you do report its loss within 60 days after your statement is mailed to you, you could lose as much as \$500 because of an unauthorized withdrawal. And, if you do not report an unauthorized transfer or withdrawal within 60 days after your statement is mailed to you, you risk unlimited loss. That means you could lose all the money in your account and the unused portion of your maximum line of credit established for overdrafts.

Some financial institutions may voluntarily cap your liability at \$50 for certain types of transactions, regardless of when you report the loss or theft; because this is voluntary, their policies could change at any time. Ask your financial institution about its liability limits.

EFT errors: The EFTA's error procedures apply to certain problems. This can include:

- electronic fund transfers that you — or anyone you've authorized to use your account — have not made;

- incorrect electronic fund transfers;

- omitted electronic fund transfers;

- a failure to properly reflect electronic fund transfers; and

- electronic fund transfers for which you request an explanation or documentation, because of a possible error.

To take advantage of the EFTA's error resolution procedures, you must notify your financial institution of the problem not later than 60 days after the statement containing the problem or error was sent. Although most financial institutions have a toll-free number to report the problem, you should follow-up in writing. For retail purchases, your financial institution has up to 10 business days to investigate after receiving your notice of the error. The financial institution

must tell you the results of its investigation within three business days of completing its investigation. The error must be corrected within one business day after determining the error has occurred. If the institution needs more time, it may take up to 90 days, in many situations, to complete the investigation — but only if it returns the money in dispute to your account within 10 business days after receiving notice of the error, while it reviews your concerns.

For stored-value: The FCBA and the EFTA may not cover stored-value cards or transactions involving them, so you may not be covered for loss or misuse of the card. However, stored-value cards still might be useful for micro-payments and other small purchases online because they can be convenient and — in some cases — offer anonymity. Before you buy a stored-value card or other form of e-money, ask the issuer for written information about the product's features. Find out the card's dollar limit, whether it is reloadable or disposable, if there's an expiration date, and any fees to use, reload or redeem (return it for a refund) the product. At the same time, ask about your rights and responsibilities. For example, does the issuer offer any protection in the case of a lost, stolen, misused, or malfunctioning card, and who do you call if you have a question or problem with the card?

FOR MORE INFORMATION

Your financial institution, local consumer protection agency and law enforcement agencies like the Federal Trade Commission or your state Attorney General are among the many organizations working to help consumers understand electronic commerce and new online payment options.

Avoiding Credit and Charge Card Fraud

A thief goes through trash to find discarded receipts or carbons, and then uses your account numbers illegally.

A dishonest clerk makes an extra imprint from your credit or charge card and uses it to make personal charges.

You respond to a mailing asking you to call a long distance number for a free trip or bargain-priced travel package. You're told you must join a travel club first and you're asked for your account number so you can be billed. The catch! Charges you didn't make are added to your bill, and you never get your trip.

Credit and charge card fraud costs cardholders and issuers hundreds of millions of dollars each year. While theft is the most obvious form of fraud, it can occur in other ways. For example, someone may use your card number without your knowledge.

It's not always possible to prevent credit or charge card fraud from happening. But there are a few steps you can take to make it more difficult for a crook to capture your card or card numbers and minimize the possibility.

Guarding Against Fraud

Here are some tips to help protect yourself from credit and charge card fraud.

Do:

Sign your cards as soon as they arrive.

Carry your cards separately from your wallet, in a zippered compartment, a business card holder, or another small pouch.

Keep a record of your account numbers, their expiration dates, and the phone number and address of each company in a secure place.

Keep an eye on your card during the transaction, and get it back as quickly as possible.

Void incorrect receipts.

Destroy carbons.

Save receipts to compare with billing statements.

Open bills promptly and reconcile accounts monthly, just as you would your checking account.

Report any questionable charges promptly and in writing to the card issuer.

Notify card companies in advance of a change in address.

Don't:

Lend your card(s) to anyone.

Leave cards or receipts lying around.

Sign a blank receipt. When you sign a receipt, draw a line through any blank spaces above the total.

Write your account number on a postcard or the outside of an envelope.

Give out your account number over the phone unless you're making the call to a company you know is reputable. If you have questions about a company, check it out with your local consumer protection office or Better Business Bureau.

Reporting Losses and Fraud

If you lose your credit or charge cards or if you realize they've been lost or stolen, immediately call the issuer(s). Many companies have toll-free numbers and 24-hour service to deal with such emergencies. By law, once you report the loss or theft, you have no further responsibility for unauthorized charges. In any event, your maximum liability under federal law is \$50 per card.

If you suspect fraud, you may be asked to sign a statement under oath that you did not make the purchase(s) in question.

Before You File for Personal Bankruptcy: Information about Credit Counseling and Debtor Education

Produced in cooperation with the Department of Justice's U.S. Trustee Program the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 launched a new era: With limited exceptions, people who plan to file for bankruptcy protection must get credit counseling from a government-approved organization within 180 days before they file. They also must complete a debtor education course to have their debts discharged.

The Department of Justice's U.S. Trustee Program approves organizations to provide the mandatory credit counseling and debtor education. Only the counselors and educators that appear on the U.S. Trustee Program's lists can advertise that they are, indeed, approved to provide the required counseling and debtor education. By law, the U.S. Trustee Program does not operate in Alabama and North Carolina; in these states, court officials called Bankruptcy Administrators approve pre-bankruptcy credit counseling organizations and pre-discharge debtor education course providers.

Counseling and Education Requirements

As a rule, pre-bankruptcy credit counseling and pre-discharge debtor education may not be provided at the same time. Credit counseling must take place before you file for bankruptcy; debtor education must take place after you file. In general, you must file a certificate of credit counseling completion when you file for bankruptcy, and evidence of completion of debtor education after you file for bankruptcy – but before your debts are discharged. Only credit counseling organizations and debtor education course providers that have been approved by the U.S. Trustee Program may issue these certificates. To protect against fraud, the certificates are produced through a central automated system and are numbered.

Pre-bankruptcy Counseling

A pre-bankruptcy counseling session with an approved credit counseling organization should include an evaluation of your personal financial situation, a discussion of alternatives to bankruptcy, and a personal budget plan. A typical counseling session should last about 60 to 90 minutes, and can take place in person, on the phone, or online. The counseling organization is required to provide the counseling free of charge for those consumers who cannot afford to pay. If you cannot afford to pay a fee for credit counseling, you should request a fee waiver from the counseling organization before the session begins. Otherwise, you may be charged a fee for the counseling, which will generally be about \$50, depending on where you live, the types of services you receive, and other factors. The counseling organization is required to discuss any fees with you before starting the counseling session.

Once you have completed the required counseling, you must get a certificate as proof. Check the U.S. Trustee's website to be sure that you receive the certificate from a counseling

organization that is approved in the judicial district where you are filing bankruptcy. Credit counseling organizations may not charge an extra fee for the certificate.

Post-Filing Debtor Education

A debtor education course by an approved provider should include information on developing a budget, managing money, using credit wisely, and other resources. Like pre-filing counseling, debtor education may be provided in person, on the phone, or online. The debtor education session might last longer than the pre-filing counseling – about two hours – and the typical fee is between \$50 and \$100. As with pre-filing counseling, if you are unable to pay the session fee, you should seek a fee waiver from the debtor education provider. Check the list of approved debtor education providers at www.usdoj.gov/ust/eo/bapcpa/ccde/de_approved.htm or at the bankruptcy clerk's office in your district.

Once you have completed the required debtor education course, you should receive a certificate as proof. This certificate is separate from the certificate you received after completing your pre-filing credit counseling. Check the U.S. Trustee's website to be sure that you receive the certificate from a debtor education provider that is approved in the judicial district where you filed bankruptcy. Unless they have disclosed a charge to you before the counseling session begins, debtor education providers may not charge an extra fee for the certificate.

Important Questions to Ask When Choosing a Credit Counselor

It's wise to do some research when choosing a credit counseling organization. If you are in search of credit counseling to fulfill the bankruptcy law requirements, make sure you receive services only from approved providers for your judicial district. Check the list at www.usdoj.gov/ust/eo/bapcpa/ccde/cc_approved.htm or at the bankruptcy clerk's office for the district where you will file. Once you have the list of approved organizations in your judicial district, call several to gather information before you make your choice. Some key questions to ask are:

What services do you offer?

Will you help me develop a plan for avoiding problems in the future?

What are your fees?

What if I can't afford to pay your fees?

What qualifications do your counselors have? Are they accredited or certified by an outside organization? What training do they receive?

What do you do to keep information about me (including my address, phone number, and financial information) confidential and secure?

How are your employees paid? Are they paid more if I sign up for certain services, if I pay a fee, or if I make a contribution to your organization?

For More Information and Assistance

The U.S. Trustee Program promotes integrity and efficiency in the nation's bankruptcy system by enforcing bankruptcy laws, providing oversight of private trustees, and maintaining operational excellence. The Program has 21 regions and 95 field offices, and oversees the administration of bankruptcy in all states except Alabama and North Carolina. For more information, visit www.usdoj.gov/ust.

If you have concerns about approved credit counseling agencies or debtor education course providers, such as the failure to provide adequate service, please contact the U.S. Trustee Program by email at USTCCDEComplaintHelp@usdoj.gov, or in writing at Executive Office for U.S. Trustees, Credit Counseling and Debtor Education Unit, 20 Massachusetts Avenue, N.W., Suite 8000, Washington, D.C., 20530. Provide as much detail as you can, including the name of the credit counseling organization or debtor education course provider, the date of contact, and whom you spoke with.

NOTICE

The best selling e-book called "32 Ways to Quickly Stop Foreclosure" has been revised in 2008 to include changes in the foreclosure process. In addition, the author, Dave Dinkel, has included two Bonus Reports entitled:

"How to Legally Stay in Your Foreclosed Home For Up to Seven Years and Never Make a Mortgage Payment",

and

"The Ultimate Revenge – How to Buy Another Home After Your Foreclosure in Ten Days With No Money and No Credit".

This legal procedure of buying a home with no credit or money, also works for individual who are in or have been released from bankruptcy!

Both of these Blockbuster reports are FREE with the e-book.

Billed for Merchandise You Never Received? Here's What To Do.

You found the perfect set of linens in a mail order catalog. You call to place your order and charge it to your credit card. You're told that your linens should arrive in two weeks. Two weeks go by, then three and four, and still no linens. What you do get is your credit card bill with a charge from the catalog company.

So, just what do you do when you get a credit card bill but no merchandise? Get frustrated, to be sure.

But the error can be corrected. The Fair Credit Billing Act (FCBA) and the Mail or Telephone Order Merchandise Rule offer protections and procedures for consumers so they don't have to pay for merchandise they ordered but never received.

In addition, many credit card issuers have policies against merchants charging a credit card account before shipment. If you think a merchant charged your account prematurely, report it to the credit card issuer. Otherwise, the credit card issuer has no way to know that the merchant is not complying with its policies.

The Fair Credit Billing Act

To dispute a billing error on your credit card, you must:

Write to the credit card issuer at the address for "billing inquiries," not the address for sending your payments (the address for billing inquiries is often found on the back of your most recent monthly statement); include your name, address, account number and a description of the billing error. A sample letter is included on page 3.

Send your letter so that it reaches the credit card issuer within 60 days after the first bill containing the error was mailed to you.

Send your letter by certified mail, return receipt requested, so you have proof of what the credit card issuer received. Include copies (not originals) of sales slips or other documents that support your position. Keep a copy of your dispute letter.

It is important to send the letter to the correct company. In the case of Visa and MasterCard, you should send it to the bank that issued the card.

The credit card issuer must acknowledge your complaint in writing within 30 days after receiving it, unless the problem has already been resolved. And the credit card issuer must resolve the dispute within two billing cycles (but not more than 90 days) after receiving your letter.

What happens while your bill is in dispute?

You may withhold payment on the disputed amount (and related charges), during the investigation, but you must pay any part of the bill not in question, including any finance charges on the undisputed amount.

The credit card issuer may not take any legal or other action to collect the disputed amount and the related charges (including finance charges) during the investigation. While your account cannot be closed or restricted, the disputed amount may be applied against your credit limit.

You placed an order with a catalog company and they charged your credit card immediately. The catalog company contacts you two weeks later and says the shipment will be delayed 60 days. You agree to the delay. The 60 days have passed and you don't have the merchandise. Can you still dispute the charge?

Maybe. In delayed shipment situations, credit card issuers often are more generous when they calculate the time for allowing disputes. To take advantage of this flexibility, include the following information in your dispute letter.

Tell the credit card issuer if the premature charge was unexpected. Some credit card issuers make an exception to the general industry rule against merchants charging before shipping if the merchant tells you about its practice at the time of sale. If you're certain the merchant said nothing or wasn't clear about its charge practice, the credit card issuer is more likely to allow the dispute.

Tell the credit card issuer when delivery was expected. In no delivery situations, some credit card issuers will use the expected date of delivery rather than the charge date as the start time for you to dispute charges. If you dispute the charge within a reasonable time after the expected delivery date passes, chances are good that the credit card issuer will honor the dispute. When you order or when a merchant notifies you of delayed shipment, it's important to keep a record of the promised shipment or delivery date. Include a copy of any documentation of the shipment or delivery date when disputing the charge with your credit card issuer.

What if you used a debit card to pay for the merchandise? The consumer protections for a debit card fall under the Electronic Fund Transfer Act and may differ from protections for a credit card under the FCBA. So you may not be able to dispute a debit and get a refund for non-delivery or late delivery. Still, some debit card issuers voluntarily offer protections and solutions to problems like the failure to receive merchandise bought with a debit card. Contact your debit card issuer for more information about particular policies and protections.

What if you financed your purchase through the merchant? If you financed your purchase through the merchant, you also may have protections under state and federal law. Check your credit contract for the following language: Notice: Any holder of this consumer credit contract is subject to all claims and defenses which the debtor could assert against the seller of goods or services obtained with the proceeds hereof. It means that you may be able to claim that the seller failed to deliver the goods as stated in your credit contract.

Sample Dispute Letter

Date

Your Name

Your Address, City, State, Zip Code

Your Account Number

Name of Credit Card Issuer

Billing Inquiries

Address, City, State, Zip Code

Dear Sir or Madam:

I am writing to dispute a billing error in the amount of \$_____ on my account. The amount is inaccurate because the merchandise I ordered was not delivered. I ordered the merchandise on (date) . The merchant promised to deliver the merchandise to me on (date) , and the merchandise was not delivered. (In addition, when I ordered the merchandise, the merchant did not tell me that it would charge before shipping.)

I am requesting that the error be corrected, that any finance and other charges related to the disputed amount be credited to my account, and that I receive an accurate statement.

Enclosed are copies of (use this sentence to describe any enclosed information, such as sales slips, payment records, documentation of shipment or delivery dates) supporting my position and experience. Please correct the billing error promptly.

Sincerely,

Your name

Enclosures: (List what you are enclosing.)

The Mail or Telephone Order Merchandise Rule

This rule covers merchandise you order by mail, telephone, computer and fax. It requires merchants to have a reasonable basis for claiming they can ship an order within a certain time.

Ship Dates

By law, a merchant should ship your order within the time stated in its ads or over the phone. If the merchant doesn't promise a time, you can expect it to ship your order within 30 days.

The shipment "clock" begins when the merchant receives a "properly completed order." That includes your name, address and payment (check, money order or authorization to charge an existing credit account - whether the account is debited at that time or not).

If the merchant doesn't promise a shipping time and you are applying for credit to pay for your purchase, the merchant has an additional 20 days (50 days total) to establish the account and ship the merchandise.

Delays

If the merchant is unable to ship within the promised time, it must notify you by mail, telephone, or email, give a revised shipping date and give you the chance to cancel for a full refund or accept the new shipping date. The merchant also must give you some way to exercise the cancellation option for free, for example, by supplying a prepaid reply card or staffing a toll-free telephone number.

If you ignore the option notice, and the delay is 30 days or less, it's assumed that you accept the delay and are willing to wait for the merchandise.

If you do not respond - and the delay is more than 30 days - the order must be canceled by the 30th day of the delay period and a full refund issued promptly.

If the merchant can't meet the revised shipping date, it must notify you again by mail, email or telephone and give you a new shipping date or cancel your order and give you a refund.

The order will be canceled and a refund issued promptly unless you indicate by the revised shipping date that you are willing to wait.

If you do not respond at all to the second notice, it's assumed that you are not willing to wait, and a full refund must be issued promptly.

Refunds

If you authorized a charge to your credit card account, the merchant must credit the account within one billing cycle - not give credit toward another purchase. If you pay by cash, check or money order, the merchant must mail you a refund within seven working days.

Tips for Shopping by Phone, Mail or Online

Consider your experience with the company or its general reputation before you order. If you've never heard of the seller, check on its physical location and reputation with the local Better Business Bureau or the state Attorney General's office.

Ask about the company's refund and return policies, the product's availability and the total cost of your order before you place your order.

Get a shipment date.

Keep records of your order, such as the ad or catalog from which you ordered; the company's name, address and phone number; any shipment representation the company made to you and when it made it; the date of your order; a copy of the order form you sent to the company or, if you're ordering by phone, a list of the items and their stock codes and the order confirmation code; your canceled check or the charge or debit statement showing the charge for your order; and any communications to or from the company.

Track your purchases. When you order online, keep printouts of the web pages with the details of the transaction, including the merchant's return policies, in case you're not satisfied.

Contacts for Resolving Problems

If you have other problems with your purchase, try to resolve your dispute with the company. If that doesn't work, the following resources may be helpful:

State and local consumer protection offices. Contact the offices in your home state and where the company is located.

The Direct Marketing Association (DMA). Write:

DMA Mail Order Action Line
1111 19th Street, N.W., Suite 1100
Washington, D.C. 20036-3603

Postal Inspectors. Call your local post office and ask for the Inspector-in-Charge.

Building a Better Credit Report

If you've ever applied for a credit card, a personal loan, or insurance, there's a file about you. This file is known as your credit report. It is chock full of information on where you live, how you pay your bills, and whether you've been sued, arrested, or filed for bankruptcy. Consumer reporting companies sell the information in your report to creditors, insurers, employers, and other businesses with a legitimate need for it. They use the information to evaluate your applications for credit, insurance, employment, or a lease.

Having a good credit report means it will be easier for you to get loans and lower interest rates. Lower interest rates usually translate into smaller monthly payments.

Nevertheless, newspapers, radio, TV, and the Internet are filled with ads for companies and services that promise to erase accurate negative information in your credit report in exchange for a fee. The scam artists who run these ads not only don't deliver — they can't deliver. Only time, a deliberate effort, and a plan to repay your bills will improve your credit as it's detailed in your credit report.

The Federal Trade Commission (FTC), the nation's consumer protection agency, has written this booklet to help explain how to build a better credit report. It has six sections:

Section 1: Explains your rights under the Fair Credit Reporting Act and the Fair and Accurate Credit Transactions Act.

Section 2: Tells how you can legally improve your credit report.

Section 3: Offers tips on dealing with debt.

Section 4: Cautions about credit-related scams and how to avoid them.

Section 5: Offers information about identity theft.

Section 6: Lists resources for additional information.

The Fair Credit Reporting Act

The Fair Credit Reporting Act (FCRA) promotes the accuracy, fairness, and privacy of information in the files of the nation's consumer reporting companies. The FTC enforces the FCRA with respect to consumer reporting companies. Recent amendments to the FCRA expand consumer rights and place additional requirements on consumer reporting companies. Businesses that provide information about consumers to consumer reporting companies and businesses that use credit reports also have new responsibilities under the law.

Here are some questions consumers have asked the FTC about consumer reports and consumer reporting companies, and the answers.

Q. Do I have a right to know what's in my report?

A. You have the right to know what's in your report, but you have to ask for the information. The consumer reporting company must tell you everything in your report, and give you a list of everyone who has requested your report within the past year - or the past two years if the requests were related to employment. Q. What type of information do consumer reporting companies collect and sell? A. Consumer reporting companies collect and sell four basic types of information:

Identification and employment information: Your name, birth date, Social Security number, employer, and spouse's name are noted routinely. The consumer reporting company also may provide information about your employment history, home ownership, income, and previous address, if a creditor asks.

Payment history: Your accounts with different creditors are listed, showing how much credit has been extended and whether you've paid on time. Related events, such as the referral of an overdue account to a collection agency, also may be noted.

Inquiries: Consumer reporting companies must maintain a record of all creditors who have asked for your credit history within the past year, and a record of individuals or businesses that have asked for your credit history for employment purposes for the past two years.

Public record information: Events that are a matter of public record, such as bankruptcies, foreclosures, or tax liens, may appear in your report.

Q. Is there a charge for my report?

A. Under the Free File Disclosure Rule of the Fair and Accurate Credit Transactions Act (FACT Act), each of the nationwide consumer reporting companies — Equifax, Experian, and TransUnion — is required to provide you with a free copy of your credit report once every 12 months, if you ask for it.

Q: How do I order my free report?

A: The three nationwide consumer reporting companies are using one website, one toll-free telephone number, and one mailing address for consumers to order their free annual report. To order, click on www.annualcreditreport.com, call 1-877-322-8228, or complete the Annual Credit Report Request Form and mail it to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. The form is at the back of this brochure; or you can print it from ftc.gov/credit. Do not contact the three nationwide consumer reporting companies individually. You may order your free annual reports from each of the consumer reporting companies at the same time, or you can order from only one or two. The law allows you to order one free copy from each of the nationwide consumer reporting companies every 12 months.

Q: What information do I have to provide to get my free report?

A: You need to provide your name, address, Social Security number, and date of birth. If you have moved in the last two years, you may have to provide your previous address. To maintain the security of your file, each nationwide consumer reporting company may ask you for some information that only you would know, like the amount of your monthly mortgage payment. Each company may ask you for different information because the information each has in your file may come from different sources.

Still, www.annualcreditreport.com is the only authorized online source for your free annual credit report from the three nationwide consumer reporting companies. Neither the website nor the companies will call you first to ask for personal information or send you an email asking for personal information. If you get a phone call or an email — or see a pop-up ad — claiming it's from www.annualcreditreport.com (or any of the three nationwide consumer reporting companies), it's probably a scam. Don't reply or click on any link in the message. Instead, forward any email that claims to be from www.annualcreditreport.com (or any of the three consumer reporting companies) to spam@uce.gov, the FTC's database of deceptive spam.

Q: Are there other situations where I might be eligible for a free report?

A: Under federal law, you're entitled to a free report if a company takes adverse action against you, such as denying your application for credit, insurance, or employment, and you ask for your report within 60 days of receiving notice of the action. The notice will give you the name, address, and phone number of the consumer reporting company. You're also entitled to one free report a year if you're unemployed and plan to look for a job within 60 days; if you're on welfare; or if your report is inaccurate because of fraud, including identity theft. Otherwise, any of the three consumer reporting companies may charge you up to \$9.50 for another copy of your report within a 12-month period.

To buy a copy of your report, contact:

Equifax	Experian	Trans Union
800-685-1111	888-EXPERIAN (397-3742)	800-916-8800
www.equifax.com	www.experian.com	www.transunion.com

Under state law, consumers in Colorado, Georgia, Maine, Maryland, Massachusetts, New Jersey, and Vermont already have free access to their credit reports.

For more information, see Your Access to Free Credit Reports at ftc.gov/credit.

Credit Scores

Q. What is a credit score, and how does it affect my ability to get credit?

A: Credit scoring is a system creditors use to help determine whether to give you credit, and how much to charge you for it.

Information about you and your credit experiences, like your bill-paying history, the number and type of accounts you have, late payments, collection actions, outstanding debt, and the age of your accounts, is collected from your credit application and your credit report. Using a statistical formula, creditors compare this information to the credit performance of consumers with similar profiles. A credit scoring system awards points for each factor. A total number of points — a credit score — helps predict how creditworthy you are, that is, how likely it is that you will repay a loan and make the payments on time. Generally, consumers with good credit risks have higher credit scores.

You can get your credit score from the three nationwide consumer reporting companies, but you will have to pay a fee for it. Many other companies also offer credit scores for sale alone or as part of a package of products.

For more information, see Credit Scoring at ftc.gov/credit.

Improving Your Credit Report

Under the FCRA, both the consumer reporting company and the information provider (the person, company, or organization that provides information about you to a consumer reporting company) are responsible for correcting inaccurate or incomplete information in your report. To take advantage of all your rights under the FCRA, contact the consumer reporting company and the information provider if you see inaccurate or incomplete information.

1. Tell the consumer reporting company, in writing, what information you think is inaccurate. Include copies (NOT originals) of documents that support your position. In addition to providing your complete name and address, your letter should clearly identify each item in your report that you dispute, state the facts and explain why you dispute the information, and request that the information be deleted or corrected. You may want to enclose a copy of your report with the items in question circled. Your letter may look something like the one on page 8. Send your letter by certified mail, return receipt requested, so you can document what the consumer reporting company received. Keep copies of your dispute letter and enclosures.

Consumer reporting companies must investigate the items in question — usually within 30 days — unless they consider your dispute frivolous. They also must forward all the relevant data you provide about the inaccuracy to the organization that provided the information. After the information provider receives notice of a dispute from the consumer reporting company, it must investigate, review the relevant information, and report the results back to the consumer reporting company. If the information provider finds the disputed information is inaccurate, it must notify all three nationwide consumer reporting companies so they can correct the information in your file.

When the investigation is complete, the consumer reporting company must give you the written results and a free copy of your report if the dispute results in a change. (This free report does not count as your annual free report under the FACT Act.) If an item is changed or deleted, the consumer reporting company cannot put the disputed information back in your file unless the

information provider verifies that the information is, indeed, accurate and complete. The consumer reporting company also must send you written notice that includes the name, address, and phone number of the information provider.

If you request, the consumer reporting company must send notices of any correction to anyone who received your report in the past six months. A corrected copy of your report can be sent to anyone who received a copy during the past two years for employment purposes.

If an investigation doesn't resolve your dispute with the consumer reporting company, you can ask that a statement of the dispute be included in your file and in future reports. You also can ask the consumer reporting company to provide your statement to anyone who received a copy of your report in the recent past. Expect to pay a fee for this service.

2. Tell the creditor or other information provider, in writing, that you dispute an item. Be sure to include copies (NOT originals) of documents that support your position. Many providers specify an address for disputes. If the provider reports the item to a consumer reporting company, it must include a notice of your dispute. And if you are correct - that is, if the information is found to be inaccurate - the information provider may not report it again.

Sample Dispute Letter

Date
Your Name
Your Address
Your City, State, Zip Code

Complaint Department
Name of Company
Address
City, State, Zip Code

Dear Sir or Madam:

I am writing to dispute the following information in my file. The items I dispute also are encircled on the attached copy of the report I received.

This item (identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.) is (inaccurate or incomplete) because (describe what is inaccurate or incomplete and why). I am requesting that the item be deleted (or request another specific change) to correct the information.

Enclosed are copies of (use this sentence if applicable and describe any enclosed documentation, such as payment records, court documents)

supporting my position. Please investigate this (these) matter(s) and (delete or correct) the disputed item(s) as soon as possible.

Sincerely,
Your name

Enclosures: (List what you are enclosing)

Accurate Negative Information

When negative information in your report is accurate, only the passage of time can assure its removal. A consumer reporting company can report most accurate negative information for seven years and bankruptcy information for 10 years. Information about an unpaid judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer. There is no time limit on reporting information about criminal convictions; information reported in response to your application for a job that pays more than \$75,000 a year; and information reported because you've applied for more than \$150,000 worth of credit or life insurance. There is a standard method for calculating the seven-year reporting period. Generally, the period runs from the date that the event took place.

Adding Accounts to Your File

Your credit file may not reflect all your credit accounts. Most national department store and all-purpose bank credit card accounts are included in your file, but not all. Some travel, entertainment, gasoline card companies, local retailers, and credit unions are among those that usually aren't included.

If you've been told that you were denied credit because of an "insufficient credit file" or "no credit file" and you have accounts with creditors that don't appear in your credit file, ask the consumer reporting companies to add this information to future reports. Although they are not required to do so, many consumer reporting companies will add verifiable accounts for a fee. However, if these creditors do not generally report to the consumer reporting company, the added items will not be updated in your file.

Dealing with Debt

Having trouble paying your bills? Getting dunning notices from creditors? Are your accounts being turned over to debt collectors? Are you worried about losing your home or your car?

You're not alone. Many people face financial crises at some time in their lives. Whether the crisis is caused by personal or family illness, the loss of a job, or simple overspending, it can

seem overwhelming. But often, it can be overcome. The fact is that your financial situation doesn't have to go from bad to worse.

If you or someone you know is in financial hot water, consider these options: realistic budgeting, credit counseling from a reputable organization, debt consolidation, or bankruptcy. How do you know which will work best for you? It depends on your level of debt, your level of discipline, and your prospects for the future.

Self-Help Developing a Budget

The first step toward taking control of your financial situation is to do a realistic assessment of how much money you take in and how much money you spend. Start by listing your income from all sources. Then, list your "fixed" expenses — those that are the same each month — like mortgage payments or rent, car payments, and insurance premiums. Next, list the expenses that vary — like entertainment, recreation, and clothing. Writing down all your expenses, even those that seem insignificant, is a helpful way to track your spending patterns, identify necessary expenses, and prioritize the rest. The goal is to make sure you can make ends meet on the basics: housing, food, health care, insurance, and education.

Your public library and bookstores have information about budgeting and money management techniques. In addition, computer software programs can be useful tools for developing and maintaining a budget, balancing your checkbook, and creating plans to save money and pay down your debt.

Contacting Your Creditors

Contact your creditors immediately if you're having trouble making ends meet. Tell them why it's difficult for you, and try to work out a modified payment plan that reduces your payments to a more manageable level. Don't wait until your accounts have been turned over to a debt collector. At that point, your creditors have given up on you.

Dealing with Debt Collectors

The Fair Debt Collection Practices Act is the federal law that dictates how and when a debt collector may contact you. A debt collector may not call you before 8 a.m., after 9 p.m., or while you're at work if the collector knows that your employer doesn't approve of the calls. Collectors may not harass you, lie, or use unfair practices when they try to collect a debt. And they must honor a written request from you to stop further contact.

Credit Counseling

If you're not disciplined enough to create a workable budget and stick to it, can't work out a repayment plan with your creditors, or can't keep track of mounting bills, consider contacting a credit counseling organization. Many credit counseling organizations are nonprofit and work with you to solve your financial problems. But be aware that just because an organization says it's

"nonprofit," there's no guarantee that its services are free, affordable, or even legitimate. In fact, some credit counseling organizations charge high fees, which may be hidden, or pressure consumers to make large "voluntary" contributions that can cause more debt.

Most credit counselors offer services through local offices, the Internet, or on the telephone. If possible, find an organization that offers in-person counseling. Many universities, military bases, credit unions, housing authorities, and branches of the U.S. Cooperative Extension Service operate nonprofit credit counseling programs. Your financial institution, local consumer protection agency, and friends and family also may be good sources of information and referrals.

Reputable credit counseling organizations can advise you on managing your money and debts, help you develop a budget, and offer free educational materials and workshops. Their counselors are certified and trained in the areas of consumer credit, money and debt management, and budgeting. Counselors discuss your entire financial situation with you, and help you develop a personalized plan to solve your money problems. An initial counseling session typically lasts an hour, with an offer of follow-up sessions.

Auto and Home Loans

Your debts can be secured or unsecured. Secured debts usually are tied to an asset, like your car for a car loan, or your house for a mortgage. If you stop making payments, lenders can repossess your car or foreclose on your house. Unsecured debts are not tied to any asset, and include most credit card debt, bills for medical care, signature loans, and debts for other types of services.

Most automobile financing agreements allow a creditor to repossess your car any time you're in default. No notice is required. If your car is repossessed, you may have to pay the balance due on the loan, as well as towing and storage costs, to get it back. If you can't do this, the creditor may sell the car. If you see default approaching, you may be better off selling the car yourself and paying off the debt: You'll avoid the added costs of repossession and a negative entry on your credit report.

If you fall behind on your mortgage, contact your lender immediately to avoid foreclosure. Most lenders are willing to work with you if they believe you're acting in good faith and the situation is temporary. Some lenders may reduce or suspend your payments for a short time. When you resume regular payments, though, you may have to pay an additional amount toward the past due total. Other lenders may agree to change the terms of the mortgage by extending the repayment period to reduce the monthly debt. Ask whether additional fees would be assessed for these changes, and calculate how much they total in the long term.

If you and your lender cannot work out a plan, contact a housing counseling agency. Some agencies limit their counseling services to homeowners with FHA mortgages, but many offer free help to any homeowner who's having trouble making mortgage payments. Call the local

office of the Department of Housing and Urban Development or the housing authority in your state, city, or county for help in finding a legitimate housing counseling agency near you.

Debt Consolidation

You may be able to lower your cost of credit by consolidating your debt through a second mortgage or a home equity line of credit. Remember that these loans require you to put up your home as collateral. If you can't make the payments — or if your payments are late — you could lose your home.

What's more, the costs of consolidation loans can add up. In addition to interest on the loans, you may have to pay "points," with one point equal to one percent of the amount you borrow. Still, these loans may provide certain tax advantages that are not available with other kinds of credit.

Bankruptcy

Personal bankruptcy generally is considered the debt management option of last resort because the results are long-lasting and far-reaching. A bankruptcy stays on your credit report for 10 years, and can make it difficult to obtain credit, buy a home, get life insurance, or sometimes get a job. Still, it is a legal procedure that offers a fresh start for people who can't satisfy their debts. People who follow the bankruptcy rules receive a discharge — a court order that says they don't have to repay certain debts.

The consequences of bankruptcy are significant and require careful consideration. Other factors to think about: Effective October 2005, Congress made sweeping changes to the bankruptcy laws. The net effect of these changes is to give consumers more incentive to seek bankruptcy relief under Chapter 13 rather than Chapter 7. Chapter 13 allows you, if you have a steady income, to keep property, such as a mortgaged house or car, that you might otherwise lose. In Chapter 13, the court approves a repayment plan that allows you to use your future income to pay off your debts during a three-to-five-year period, rather than surrender any property. After you have made all the payments under the plan, you receive a discharge of your debts.;

Chapter 7, known as straight bankruptcy, involves the sale of all assets that are not exempt. Exempt property may include cars, work-related tools, and basic household furnishings. Some of your property may be sold by a court-appointed official — a trustee — or turned over to your creditors. The new bankruptcy laws have changed the time period during which you can receive a discharge through Chapter 7. You now must wait eight years after receiving a discharge in Chapter 7 before you can file again under that chapter. The Chapter 13 waiting period is much shorter and can be as little as two years between filings.

Both types of bankruptcy may get rid of unsecured debts and stop foreclosures, repossessions, garnishments and utility shut-offs, and debt collection activities. Both also provide exemptions that allow you to keep certain assets, although exemption amounts vary by state. Personal bankruptcy usually does not erase child support, alimony, fines, taxes, and some student loan

obligations. Also, unless you have an acceptable plan to catch up on your debt under Chapter 13, bankruptcy usually does not allow you to keep property when your creditor has an unpaid mortgage or security lien on it.

Another major change to the bankruptcy laws involves certain hurdles that you must clear before even filing for bankruptcy, no matter what the chapter. You must get credit counseling from a government-approved organization within six months before you file for any bankruptcy relief. You can find a state-by-state list of government-approved organizations at www.usdoj.gov/ust. That is the website of the U.S. Trustee Program, the organization within the U.S. Department of Justice that supervises bankruptcy cases and trustees. Also, before you file a Chapter 7 bankruptcy case, you must satisfy a “means test.” This test requires you to confirm that your income does not exceed a certain amount. The amount varies by state and is publicized by the U.S. Trustee Program at www.usdoj.gov/ust.

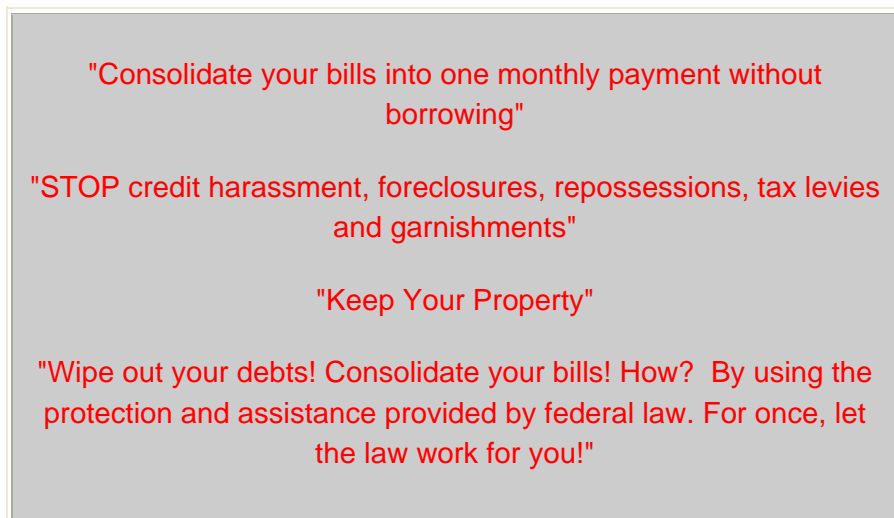
For more information, see *Before You File for Personal Bankruptcy: Information About Credit Counseling and Debtor Education*, *Knee Deep in Debt*, and *Fiscal Fitness: Choosing a Credit Counselor* at ftc.gov/credit.

Avoiding Scams

Turning to a business that offers help in solving debt problems may seem like a reasonable solution when your bills become unmanageable. Be cautious. Before you do business with any company, check it out with your local consumer protection agency or the Better Business Bureau in the company's location.

Ads Promising Debt Relief May Really Be Offering Bankruptcy

Consumer debt is at an all-time high. What's more, a record number of consumers — more than 1.5 million in 2004 — are filing for bankruptcy. Whether your debt dilemma is the result of an illness, unemployment, or overspending, it can seem overwhelming. In your effort to get solvent, be on the alert for advertisements that offer seemingly quick fixes. And read between the lines when faced with ads in newspapers, magazines, or even telephone directories that say:



While the ads pitch the promise of debt relief, they rarely say relief may be spelled b-a-n-k-r-u-p-t-c-y. And although bankruptcy is one option to deal with financial problems, it's generally considered the option of last resort. The reason: it has a long-term negative impact on your creditworthiness. A bankruptcy stays on your credit report for 10 years, and can hinder your ability to get credit, a job, insurance, or even a place to live. What's more, it can cost you attorneys' fees.

Advance-Fee Loan Scams

These scams often target consumers with bad credit problems or those with no credit. In exchange for an up-front fee, these companies "guarantee" that applicants will get the credit they want — usually a credit card or a personal loan.

The up-front fee may be as high as several hundred dollars. Resist the temptation to follow up on advance-fee loan guarantees. They may be illegal. Many legitimate creditors offer extensions of credit, such as credit cards, loans, and mortgages through telemarketing, and require an application fee or appraisal fee in advance. But legitimate creditors never guarantee in advance that you'll get the loan. Under the federal Telemarketing Sales Rule, a seller or telemarketer who guarantees or represents a high likelihood of your getting a loan or some other extension of credit may not ask for or receive payment until you've received the loan.

Recognizing an Advance-Fee Loan Scam

Ads for advance-fee loans often appear in the classified ad section of local and national newspapers and magazines. They also may appear in mailings, radio spots, and on local cable stations. Often, these ads feature "900" numbers, which result in charges on your phone bill. In addition, these companies often use delivery systems other than the U.S. Postal Service, such as overnight or courier services, to avoid detection and prosecution by postal authorities.

It's not hard to confuse a legitimate credit offer with an advance-fee loan scam. An offer for credit from a bank, savings and loan, or mortgage broker generally requires your verbal or written acceptance of the loan or credit offer. The offer usually is subject to a check of your credit report after you apply to make sure you meet their credit standards. Usually, you are not required to pay a fee to get the credit.

Hang up on anyone who calls you on the phone and says they can guarantee you will get a loan if you pay in advance. It's against the law.

Protecting Yourself

Here are some tips to keep in mind before you respond to ads that promise easy credit, regardless of your credit history:

Most legitimate lenders will not "guarantee" that you will get a loan or a credit card before you apply, especially if you have bad credit, or a bankruptcy.

It is an accepted and common practice for reputable lenders to require payment for a credit report or appraisal. You also may have to pay a processing or application fee.

Never give your credit card account number, bank account information, or Social Security number out over the telephone unless you are familiar with the company and know why the information is necessary.

Credit Repair Scams

You see the ads in newspapers, on TV, and on the Internet. You hear them on the radio. You get fliers in the mail. You may even get calls from telemarketers offering credit repair services. They all make the same claims:

"Credit problems? No problem!"

"We can erase your bad credit-100% guaranteed."

"Create a new credit identity-legally."

"We can remove bankruptcies, judgments, liens, and bad loans from your credit file forever!"

Do yourself a favor and save some money, too. Don't believe these statements. They're just not true. Only time, a conscientious effort, and a plan for repaying your debt will improve your credit report.

The Warning Signs

If you should decide to respond to an offer to repair your credit, think twice. Don't do business with any company that:

wants you to pay for credit repair services before any services are provided

does not tell you your legal rights and what you can do yourself — for free

recommends that you not contact a consumer reporting company directly

suggests that you try to invent a "new" credit report by applying for an Employer Identification Number to use instead of your Social Security number

advises you to dispute all information in your credit report or take any action that seems illegal, such as creating a new credit identity. If you follow illegal advice and commit fraud, you may be subject to prosecution.

You could be charged and prosecuted for mail or wire fraud if you use the mail or telephone to apply for credit and provide false information. It's a federal crime to make false statements on a

loan or credit application, to misrepresent your Social Security number, and to obtain an Employer Identification Number from the Internal Revenue Service under false pretenses.

The Credit Repair Organizations Act

By law, credit repair organizations must give you a copy of the "Consumer Credit File Rights Under State and Federal Law" before you sign a contract. They also must give you a written contract that spells out your rights and obligations. Read these documents before signing the contract. The law contains specific consumer protections. For example, a credit repair company cannot:

- make false claims about their services

- charge you until they have completed the promised services

- perform any services until they have your signature on a written contract and have completed a three-day waiting period. During this time, you can cancel the contract without paying any fees.

Your contract must specify:

- the total cost of the services

- a detailed description of the services to be performed

- how long it will take to achieve the results

- any "guarantees" they offer

- the company's name and business address.

Where to Complain

If you've had a problem with any of the scams described here, contact your local consumer protection agency, state Attorney General (AG), or Better Business Bureau. Many AGs have toll-free consumer hotlines. Check with your local directory assistance.

Identity Theft

An identity thief is someone who obtains some piece of your sensitive information, like your Social Security number, date of birth, address, and phone number, and uses it without your knowledge to commit fraud or theft.

How Identity Thieves Get Your Information

Skilled identity thieves use a variety of methods to gain access to your personal information. For example, they may:

- [get information from businesses or other institutions by:](#)

stealing records or information while they're on the job

bribing an employee who has access to these records

hacking these records

conning information out of employees

rummage through your trash, the trash of businesses, or public trash dumps in a practice known as "dumpster diving"

get your credit reports by abusing their employer's authorized access to them, or by posing as a landlord, employer, or someone else who may have a legal right to access your report

steal your credit or debit card numbers by capturing the information in a data storage device in a practice known as "skimming." They may swipe your card for an actual purchase, or attach the device to an ATM machine where you may enter or swipe your card.

steal wallets and purses containing identification and credit and bank cards.

steal mail, including bank and credit card statements, new checks, or tax information

complete a "change of address form" to divert your mail to another location

steal personal information from your home

scam information from you by posing as a legitimate business person or government official

How Identity Thieves Use Your Information

Once identity thieves have your personal information, they may:

go on spending sprees using your credit and debit card account numbers to buy "big-ticket" items like computers that they can easily sell

open a new credit card account, using your name, date of birth, and Social Security number. When they don't pay the bills, the delinquent account is reported on your credit report.

change the mailing address on your credit card account. The imposter then runs up charges on the account. Because the bills are being sent to the new address, it may take some time before you realize there's a problem.

take out auto loans in your name

establish phone or wireless service in your name

counterfeit checks or debit cards, and drain your bank account

open a bank account in your name and write bad checks on that account

file for bankruptcy under your name to avoid paying debts they've incurred, or to avoid eviction

give your name to the police during an arrest. If they are released and don't show up for their court date, an arrest warrant could be issued in your name.

Protecting Yourself

Managing your personal information is key to minimizing your risk of becoming a victim of identity theft.

Keep an eye on your purse or wallet, and keep them in a safe place at all times.

Don't carry your Social Security card.

Don't share your personal information with random people you don't know. Identity thieves are really good liars, and could pretend to be from banks, Internet service providers, or even government agencies to get you to reveal identifying information.

Read the statements from your bank and credit accounts and look for unusual charges or suspicious activity. Report any problems to your bank and creditors right away.

Tear up or shred your charge receipts, checks and bank statements, expired charge cards, and any other documents with personal information before you put them in the trash.

How To Tell If You're a Victim of Identity Theft

Monitor the balances of your financial accounts. Look for unexplained charges or withdrawals. Other indications of identity theft can be:

failing to receive bills or other mail signaling an address change by the identity thief;

receiving credit cards for which you did not apply;

denial of credit for no apparent reason; or

receiving calls from debt collectors or companies about merchandise or services you didn't buy.

What To Do If Your Identity's Been Stolen

If you suspect that your personal information has been used to commit fraud or theft, take the following four steps right away. Follow up all calls in writing; send your letter by certified mail, and request a return receipt, so you can document what the company received and when; and keep copies for your files.

1. **Place a fraud alert on your credit reports and review your credit reports.** Contact any one of the nationwide consumer reporting companies to place a fraud alert on your credit report. Fraud alerts can help prevent an identity thief from opening any more accounts in your name. The company you call is required to contact the other two, which will place an alert on their versions of your report, too.

Equifax: 1-800-525-6285; www.equifax.com

Experian: 1-888-EXPERIAN (397-3742); www.experian.com

TransUnion: 1-800-680-7289; www.transunion.com

In addition to placing the fraud alert on your file, the three consumer reporting companies will send you free copies of your credit reports, and, if you ask, they will display only the last four digits of your Social Security number on your credit reports.

2. Close the accounts that you know, or believe, have been tampered with or opened fraudulently.

Contact the security or fraud department of each company where you know, or believe, accounts have been tampered with or opened fraudulently. Follow up in writing, and include copies (NOT originals) of supporting documents. It's important to notify credit card companies and banks in writing. Send your letters by certified mail, return receipt requested, so you can document what the company received and when. Keep a file of your correspondence and enclosures.

When you open new accounts, use new Personal Identification Numbers (PINs) and passwords. Avoid using easily available information like your mother's maiden name, your birth date, the last four digits of your Social Security number or your phone number, or a series of consecutive numbers.

3. File a report with your local police or the police in the community where the identity theft took place.

Get a copy of the police report or, at the very least, the number of the report. It can help you deal with creditors who need proof of the crime. If the police are reluctant to take your report, ask to file a "Miscellaneous Incidents" report, or try another jurisdiction, like your state police. You also can check with your state Attorney General's office to find out if state law requires the police to take reports for identity theft. Check the Blue Pages of your telephone directory for the phone number or check www.naag.org for a list of state Attorneys General.

4. File a complaint with the Federal Trade Commission.

By sharing your identity theft complaint with the FTC, you will provide important information that can help law enforcement officials across the nation track down identity thieves and stop them. The FTC also can refer your complaint to other government agencies and companies for further action, as well as investigate companies for violations of laws that the FTC enforces.

You can file a complaint online at www.consumer.gov/idtheft. If you don't have Internet access, call the FTC's Identity Theft Hotline, toll-free: 1-877-IDTHEFT (438-4338); TTY:

1-866-653-4261; or write: Identity Theft Clearinghouse, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580.

For more information, see ID Theft: What's It All About or Take Charge: Fighting Back Against Identity Theft at ftc.gov/idtheft.

Check 21: Substitute Checks, Electronic Processing, and What It Means to You

If you write checks, you should know about a new law called “Check 21.” Under the law, your paper checks can be replaced with paper copies called “substitute checks.” You also may experience electronic — and faster — processing of your checks.

What Check 21 Means to You

You may not get your original canceled checks in the mail with your regular bank statement anymore. Instead, you may get a substitute check — a paper copy of the front and back of your original check. It is slightly larger than a standard personal check and meets other requirements. A substitute check should state: “This is a legal copy of your check. You can use it the same way you would use the original check.” You can use a substitute check as proof of payment.

[Here's what a substitute check can look like.](#) (This is a clickable link)

Depending on your agreement with your bank, and whether due to Check 21 or other check processing changes, you may not get original checks or substitutes with your monthly statement. Instead, you may get a list of your electronically processed checks, or electronic images of your checks. Or you may get partial copies of several of your cancelled checks on one page. These items may not have all the required information to make them substitute checks. But you usually can use these items or other information from your bank statements as proof of payment.

Less or No “Float”

Check 21 allows banks to process checks more quickly. That means your check will reach your bank faster, and be paid sooner. It also means you may lose the “float” on your check. So if you write a check today, you need to have funds in your account today to cover it. If you don't have sufficient funds, your check (and others you may write afterward) may bounce, and you may have to pay fees imposed by the merchant, your financial institution, or both. Bounced checks can blemish your credit record. If you're concerned about bounced checks, you may want to consider overdraft protection or a backup line of credit on your account. Your financial institution may charge for these services.

Consumers have certain rights related to these check payments. For example, by law you are protected against wrong and unauthorized check payments, whether you get back a paper check, a substitute check, an electronic image of the check, or a line-item description of your check. Check 21 includes a special refund procedure if you suffer a loss related to a substitute check you receive.

A Word About Electronic Check Conversion

Substitute checks and electronic check conversion are different. Both involve electronic processing, but the processes are different.

Electronic check conversion works like this: When you give your check to a store cashier, the check is run through an electronic system that captures your bank account information and the amount of the check. Once the check information is processed, you're asked to sign a receipt and you get a copy for your records. When your check information has been processed and your check has been handed back to you, it should be voided or marked by the merchant so that it can't be used again. The merchant electronically sends information from the check (but not the check itself) to your bank or other financial institution, and the funds are transferred into the merchant's account.

Electronic check conversion also is used for checks you mail to pay for a purchase or to pay on an account. The merchant or company receiving your check electronically sends information from your check (but not the check itself) through the system, and the funds are transferred into their account. Your check is usually destroyed by the merchant or other company that processed the information; you may, however, ask them for a copy of the check, which they may have retained.

The bottom line? Electronic check conversion is an electronic fund transfer. The processed information will appear on your bank statement in an area with similar payments, like direct deposit of your paycheck, or debit card payments and withdrawals. Electronic check conversion has special protections for errors and unauthorized transfers under the Federal Electronic Fund Transfer Act.

Avoiding Errors

Legibility is important. Illegible checks can lead to improper payments, because they are based on information from your check. Illegible checks also can affect the clarity of electronic images of your checks and can make it more difficult for you to show proof of payment.

Careful record-keeping also is critical. Use your check ledger to record every check you write. That helps avoid errors in your account and overdrafts. Promptly review your monthly bank statement when it arrives. Contact your bank as soon as possible if you suspect errors on your account, including any duplicate or incorrect items.

For More Information

Contact your financial institution.

Visit the Federal Reserve Board at www.federalreserve.gov. The Board's *Consumer Guide to Check 21 and Substitute Checks*

(www.federalreserve.gov/pubs/check21/consumer_guide.htm) describes how consumers may be affected by the new law and provides information on how to resolve problems associated with the receipt of substitute checks. A second consumer guide from the Board, *What You Should Know about Your Checks*, (www.federalreserve.gov/pubs/check21/shouldknow.htm) discusses how check payments have changed, including the increased use of electronic check conversion, a process separate from Check 21.

Visit the FTC at ftc.gov/bcp/conline/pubs/credit/echeck.htm for a copy of *Electronic Check Conversion*.

Choosing and Using Credit Cards

Chances are you've gotten your share of "pre-approved" credit card offers in the mail, some with low introductory rates and other perks. Many of these solicitations urge you to accept "before the offer expires." Before you accept, shop around to get the best deal.

Credit Card Terms

A credit card is a form of borrowing that often involves charges. Credit terms and conditions affect your overall cost. So it's wise to compare terms and fees before you agree to open a credit or charge card account. The following are some important terms to consider that generally must be disclosed in credit card applications or in solicitations that require no application. You also may want to ask about these terms when you're shopping for a card.

Annual Percentage Rate. The APR is a measure of the cost of credit, expressed as a yearly rate. It also must be disclosed before you become obligated on the account and on your account statements.

The card issuer also must disclose the "periodic rate" - the rate applied to your outstanding balance to figure the finance charge for each billing period.

Some credit card plans allow the issuer to change your APR when interest rates or other economic indicators - called indexes - change. Because the rate change is linked to the index's performance, these plans are called "variable rate" programs. Rate changes raise or lower the finance charge on your account. If you're considering a variable rate card, the issuer must also provide various information that discloses to you:

that the rate may change; and

how the rate is determined - which index is used and what additional amount, the "margin," is added to determine your new rate.

At the latest, you also must receive information, before you become obligated on the account, about any limitations on how much and how often your rate may change.

Free Period. Also called a "grace period," a free period lets you avoid finance charges by paying your balance in full before the due date. Knowing whether a card gives you a free period is especially important if you plan to pay your account in full each month. Without a free period, the card issuer may impose a finance charge from the date you use your card or from the date each transaction is posted to your account. If your card includes a free period, the issuer must mail your bill at least 14 days before the due date so you'll have enough time to pay.

Annual Fees. Most issuers charge annual membership or participation fees. They often range from \$25 to \$50, sometimes up to \$100; "gold" or "platinum" cards often charge up to \$75 and sometimes up to several hundred dollars.

Transaction Fees and Other Charges. A card may include other costs. Some issuers charge a fee if you use the card to get a cash advance, make a late payment, or exceed your credit limit. Some charge a monthly fee whether or not you use the card.

Balance Computation Method for the Finance Charge. If you don't have a free period, or if you expect to pay for purchases over time, it's important to know what method the issuer uses to calculate your finance charge. This can make a big difference in how much of a finance charge you'll pay - even if the APR and your buying patterns remain relatively constant. See page 4 for examples of how the methods can affect your costs.

Examples of balance computation methods include the following.

Average Daily Balance. This is the most common calculation method. It credits your account from the day payment is received by the issuer. To figure the balance due, the issuer totals the beginning balance for each day in the billing period and subtracts any credits made to your account that day. While new purchases may or may not be added to the balance, depending on your plan, cash advances typically are included. The resulting daily balances are added for the billing cycle. The total is then divided by the number of days in the billing period to get the "average daily balance."

Adjusted Balance. This is usually the most advantageous method for card holders. Your balance is determined by subtracting payments or credits received during the current billing period from the balance at the end of the previous billing period. Purchases made during the billing period aren't included.

This method gives you until the end of the billing cycle to pay a portion of your balance to avoid the interest charges on that amount. Some creditors exclude prior, unpaid finance charges from the previous balance.

Previous Balance. This is the amount you owed at the end of the previous billing period. Payments, credits and new purchases during the current billing period are not included. Some creditors also exclude unpaid finance charges.

Two-cycle Balances. Issuers sometimes use various methods to calculate your balance that make use of your last two month's account activity. Read your agreement carefully to find out if your issuer uses this approach and, if so, what specific two-cycle method is used.

If you don't understand how your balance is calculated, ask your card issuer. An explanation must also appear on your billing statements.

Other Costs and Features

Credit terms vary among issuers. When shopping for a card, think about how you plan to use it. If you expect to pay your bills in full each month, the annual fee and other charges may be more important than the periodic rate and the APR, if there is a grace period for purchases. However, if you use the cash advance feature, many cards do not permit a grace period for the amounts

due - even if they have a grace period for purchases. So, it may still be wise to consider the APR and balance computation method. Also, if you plan to pay for purchases over time, the APR and the balance computation method are definitely major considerations.

You'll probably also want to consider if the credit limit is high enough, how widely the card is accepted, and the plan's services and features. For example, you may be interested in "affinity cards" - all-purpose credit cards sponsored by professional organizations, college alumni associations and some members of the travel industry. An affinity card issuer often donates a portion of the annual fees or charges to the sponsoring organization, or qualifies you for free travel or other bonuses.

Special Delinquency Rates. Some cards with low rates for on-time payments apply a very high APR if you are late a certain number of times in any specified time period. These rates sometimes exceed 20 percent. Information about delinquency rates should be disclosed to you in credit card applications or in solicitations that do not require an application.

Receiving a Credit Card

Federal law prohibits issuers from sending you a card you didn't ask for. However, an issuer can send you a renewal or substitute card without your request. Issuers also may send you an application or a solicitation, or ask you by phone if you want a card - and, if you say yes, they may send you one.

Cardholder Protections

Federal law protects your use of credit cards.

Prompt Credit for Payment. An issuer must credit your account the day payment is received. The exceptions are if the payment is not made according to the creditor's requirements, or the delay in crediting your account won't result in a charge.

To help avoid finance charges, follow the issuer's mailing instructions. Payments sent to the wrong address could delay crediting your account for up to five days. If you misplace your payment envelope, look for the payment address on your billing statement or call the issuer.

Refunds of Credit Balances. When you make a return or pay more than the total balance at present, you can keep the credit on your account or write your issuer for a refund - if it's more than a dollar. A refund must be issued within seven business days of receiving your request. If a credit stays on your account for more than six months, the issuer must make a good faith effort to send you a refund.

Errors on Your Bill. Issuers must follow rules for promptly correcting billing errors. You'll get a statement outlining these rules when you open an account and at least once a year. In fact, many issuers include a summary of these rights on your bills.

If you find a mistake on your bill, you can dispute the charge and withhold payment on that amount while the charge is being investigated. The error might be a charge for the wrong amount, for something you didn't accept, or for an item that wasn't delivered as agreed. Of course, you still have to pay any part of the bill that's not in dispute, including finance and other charges.

If you decide to dispute a charge:

Write to the creditor at the address indicated on your statement for "billing inquiries." Include your name, address, account number, and a description of the error.

Send your letter soon. It must reach the creditor within 60 days after the first bill containing the error was mailed to you.

The creditor must acknowledge your complaint in writing within 30 days of receipt, unless the problem has been resolved. At the latest, the dispute must be resolved within two billing cycles, but not more than 90 days.

Unauthorized Charges. If your card is used without your permission, you can be held responsible for up to \$50 per card.

If you report the loss before the card is used, you can't be held responsible for any unauthorized charges. If a thief uses your card before you report it missing, the most you'll owe for unauthorized charges is \$50.

To minimize your liability, report the loss as soon as possible. Some issuers have 24-hour toll-free telephone numbers to accept emergency information. It's a good idea to follow-up with a letter to the issuer - include your account number, the date you noticed your card missing, and the date you reported the loss.

Disputes about Merchandise or Services. You can dispute charges for unsatisfactory goods or services. To do so, you must:

have made the purchase in your home state or within 100 miles of your current billing address. The charge must be for more than \$50. (These limitations don't apply if the seller also is the card issuer or if a special business relationship exists between the seller and the card issuer.) and,

first make a good faith effort to resolve the dispute with the seller. No special procedures are required to do so.

If these conditions don't apply, you may want to consider filing an action in small claims court.

Shopping Tips

Keep these tips in mind when looking for a credit or charge card.

Shop around for the plan that best fits your needs.

Make sure you understand a plan's terms before you accept the card.

Hold on to receipts to reconcile charges when your bill arrives.

Protect your cards and account numbers to prevent unauthorized use. Draw a line through blank spaces on charge slips so the amount can't be changed. Tear up carbons.

Keep a record - in a safe place separate from your cards - of your account numbers, expiration dates and the phone numbers of each issuer to report a loss quickly.

Carry only the cards you think you'll use.

For Help and Information

Questions about a particular issuer should be sent to the agency with jurisdiction.

National Banks

Comptroller of the Currency
Compliance Management, Mail Stop 7-5
Washington, DC 20219

State Member Banks of the Reserve System

Consumer and Community Affairs
Federal Reserve Board
20th & C Streets, NW
Washington, DC 20551

Federal Credit Unions

National Credit Union Administration
1776 G Street, NW
Washington, DC 20456

Non-Member Federally Insured Banks

Office of Consumer Programs
Federal Deposit Insurance Corporation
550 Seventeenth Street, NW
Washington, DC 20429

Federally Insured Savings and Loans, and Federally Chartered State Banks

Consumer Affairs Program
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Other Credit Card Issuers (includes retail/gasoline companies)

Consumer Response Center
Federal Trade Commission
Washington, DC 20580

Here's how some different methods of calculating finance charges affect the cost of credit:

	Average Daily Balance (including new purchases)	Average Daily Balance (excluding new purchases)
Monthly rate	1 ½%	1 ½%
APR	18%	18%
Previous Balance	\$400	\$400
New Purchases	\$50 on 18th day	\$50 on 18th day
Payments	\$300 on 15th day (new balance = \$100)	\$300 on 15th day (new balance = \$100)
Average Daily Balance	\$270*	\$250*
Finance Charge	\$4.05 (1 ½% x \$270)	\$3.75 (1 ½% x \$250)

* To figure average daily balance (including new purchases): $(\$400 \times 15 \text{ days}) + (\$100 \times 3 \text{ days}) + (\$150 \times 12 \text{ days}) / 30 \text{ days} = \270

** To figure average daily balance (excluding new purchases): $(\$400 \times 15 \text{ days}) + (\$100 \times 15 \text{ days}) / 30 \text{ days} = \250

	Adjusted Balance	Previous Balance
Monthly rate	1 ½%	1 ½%
APR	18%	18%
Previous Balance	\$400	\$400
Payments	\$300	\$300
Average Daily Balance	N/A	N/A
Finance Charge	\$1.50 (1 ½% x \$100)	\$6.00 (1 ½% x \$400)

Cosigning a Loan

What would you do if a friend or relative asked you to cosign a loan? Before you answer, make sure you understand what cosigning involves. Under federal law, creditors are required to give you a notice that explains your obligations. The cosigner's notice states:

You are being asked to guarantee this debt. Think carefully before you do. If the borrower does not pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The creditor can collect this debt from you without first trying to collect from the borrower.* The creditor can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of your credit record.

This notice is not the contract that makes you liable for the debt.

* Depending on your state, this may not apply. If state law forbids a creditor from collecting from a cosigner without first trying to collect from the primary debtor, this sentence may be crossed out or omitted altogether.

Cosigners Often Pay

Studies of certain types of lenders show that for cosigned loans that go into default, as many as three out of four cosigners are asked to repay the loan. When you're asked to cosign, you're being asked to take a risk that a professional lender won't take. If the borrower met the criteria, the lender wouldn't require a cosigner.

In most states, if you cosign and your friend or relative misses a payment, the lender can immediately collect from you without first pursuing the borrower. In addition, the amount you owe may be increased — by late charges or by attorneys' fees — if the lender decides to sue to collect. If the lender wins the case, your wages and property may be taken.

If You Do Cosign

Despite the risks, there may be times when you want to cosign. Your child may need a first loan, or a close friend may need help. Before you cosign, consider this information:

Be sure you can afford to pay the loan. If you're asked to pay and can't, you could be sued or your credit rating could be damaged.

Even if you're not asked to repay the debt, your liability for the loan may keep you from getting other credit because creditors will consider the cosigned loan as one of your obligations.

Before you pledge property to secure the loan, such as your car or furniture, make sure you understand the consequences. If the borrower defaults, you could lose these items.

Ask the lender to calculate the amount of money you might owe. The lender isn't required to do this, but may if asked. You also may be able to negotiate the specific terms of your obligation. For example, you may want to limit your liability to the principal on the loan, and not include late charges, court costs, or attorneys' fees. In this case, ask the lender to include a statement in the contract similar to: "The cosigner will be responsible only for the principal balance on this loan at the time of default."

Ask the lender to agree, in writing, to notify you if the borrower misses a payment. That will give you time to deal with the problem or make back payments without having to repay the entire amount immediately.

Make sure you get copies of all important papers, such as the loan contract, the Truth-in-Lending Disclosure Statement, and warranties — if you're cosigning for a purchase. You may need these documents if there's a dispute between the borrower and the seller. The lender is not required to give you these papers; you may have to get copies from the borrower.

Check your state law for additional cosigner rights.

Credit, ATM and Debit Cards: What to do if They're Lost or Stolen

Many people find it easy and convenient to use credit cards and ATM or debit cards. The Fair Credit Billing Act (FCBA) and the Electronic Fund Transfer Act (EFTA) offer procedures for you to use if your cards are lost or stolen.

Limiting Your Financial Loss

Report the loss or theft of your credit cards and your ATM or debit cards to the card issuers as quickly as possible. Many companies have toll-free numbers and 24-hour service to deal with such emergencies. It's a good idea to follow up your phone calls with a letter. Include your account number, when you noticed your card was missing, and the date you first reported the loss.

You also may want to check your homeowner's insurance policy to see if it covers your liability for card thefts. If not, some insurance companies will allow you to change your policy to include this protection.

Credit Card Loss or Fraudulent Charges (FCBA). Your maximum liability under federal law for unauthorized use of your credit card is \$50. If you report the loss before your credit cards are used, the FCBA says the card issuer cannot hold you responsible for any unauthorized charges. If a thief uses your cards before you report them missing, the most you will owe for unauthorized charges is \$50 per card. Also, if the loss involves your credit card number, but not the card itself, you have no liability for unauthorized use.

After the loss, review your billing statements carefully. If they show any unauthorized charges, it's best to send a letter to the card issuer describing each questionable charge. Again, tell the card issuer the date your card was lost or stolen, or when you first noticed unauthorized charges, and when you first reported the problem to them. Be sure to send the letter to the address provided for billing errors. Do not send it with a payment or to the address where you send your payments unless you are directed to do so.

ATM or Debit Card Loss or Fraudulent Transfers (EFTA). Your liability under federal law for unauthorized use of your ATM or debit card depends on how quickly you report the loss. If you report an ATM or debit card missing before it's used without your permission, the EFTA says the card issuer cannot hold you responsible for any unauthorized transfers. If unauthorized use occurs before you report it, your liability under federal law depends on how quickly you report the loss.

For example, if you report the loss within two business days after you realize your card is missing, you will not be responsible for more than \$50 for unauthorized use. However, if you don't report the loss within two business days after you discover the loss, you could lose up to \$500 because of an unauthorized transfer. You also risk unlimited loss if you fail to report an unauthorized transfer within 60 days after your bank statement containing unauthorized use is

mailed to you. That means you could lose all the money in your bank account and the unused portion of your line of credit established for overdrafts. However, for unauthorized transfers involving only your debit card number (not the loss of the card), you are liable only for transfers that occur after 60 days following the mailing of your bank statement containing the unauthorized use and before you report the loss.

If unauthorized transfers show up on your bank statement, report them to the card issuer as quickly as possible. Once you've reported the loss of your ATM or debit card, you cannot be held liable for additional unauthorized transfers that occur after that time.

Protecting Your Cards

The best protections against card fraud are to know where your cards are at all times and to keep them secure. For protection of ATM and debit cards that involve a Personal Identification Number (PIN), keep your PIN a secret. Don't use your address, birth date, phone or Social Security number as the PIN and do memorize the number.

The following suggestions may help you protect your credit card and your ATM or debit card accounts.

For Credit and ATM or Debit Cards:

Be cautious about disclosing your account number over the phone unless you know you're dealing with a reputable company.

Never put your account number on the outside of an envelope or on a postcard.

Draw a line through blank spaces on charge or debit slips above the total so the amount cannot be changed.

Don't sign a blank charge or debit slip.

Tear up carbons and save your receipts to check against your monthly statements.

Cut up old cards - cutting through the account number - before disposing of them.

Open monthly statements promptly and compare them with your receipts. Report mistakes or discrepancies as soon as possible to the special address listed on your statement for inquiries. Under the FCBA (credit cards) and the EFTA (ATM or debit cards), the card issuer must investigate errors reported to them within 60 days of the date your statement was mailed to you.

Keep a record - in a safe place separate from your cards - of your account numbers, expiration dates, and the telephone numbers of each card issuer so you can report a loss quickly.

Carry only those cards that you anticipate you'll need.

For ATM or debit cards:

[Don't carry your PIN in your wallet or purse or write it on your ATM or debit card.](#)

Never write your PIN on the outside of a deposit slip, an envelope, or other papers that could be easily lost or seen.

Carefully check ATM or debit card transactions before you enter the PIN or before you sign the receipt; the funds for this item will be fairly quickly transferred out of your checking or other deposit account.

Periodically check your account activity. This is particularly important if you bank online. Compare the current balance and recent withdrawals or transfers to those you've recorded, including your current ATM and debit card withdrawals and purchases and your recent checks. If you notice transactions you didn't make, or if your balance has dropped suddenly without activity by you, immediately report the problem to your card issuer. Someone may have co-opted your account information to commit fraud.

Buying a Registration Service

For an annual fee, companies will notify the issuers of your credit card and your ATM or debit card accounts if your card is lost or stolen. This service allows you to make only one phone call to report all card losses rather than calling individual issuers. Most services also will request replacement cards on your behalf.

Purchasing a card registration service may be convenient, but it's not required. The FCBA and the EFTA give you the right to contact your card issuers directly in the event of a loss or suspected unauthorized use.

If you decide to buy a registration service, compare offers. Carefully read the contract to determine the company's obligations and your liability. For example, will the company reimburse you if it fails to notify card issuers promptly once you've called in the loss to the service? If not, you could be liable for unauthorized charges or transfers.

For More Information

The following federal agencies are responsible for enforcing federal laws that govern credit card and ATM or debit card transactions. Questions concerning a particular card issuer should be directed to the enforcement agency responsible for that issuer.

Board of Governors of the Federal Reserve System

Regulates state-chartered banks that are members of the Federal Reserve System, bank holding companies, and branches of foreign banks:

Division of Consumer and Community Affairs, Stop 801

20th and C Streets, NW

Washington, DC 20551

202-452-3693

www.federalreserve.gov

Federal Deposit Insurance Corporation

Regulates state-chartered banks that are not members of the Federal Reserve System:
Division of Compliance and Consumer Affairs
550 17th Street, NW
Washington, DC 20429
877-ASK-FDIC (275-3342) toll-free
www.fdic.gov

National Credit Union Administration

Regulates federally chartered credit unions:
Office of Public and Congressional Affairs
1775 Duke Street
Alexandria, VA 22314-3428
703-518-6330
www.ncua.gov

Office of the Comptroller of the Currency

Regulates banks with "national" in the name or "N.A." after the name:
Office of the Ombudsman
Customer Assistance Group
1301 McKinney Street, Suite 3710
Houston, TX 77010
800-613-6743 toll-free
www.occ.treas.gov

Office of Thrift Supervision

Regulates federal savings and loan associations and federal savings banks:
Consumer Programs
1700 G Street, NW
Washington, DC 20552
800-842-6929 toll-free
www.ots.treas.gov

Federal Trade Commission

Regulates other credit card and debit card issuers:
Consumer Response Center
600 Pennsylvania Avenue, NW
Washington, DC 20580
877-FTC-HELP (382-4357) toll-free
www.ftc.gov

Credit and Divorce

Mary and Bill recently divorced. Their divorce decree stated that Bill would pay the balances on their three joint credit card accounts. Months later, after Bill neglected to pay off these accounts, all three creditors contacted Mary for payment. She referred them to the divorce decree, insisting that she was not responsible for the accounts. The creditors correctly stated that they were not parties to the decree and that Mary was still legally responsible for paying off the couple's joint accounts. Mary later found out that the late payments appeared on her credit report.

If you've recently been through a divorce - or are contemplating one - you may want to look closely at issues involving credit. Understanding the different kinds of credit accounts opened during a marriage may help illuminate the potential benefits - and pitfalls - of each.

There are two types of credit accounts: individual and joint. You can permit authorized persons to use the account with either. When you apply for credit - whether a charge card or a mortgage loan - you'll be asked to select one type.

Individual or Joint Account

Individual Account: Your income, assets, and credit history are considered by the creditor. Whether you are married or single, you alone are responsible for paying off the debt. The account will appear on your credit report, and may appear on the credit report of any "authorized" user. However, if you live in a community property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, or Wisconsin), you and your spouse may be responsible for debts incurred during the marriage, and the individual debts of one spouse may appear on the credit report of the other.

Advantages/Disadvantages: If you're not employed outside the home, work part-time, or have a low-paying job, it may be difficult to demonstrate a strong financial picture without your spouse's income. But if you open an account in your name and are responsible, no one can negatively affect your credit record.

Joint Account: Your income, financial assets, and credit history - and your spouse's - are considerations for a joint account. No matter who handles the household bills, you and your spouse are responsible for seeing that debts are paid. A creditor who reports the credit history of a joint account to credit bureaus must report it in both names (if the account was opened after June 1, 1977).

Advantages/Disadvantages: An application combining the financial resources of two people may present a stronger case to a creditor who is granting a loan or credit card. But because two people applied together for the credit, each is responsible for the debt. This is true even if a divorce decree assigns separate debt obligations to each spouse. Former spouses who run up bills and don't pay them can hurt their ex-partner's credit histories on jointly-held accounts.

Account "Users"

If you open an individual account, you may authorize another person to use it. If you name your spouse as the authorized user, a creditor who reports the credit history to a credit bureau must report it in your spouse's name as well as in your's (if the account was opened after June 1, 1977). A creditor also may report the credit history in the name of any other authorized user.

Advantages/Disadvantages: User accounts often are opened for convenience. They benefit people who might not qualify for credit on their own, such as students or homemakers. While these people may use the account, you - not they - are contractually liable for paying the debt.

If You Divorce

If you're considering divorce or separation, pay special attention to the status of your credit accounts. If you maintain joint accounts during this time, it's important to make regular payments so your credit record won't suffer. As long as there's an outstanding balance on a joint account, you and your spouse are responsible for it.

If you divorce, you may want to close joint accounts or accounts in which your former spouse was an authorized user. Or ask the creditor to convert these accounts to individual accounts.

By law, a creditor cannot close a joint account because of a change in marital status, but can do so at the request of either spouse. A creditor, however, does not have to change joint accounts to individual accounts. The creditor can require you to reapply for credit on an individual basis and then, based on your new application, extend or deny you credit. In the case of a mortgage or home equity loan, a lender is likely to require refinancing to remove a spouse from the obligation.

Credit and Debit Card Blocking

Have you ever been told you were over your credit card limit, or had your debit card declined, even though you knew you had available credit, or money in your bank account? If this happened shortly after you stayed in a hotel or rented a car, the problem could have been card "blocking."

What's Blocking?

When you use a credit or debit card to check into a hotel or rent a car, the clerk usually contacts the company that issued your card to give an estimated total. If the transaction is approved, your available credit (credit card) or the balance in your bank account (debit card) is reduced by this amount. That's a "block." Some companies also call this placing a "hold" on those amounts.

Here's how it works: Suppose you use a credit or debit card when you check into a \$100-a-night hotel for five nights. At least \$500 would likely be blocked. In addition, hotels and rental car companies often add anticipated charges for "incidentals" like food, beverages, or gasoline to the blocked amount. These incidental amounts can vary widely among merchants.

If you pay your bill with the same card you used when you checked in, the final charge on your credit card, or final amount on your debit card, probably will replace the block in a day or two. However, if you pay your bill with a different card, or with cash or a check, the company that issued the card you used at check-in might hold the block for up to 15 days after you've checked out. That's because they weren't notified of the final payment and didn't know you paid another way.

Why Blocking Can Be a Problem

Blocking is used to make sure you don't exceed your credit line (credit card) or overdraw your bank account (debit card) before checking out of a hotel or returning a rental car, leaving the merchant unpaid. Blocking is sometimes also used by restaurants for anticipated sizeable bills (like large groups at dinner or a party), by companies cleaning your home, and other businesses to ensure credit or account money will be available to complete payment.

If you're nowhere near your credit limit or don't have a low balance in your bank account, blocking probably won't be a problem. But if you're reaching that point, be careful. Not only can it be embarrassing to have your card declined, it also can be inconvenient, especially if you have an emergency purchase and insufficient credit or money in your bank account. On debit cards, depending on the balance in your bank account, blocking could lead to charges for insufficient funds while the block remains in place.

How to Avoid Blocking

To avoid the aggravation that blocking can cause, follow these tips:

When you check into a hotel or rent a car - or if a restaurant or other business asks for your card in advance of service - ask if the company is "blocking," how much will be blocked, how the amount is determined, and how long the block remains in place.

Consider paying hotel, motel, rental car, or other "blocked" bills with the same credit or debit card you used at the beginning of the transaction. Ask the clerk when the prior block will be removed.

If you pay with a different card, by cash, or by check, remind the clerk you're using a different form of payment and ask them to remove the prior block promptly.

Ask your current debit card issuer if they permit blocks, for how long, and from what types of merchants. If they do, you may want to consider getting an overdraft line of credit from your bank. Ask about a plan that always automatically covers the overdraft and does not involve a separate bank decision on whether or not to pay it each time. Although you might incur some interest on this plan if you don't pay off the amount fairly quickly, you would not have an overdraft that is not paid. Ask your bank if they offer an overdraft line of credit, how it would work, and how much it costs.

In addition, if you are considering a credit or debit card, shop around. When comparing credit and debit card offers, ask issuers if they permit blocks, for how long, and from what types of merchants. You may want to consider an issuer that uses shorter blocks.

Credit and Your Consumer Rights

A good credit rating is very important. Businesses inspect your credit history when they evaluate your applications for credit, insurance, employment, and even leases. They can use it when they choose to give or deny you credit or insurance, provided you receive fair and equal treatment. Sometimes, things happen that can cause credit problems: a temporary loss of income, an illness, even a computer error. Solving credit problems may take time and patience, but it doesn't have to be an ordeal.

The Federal Trade Commission (FTC) enforces the credit laws that protect your right to get, use and maintain credit. These laws do not guarantee that everyone will receive credit. Instead, the credit laws protect your rights by requiring businesses to give all consumers a fair and equal opportunity to get credit and to resolve disputes over credit errors. This brochure explains your rights under these laws and offers practical tips to help you solve credit problems.

Your Credit Report

Your credit report contains information about where you live, how you pay your bills, and whether you've been sued, arrested, or filed for bankruptcy. Consumer reporting companies sell the information in your report to businesses that use it to evaluate your applications for credit, insurance, employment, or renting a home.

The federal Fair Credit Reporting Act (FCRA) promotes the accuracy and privacy of information in the files of the nation's consumer reporting companies. Under the Fair Credit Reporting Act:

You have the right to receive a copy of your credit report. The copy of your report must contain all the information in your file at the time of your request.

Each of the nationwide consumer reporting companies – Equifax, Experian, and TransUnion – is required to provide you with a free copy of your credit report, at your request, once every 12 months. The companies are rolling this out across the country during a nine-month period. By September 2005, consumers from coast to coast will have access to a free annual credit report if they ask for it. For details, see [Your Access to Free Credit Reports](http://ftc.gov/credit) at ftc.gov/credit.

Under federal law, you're also entitled to a free report if a company takes adverse action against you, like denying your application for credit, insurance, or employment, and you ask for your report within 60 days of receiving notice of the action. The notice will give you the name, address, and phone number of the consumer reporting company. You're also entitled to one free report a year if you're unemployed and plan to look for a job within 60 days; if you're on welfare; or if your report is inaccurate because of fraud, including identity theft.

Otherwise, a consumer reporting company may charge you up to \$9.50 for another copy of your report within a 12-month period.

You have the right to know who asked for your report within the past year – two years for employment related requests.

If a company denies your application, you have the right to the name and address of the consumer reporting company they contacted, provided the denial was based on information given by the consumer reporting company.

If you question the accuracy or completeness of information in your report, you have the right to file a dispute with the consumer reporting company and the information provider (that is, the person, company, or organization that provided information about you to the consumer reporting company). Both the consumer reporting company and the information provider are obligated to investigate your claim, and responsible for correcting inaccurate or incomplete information in your report. For details, see [How to Dispute Credit Report Errors](#) at ftc.gov/credit.

You have a right to add a summary explanation to your credit report if your dispute is not resolved to your satisfaction. You also can ask the consumer reporting company to provide your statement to anyone who received a copy of your report in the recent past. You can expect to pay a fee for this service.

Your Credit Application

When creditors evaluate a credit application, they cannot engage in discriminatory practices.

The Equal Credit Opportunity Act (ECOA) prohibits credit discrimination on the basis of sex, race, marital status, religion, national origin, age, or receipt of public assistance. Creditors may ask for this information (except religion) in certain situations, but they may not use it to discriminate against you when deciding whether to grant you credit.

The ECOA protects consumers who deal with companies that regularly extend credit, including banks, small loan and finance companies, retail and department stores, credit card companies, and credit unions. Everyone who participates in the decision to grant credit, including real estate brokers who arrange financing, must follow this law. Businesses applying for credit also are protected by this law. Under the Equal Credit Opportunity Act:

You cannot be denied credit based on your race, sex, marital status, religion, age, national origin, or receipt of public assistance.

You have the right to have reliable public assistance considered in the same manner as other income.

If you are denied credit, you have a legal right to know why.

For details, see [Equal Credit Opportunity](#) at ftc.gov/credit.

Your Credit Billing and Electronic Fund Transfer Statements

It is important to check credit billing and electronic fund transfer account statements regularly because these documents may contain mistakes that could damage your credit status or reflect

improper charges or transfers. If you find an error or discrepancy, notify the company and dispute the error immediately. **The Fair Credit Billing Act (FCBA)** and **Electronic Fund Transfer Act (EFTA)** establish procedures for resolving mistakes on credit billing and electronic fund transfer account statements, including:

charges or electronic fund transfers that you – or anyone you have authorized to use your account – have not made;

charges or electronic fund transfers that are incorrectly identified or show the wrong date or amount;

math errors;

failure to post payments, credits, or electronic fund transfers properly;

failure to send bills to your current address – provided the creditor receives your change of address, in writing, at least 20 days before the billing period ends;

charges or electronic fund transfers for which you ask for an explanation or written proof of purchase along with a claimed error or request for clarification.

The FCBA generally applies only to “open end” credit accounts – credit cards and revolving charge accounts, like department store accounts. It does not apply to loans or credit sales that are paid according to a fixed schedule until the entire amount is paid back, like an automobile loan. The EFTA applies to electronic fund transfers, like those involving automatic teller machines (ATMs), point-of-sale debit transactions, and other electronic banking transactions.

For details, see *Fair Credit Billing* and *A Consumer’s Guide to E-Payments* at ftc.gov/credit.

Your Debts and Debt Collectors

You are responsible for your debts. If you fall behind in paying your creditors, or if an error is made on your account, you may be contacted by a “debt collector.” A debt collector is any person, other than the creditor, who regularly collects debts owed to others, including lawyers who collect debts on a regular basis. You have the right to be treated fairly by debt collectors.

The Fair Debt Collection Practices Act (FDCPA) applies to personal, family, and household debts. This includes money you owe for the purchase of a car, for medical care, or for charge accounts. The FDCPA prohibits debt collectors from engaging in unfair, deceptive, or abusive practices while collecting these debts. Under the Fair Debt Collection Practices Act:

Debt collectors may contact you only between 8 a.m. and 9 p.m.

Debt collectors may not contact you at work if they know your employer disapproves.

Debt collectors may not harass, oppress, or abuse you.

Debt collectors may not lie when collecting debts, such as falsely implying that you have committed a crime.

Debt collectors must identify themselves to you on the phone.

Debt collectors must stop contacting you if you ask them to do so in writing.

For details, see *Fair Debt Collection* at ftc.gov/credit.

Solving Your Credit Problems

Your credit report can influence your purchasing power, as well as your opportunity to get a job, rent or buy an apartment or a house, and buy insurance. When negative information in your report is accurate, only the passage of time can assure its removal. A consumer reporting company can report most accurate negative information for seven years and bankruptcy information for 10 years. Information about an unpaid judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer. There is no time limit on reporting information about criminal convictions; information reported in response to your application for a job that pays more than \$75,000 a year; and information reported because you've applied for more than \$150,000 worth of credit or life insurance. There is a standard method for calculating the seven-year reporting period. Generally, the period runs from the date that the event took place.

If you are having problems paying your bills, contact your creditors immediately. Try to work out a modified payment plan with them that reduces your payments to a more manageable level. Don't wait until your account has been turned over to a debt collector.

Here are some additional tips for solving credit problems:

If you want to dispute a credit report, bill or credit denial, write to the appropriate company and send your letter "return receipt requested."

When you dispute a billing error, include your name, account number, the dollar amount in question, and the reason you believe the bill is wrong.

If in doubt, request written verification of a debt.

Keep all your original documents, especially receipts, sales slips, and billing statements. You will need them if you dispute a credit bill or report. Send copies only. It may take more than one letter to correct a problem.

Be skeptical of businesses that offer instant solutions to credit problems: There aren't any.

Be persistent. Resolving credit problems can take time and patience.

There is nothing that a credit repair company can charge you for that you cannot do for yourself for little or no cost.

If you're not disciplined enough to create a workable budget and stick to it, work out a repayment plan with your creditors, or keep track of mounting bills, consider contacting a credit counseling organization. Many credit counseling organizations are nonprofit and work with you to solve your financial problems. But not all are reputable. For example, just because an organization says it's "nonprofit," there's no guarantee that its services are free, affordable, or

even legitimate. In fact, some credit counseling organizations charge high fees, or hide their fees by pressuring consumers to make “voluntary” contributions that only cause more debt.

Most credit counselors offer services through local offices, the Internet, or on the telephone. If possible, find an organization that offers in-person counseling. Many universities, military bases, credit unions, housing authorities, and branches of the U.S. Cooperative Extension Service operate nonprofit credit counseling programs. Your financial institution, local consumer protection agency, and friends and family also may be good sources of information and referrals.

Reputable credit counseling organizations can advise you on managing your money and debts, help you develop a budget, and offer free educational materials and workshops. Their counselors are certified and trained in the areas of consumer credit, money and debt management, and budgeting. Counselors discuss your entire financial situation with you, and help you develop a personalized plan to solve your money problems. An initial counseling session typically lasts an hour, with an offer of follow-up sessions.

For more information, see [Knee Deep in Debt](#) and [Fiscal Fitness: Choosing a Credit Counselor](#) at ftc.gov/credit.

The Credit Practices Rule

If you are one of the millions of Americans who borrows money, buys items on installment credit, or cosigns for another person's debt, you may want to know about the Federal Trade Commission's Credit Practices Rule. The Rule, which became effective March 1, 1985, prohibits many creditors from including certain provisions in consumer credit contracts. It also requires creditors to provide a written notice to consumers before they cosign obligations for others about their potential liability if the other person fails to pay. Finally, it prohibits one method of assessing late charges.

What contracts are covered?

The Rule applies to consumer credit contracts offered by finance companies, retailers (such as auto dealers and furniture and department stores), and credit unions for any personal purpose except to buy real estate. It does not apply to banks or bank credit cards; to savings and loan associations; or to some non-profit organizations. (However, similar rules for banks -- under the Federal Reserve Board -- and for savings and loans -- under the Office of Thrift Supervision -- went into effect January 1, 1986.) The Rule does not apply to business credit.

What contract provisions are prohibited?

The Rule prohibits creditors from including certain provisions in their consumer credit contracts. Specifically, credit contracts no longer can include provisions that:

Require you to agree in advance, should the creditor sue you for non-payment of a debt, to give up your right to be notified of a court hearing to present your side of the case or to hire an attorney to represent you. (These clauses were often called "confessions of judgment" or "cognovits.")

Require you to give up your state-law protections that allow you to keep certain personal belongings even if you do not pay your debt as agreed. (These clauses were called "waivers of exemption.") State law generally allows you to keep your home, clothing, dishes, and other belongings of a fixed minimum value. However, when the debt incurred is to purchase an item and that item is used as security for the debt, it is permissible under the Rule for a creditor to repossess that item.

Permit you to agree in advance to wage deductions that would pay the creditor directly if you default on the debt, unless you can cancel that permission at any time. (These clauses were called "wage assignments.") However, a wage or payroll deduction plan, through which you arrange to repay a loan, is a common payment method and is permissible under the Rule.

Require you to use as collateral certain household and uniquely personal items that are of significant value to you but are of little economic value to a creditor. Such items include appliances, linens, china, crockery, kitchenware, wedding rings, family photographs, personal papers, the family Bible, and household pets. (These were called

"household goods security" clauses.) However, if you borrowed money to buy any of these household or personal items, and use the items as collateral, the creditor can repossess the purchased item if you do not repay the loan.

What notices must be given to cosigners?

When you agree to be a cosigner for someone else's debt, you are guaranteeing to pay if that person fails to pay the debt. The Rule requires that you be given a notice that explains the responsibility you are undertaking. Under the Rule, the cosigner notice must say:

You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The creditor can collect this debt from you without first trying to collect from the borrower.* The creditor can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of your credit record.

This notice is not the contract that makes you liable for the debt.

*Depending on your state, this may not apply. If state law forbids a creditor from collecting from a cosigner without first trying to collect from the primary debtor, this sentence may be crossed out or omitted on your cosigner notice.

This notice is not required when you receive benefits from the contract, such as when you buy goods, take out a loan, or open a joint credit-card account with another person. In these cases, you would be a co-buyer, co-borrower, or co-applicant (co-cardholder) rather than a cosigner. Therefore, the creditor would not be required to provide the notice.

How can late charges be assessed?

A creditor can charge a late fee if you do not make your loan payment on time. However, it is illegal under the Rule for a creditor to charge you late fees or payments simply because you have not yet paid a late fee you owe. This practice is called "pyramiding late fees." Under the Rule, this means that if you do not include the late fee you owe with your next regular payment, it is illegal for a creditor to subtract the late fee from your payment and then charge you a second late fee because the current payment is insufficient. For example, your loan contract may state that your monthly payments are \$100 and that you will be assessed a \$10 late fee if you pay after the grace period. If you make your \$100 loan payment after that time and you do not include the \$10 late fee with your next \$100 payment, a creditor cannot first deduct the missing \$10 late fee from the \$100 payment, claim you have now paid \$90, and then charge

you an additional late fee. But, if you skip one month's payment entirely, the creditor can charge late fees on all subsequent payments until you bring your account up to date.

Need Credit or Insurance? Your Credit Score Helps Determine What You'll Pay

Ever wonder how a lender decides whether to grant you credit? For years, creditors have been using credit scoring systems to determine if you'd be a good risk for credit cards, auto loans, and mortgages. These days, many more types of businesses — including insurance companies and phone companies — are using credit scores to decide whether to approve you for a loan or service and on what terms. Auto and homeowners insurance companies are among the businesses that are using credit scores to help decide if you'd be a good risk for insurance. A higher credit score means you are likely less of a risk, and in turn, means you will be more likely to get credit or insurance — or pay less for it.

The Federal Trade Commission (FTC), the nation's consumer protection agency, wants you to know how credit scoring works.

What is credit scoring?

Credit scoring is a system creditors use to help determine whether to give you credit. It also may be used to help decide the terms you are offered or the rate you will pay for the loan.

Information about you and your credit experiences, like your bill-paying history, the number and type of accounts you have, whether you pay your bills by the date they're due, collection actions, outstanding debt, and the age of your accounts, is collected from your credit report. Using a statistical program, creditors compare this information to the loan repayment history of consumers with similar profiles. For example, a credit scoring system awards points for each factor that helps predict who is most likely to repay a debt. A total number of points — a credit score — helps predict how creditworthy you are — how likely it is that you will repay a loan and make the payments when they're due.

Some insurance companies also use credit report information, along with other factors, to help predict your likelihood of filing an insurance claim and the amount of the claim. They may consider these factors when they decide whether to grant you insurance and the amount of the premium they charge. The credit scores insurance companies use sometimes are called "insurance scores" or "credit-based insurance scores."

Credit scores and credit reports

Your credit report is a key part of many credit scoring systems. That's why it is critical to make sure your credit report is accurate. Federal law gives you the right to get a free copy of your credit reports from each of the three national consumer reporting companies once every 12 months.

The Fair Credit Reporting Act (FCRA) also gives you the right to get your credit score from the national consumer reporting companies. They are allowed to charge a reasonable fee, generally

around \$9, for the score. When you buy your score, often you get information on how you can improve it.

To order your free annual report from one or all the national consumer reporting companies, and to purchase your credit score, visit www.annualcreditreport.com, call toll-free 877-322-8228, or complete the [Annual Credit Report Request Form](#) and mail it to: Annual Credit Report Request Service, P. O. Box 105281, Atlanta, GA 30348-5281. For more information, see [Your Access to Free Credit Reports](#).

How is a credit scoring system developed?

To develop a credit scoring system or model, a creditor or insurance company selects a random sample of its customers, or a sample of similar customers, and analyzes it statistically to identify characteristics that relate to risk. Each of the characteristics then is assigned a weight based on how strong a predictor it is of who would be a good risk. Each company may use its own scoring model, different scoring models for different types of credit or insurance, or a generic model developed by a scoring company.

Under the Equal Credit Opportunity Act (ECOA), a creditor's scoring system may not use certain characteristics — for example, race, sex, marital status, national origin, or religion — as factors. The law allows creditors to use age in properly designed scoring systems. But any credit scoring system that includes age must give equal treatment to elderly applicants.

What can I do to improve my score?

Credit scoring systems are complex and vary among creditors or insurance companies and for different types of credit or insurance. If one factor changes, your score may change — but improvement generally depends on how that factor relates to others the system considers. Only the business using the scoring knows what might improve your score under the particular model they use to evaluate your application.

Nevertheless, scoring models usually consider the following types of information in your credit report to help compute your credit score:

[Have you paid your bills on time? You can count on payment history to be a significant factor. If your credit report indicates that you have paid bills late, had an account referred to collections, or declared bankruptcy, it is likely to affect your score negatively.](#)

[Are you maxed out? Many scoring systems evaluate the amount of debt you have compared to your credit limits. If the amount you owe is close to your credit limit, it's likely to have a negative effect on your score.](#)

[How long have you had credit? Generally, scoring systems consider the length of your credit track record. An insufficient credit history may affect your score negatively, but factors like timely payments and low balances can offset that.](#)

Have you applied for new credit lately? Many scoring systems consider whether you have applied for credit recently by looking at “inquiries” on your credit report. If you have applied for too many new accounts recently, it could have a negative effect on your score. Every inquiry isn’t counted: for example, inquiries by creditors who are monitoring your account or looking at credit reports to make “prescreened” credit offers are not considered liabilities.

How many credit accounts do you have and what kinds of accounts are they? Although it is generally considered a plus to have established credit accounts, too many credit card accounts may have a negative effect on your score. In addition, many scoring systems consider the type of credit accounts you have. For example, under some scoring models, loans from finance companies may have a negative effect on your credit score.

Scoring models may be based on more than the information in your credit report. When you are applying for a mortgage loan, for example, the system may consider the amount of your down payment, your total debt, and your income, among other things.

Improving your score significantly is likely to take some time, but it can be done. To improve your credit score under most systems, focus on paying your bills in a timely way, paying down any outstanding balances, and staying away from new debt.

Are credit scoring systems reliable?

Credit scoring systems enable creditors or insurance companies to evaluate millions of applicants consistently on many different characteristics. To be statistically valid, these systems must be based on a big enough sample. They generally vary among businesses that use them.

Properly designed, credit scoring systems generally enable faster, more accurate, and more impartial decisions than individual people can make. And some creditors design their systems so that some applicants — those with scores not high enough to pass easily or low enough to fail absolutely — are referred to a credit manager who decides whether the company or lender will extend credit. Referrals can result in discussion and negotiation between the credit manager and the would-be borrower.

What if I am denied credit or insurance, or don’t get the terms I want?

If you are denied credit, the ECOA requires that the creditor give you a notice with the specific reasons your application was rejected or the news that you have the right to learn the reasons if you ask within 60 days. Ask the creditor to be specific: Indefinite and vague reasons for denial are illegal. Acceptable reasons might be “your income was low” or “you haven’t been employed long enough.” Unacceptable reasons include “you didn’t meet our minimum standards” or “you didn’t receive enough points on our credit scoring system.”

Sometimes you can be denied credit or insurance — or initially be charged a higher premium — because of information in your credit report. In that case, the FCRA requires the creditor or insurance company to give you the name, address, and phone number of the consumer

reporting company that supplied the information. Contact the company to find out what your report said. This information is free if you ask for it within 60 days of being turned down for credit or insurance. The consumer reporting company can tell you what's in your report; only the creditor or insurance company can tell you why your application was denied.

If a creditor or insurance company says you were denied credit or insurance because you are too near your credit limits on your credit cards, you may want to reapply after paying down your balances. Because credit scores are based on credit report information, a score often changes when the information in the credit report changes.

If you've been denied credit or insurance or didn't get the rate or terms you want, ask questions:

Ask the creditor or insurance company if a credit scoring system was used. If it was, ask what characteristics or factors were used in the system, and how you can improve your application.

If you get the credit or insurance, ask the creditor or insurance company whether you are getting the best rate and terms available. If you're not, ask why.

If you are denied credit or not offered the best rate available because of inaccuracies in your credit report, be sure to dispute the inaccurate information with the consumer reporting company. To learn more about this right, see [How to Dispute Credit Report Errors](#).

Electronic Banking

For many consumers, electronic banking means 24-hour access to cash through an automated teller machine (ATM) or Direct Deposit of paychecks into checking or savings accounts. But electronic banking now involves many different types of transactions.

Electronic banking, also known as electronic fund transfer (EFT), uses computer and electronic technology as a substitute for checks and other paper transactions. EFTs are initiated through devices like cards or codes that let you, or those you authorize, access your account. Many financial institutions use ATM or debit cards and Personal Identification Numbers (PINs) for this purpose. Some use other forms of debit cards such as those that require, at the most, your signature or a scan. The federal Electronic Fund Transfer Act (EFT Act) covers some electronic consumer transactions.

Electronic Fund Transfers

EFT offers several services that consumers may find practical:

Automated Teller Machines or 24-hour Tellers are electronic terminals that let you bank almost any time. To withdraw cash, make deposits, or transfer funds between accounts, you generally insert an ATM card and enter your PIN. Some financial institutions and ATM owners charge a fee, particularly to consumers who don't have accounts with them or on transactions at remote locations. Generally, ATMs must tell you they charge a fee and its amount on or at the terminal screen before you complete the transaction. Check the rules of your institution and ATMs you use to find out when or whether a fee is charged.

Direct Deposit lets you authorize specific deposits, such as paychecks and Social Security checks, to your account on a regular basis. You also may pre-authorize direct withdrawals so that recurring bills, such as insurance premiums, mortgages, and utility bills, are paid automatically. Be cautious before you pre-authorize direct withdrawals to pay sellers or companies with whom you are unfamiliar; funds from your bank account could be withdrawn fraudulently.

Pay-by-Phone Systems let you call your financial institution with instructions to pay certain bills or to transfer funds between accounts. You must have an agreement with the institution to make such transfers.

Personal Computer Banking lets you handle many banking transactions via your personal computer. For instance, you may use your computer to view your account balance, request transfers between accounts, and pay bills electronically.

Debit Card Purchase Transactions let you make purchases with a debit card, which also may be your ATM card. This could occur at a store or business, on the Internet or online, or by phone. The process is similar to using a credit card, with some important exceptions. While the process is fast and easy, a debit card purchase transfers money

— fairly quickly — from your bank account to the company's account. So it's important that you have funds in your account to cover your purchase. This means you need to keep accurate records of the dates and amounts of your debit card purchases and ATM withdrawals in addition to any checks you write. Also be sure you know the store or business before you provide your debit card information, to avoid the possible loss of funds through fraud. Your liability for unauthorized use, and your rights for error resolution, may differ with a debit card.

Electronic Check Conversion converts a paper check into an electronic payment in a store or when a company receives your check in the mail. In a store, when you give your check to a cashier, the check is run through an electronic system that captures your banking information and the amount of the check. You're asked to sign a receipt and you get a copy for your records. When your check has been handed back to you, it should be voided or marked by the merchant so that it can't be used again. The merchant electronically sends information from the check (but not the check itself) to your bank or other financial institution, and the funds are transferred into the merchant's account. When you mail-in a check for payment to a merchant or other company, they may electronically send information from your check (but not the check itself) through the system, and the funds are transferred into their account. For a mailed check, you should still receive advance notice from a company that expects to send your check information through the system electronically. The merchant or other company might include the notice on your monthly statement or under its terms and conditions. The notice also should state if the merchant or company will electronically collect from your account a fee — like a "bounced check" fee — if you have insufficient funds to cover the transaction.

Be especially careful in Internet and telephone transactions that may involve use of your bank account information, rather than a check. A legitimate merchant that lets you use your bank account information to make a purchase or pay on an account should post information about the process on their website or explain the process over the telephone. The merchant also should ask for your permission to electronically debit your bank account for the item you're purchasing or paying on. However, because Internet and telephone electronic debits don't occur face-to-face, you should be cautious with whom you reveal your bank account information. Don't give this information to sellers with whom you have no prior experience or with whom you have not initiated the call, or to companies that seem reluctant to provide information or discuss the process with you.

Not all electronic fund transfers are covered by the EFT Act. For example, some financial institutions and merchants issue cards with cash value stored electronically on the card itself. Examples include prepaid telephone cards, mass transit passes, and some gift cards. These "stored-value" cards, as well as transactions using them, may not be covered by the EFT Act. This means you may not be covered for the loss or misuse of the card. Ask your financial institution or merchant about any protections offered for these cards.

Disclosures

To understand your legal rights and responsibilities regarding your EFTs, read the documents you receive from the financial institution that issued your “access device.” That is, a card, code or other means of accessing your account to initiate electronic fund transfers. Although the means varies by institution, it often involves a card and/or a PIN. No one should know your PIN except you and select employees of the financial institution. You also should read the documents you receive for your bank account, which may contain more information about EFTs.

Before you contract for EFT services or make your first electronic transfer, the institution must tell you the following information in a form you can keep.

A summary of your liability for unauthorized transfers.

The telephone number and address of the person to be notified if you think an unauthorized transfer has been or may be made, a statement of the institution’s “business days” (which is, generally, the days the institution is open to the public for normal business), and the number of days you have to report suspected unauthorized transfers.

The type of transfers you can make, fees for transfers, and any limits on the frequency and dollar amount of transfers.

A summary of your right to receive documentation of transfers, to stop payment on a pre-authorized transfer, and the procedures to follow to stop payment.

A notice describing the procedures you must follow to report an error on a receipt for an EFT or your periodic statement, to request more information about a transfer listed on your statement, and how long you have to make your report.

A summary of the institution’s liability to you if it fails to make or stop certain transactions.

Circumstances under which the institution will disclose information to third parties concerning your account.

A notice that you may be charged a fee by ATMs where you don’t have an account.

In addition to these disclosures, you will receive two other types of information for most transactions: terminal receipts and periodic statements. Separate rules apply to passbook accounts from which pre-authorized transfers are drawn. The best source of information about those rules is your contract with the financial institution for that account. You’re entitled to a terminal receipt each time you initiate an electronic transfer, whether you use an ATM or make a point-of-sale electronic transfer. The receipt must show the amount and date of the transfer, and its type, such as “from savings to checking.” When you make a point-of-sale transfer, you’ll probably get your terminal receipt from the salesperson.

You won’t get a terminal receipt for regularly occurring electronic payments that you’ve pre-authorized, like insurance premiums, mortgages, or utility bills. Instead, these transfers will

appear on your periodic statement. If the pre-authorized payments vary, however, you should receive a notice of the amount that will be debited at least 10 days before the debit takes place.

You're also entitled to a periodic statement for each statement cycle in which an electronic transfer is made. The statement must show the amount of any transfer, the date it was credited or debited to your account, the type of transfer and type of account(s) to or from which funds were transferred, and the address and telephone number for inquiries. You're entitled to a quarterly statement whether or not electronic transfers were made.

Keep and compare your EFT receipts with your periodic statements the same way you compare your credit card receipts with your monthly credit card statement. This will help you make the best use of your rights under federal law to dispute errors and avoid liability for unauthorized transfers.

Errors

You have 60 days from the date a periodic statement containing a problem or error was sent to you to notify your financial institution. The best way to protect yourself if an error occurs — including erroneous charges or withdrawals from an account, or for a lost or stolen ATM or debit card — is to notify the financial institution by certified letter, return receipt requested, so you can prove that the institution received your letter. Keep a copy of the letter for your records.

If you fail to notify the institution of the error within 60 days, you may have little recourse. Under federal law, the institution has no obligation to conduct an investigation if you've missed the 60-day deadline.

Once you've notified the financial institution about an error on your statement, it has 10 business days to investigate. The institution must tell you the results of its investigation within three business days after completing it and must correct an error within one business day after determining that the error has occurred. If the institution needs more time, it usually may take up to 45 days, in most situations, to complete the investigation — but only if the money in dispute is returned to your account and you're notified promptly of the credit. At the end of the investigation, if no error has been found, the institution may take the money back if it sends you a written explanation.

An error also may occur in connection with a point-of-sale purchase with a debit card. For example, an oil company might give you a debit card that lets you pay for gas purchases directly from your bank account. Or you may have a debit card that can be used for various types of retail purchases. These purchases will appear on your periodic statement from the bank. In case of an error on your account, however, you should contact the card issuer (for example, an oil company or a bank) at the address or phone number provided by the company. Once you've notified the company about the error, it has 10 business days to investigate and tell you the results. In this situation, it may take up to 90 days to complete an investigation, if the money in dispute is

returned to your account and you're notified promptly of the credit. If no error is found at the end of the investigation, the institution may take back the money if it sends you a written explanation.

Lost or Stolen ATM or Debit Cards

If your credit card is lost or stolen, you can't lose more than \$50. If someone uses your ATM or debit card without your permission, you can lose much more.

If you report an ATM or debit card missing to the card issuer before it's used without your permission, you can't be held responsible for any unauthorized withdrawals.

If unauthorized use occurs before you report it, the amount you can be held responsible for depends upon how quickly you report the loss to the card issuer.

If you report the loss within two business days after you realize your card is missing, you won't be responsible for more than \$50 for unauthorized use.

If you fail to report the loss within two business days after you realize the card is missing, but do report its loss within 60 days after your statement is mailed to you, you could lose as much as \$500 because of an unauthorized transfer.

If you fail to report an unauthorized transfer within 60 days after your statement is mailed to you, you risk unlimited loss. That means you could lose all the money in your account and the unused portion of your maximum line of credit established for overdrafts.

If you failed to notify the institution within the time periods allowed because of an extenuating circumstance, such as lengthy travel or illness, the issuer must reasonably extend the notification period. In addition, if state law or your contract imposes lower liability limits, those lower limits apply instead of the limits in the federal EFT Act.

Once you report the loss or theft of your ATM or debit card, you're no longer responsible for additional unauthorized transfers occurring after that time. Because these unauthorized transfers may appear on your statements, however, you should carefully review each statement you receive after you've reported the loss or theft. If the statement shows transfers that you did not make or that you need more information about, contact the institution immediately, using the special procedures provided for reporting errors.

Limited Stop-Payment Privileges

When you use an electronic fund transfer, the EFT Act does not give you the right to stop payment. If your purchase is defective or your order is not delivered, it's as if you paid cash. That is, it's up to you to resolve the problem with the seller and get your money back.

There is one situation, however, when you can stop payment. If you've arranged for regular payments out of your account to third parties, such as insurance companies, you can stop payment if you notify your institution at least three business days before the scheduled transfer.

The notice may be oral or written, but the institution may require a written follow-up within 14 days of the oral notice. If you fail to provide the written follow-up, the institution's responsibility to stop payment ends.

Although federal law provides only limited rights to stop payment, individual financial institutions may offer more rights or state laws may require them. If this feature is important to you, you may want to shop around to be sure you're getting the best "stop-payment" terms available.

Other Rights

The EFT Act protects your right of choice in two specific situations regarding use of electronic fund transfers: First, the Act prohibits financial institutions from requiring you to repay a loan by electronic transfer. Second, if you're required to receive your salary or government benefit check by EFT, you have the right to choose your institution.

Suggestions

If you decide to use EFT, keep these tips in mind:

Take care of your ATM or debit card. Know where it is at all times; if you lose it, report it as soon as possible.

Choose a PIN for your ATM or debit card that's different from your address, telephone number, Social Security number, or birth date. This will make it more difficult for a thief to use your card.

Keep and compare your receipts for all types of EFT transactions with your periodic statements. That way, you can find errors or unauthorized transfers and report them.

Make sure you know and trust a merchant or other company before you share any bank account information or pre-authorize debits to your account. Be aware that some merchants or companies may use electronic processing of your check information when you provide a check for payment.

Review your monthly statements promptly and carefully. Contact your bank or other financial institution immediately if you find unauthorized transactions and errors.

Where to File Complaints

If you think a financial institution or company has failed to fulfill its responsibilities to you under the EFT Act, speak up. In addition, you may wish to complain to the federal agency listed below that has enforcement jurisdiction over that company.

State Member Banks of the Federal Reserve System
Consumer and Community Affairs

Board of Governors of the Federal Reserve System
20th & C Streets, NW, Mail Stop 801
Washington, DC 20551
www.federalreserve.gov

National Banks
Office of the Comptroller of the Currency
Compliance Management
Mail Stop 7-5
Washington, DC 20219
www.occ.treas.gov

Federal Credit Unions
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314
www.ncua.gov

Non-Member Federally Insured Banks
Office of Consumer Programs
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
www.fdic.gov

Federally Insured Savings and Loans, and Federally Chartered State Banks
Consumer Affairs Program
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
www.ots.treas.gov

Electronic Check Conversion

The next time you write a check to your local merchant, the cashier may hand it back to you after the payment has been processed – electronically. Or maybe you're mailing a check as payment to a company. That payment, too, may be processed electronically. Why? More merchants and companies are using electronic check conversion, which converts information from your paper check into an electronic payment from your bank account. In fact, NACHA – the Electronic Payments Association – estimates that more than 1.7 billion paper checks were converted through in-store and mail-in transactions in 2005.

How does electronic check conversion work?

When you give your check to a store cashier, the check is run through an electronic system that captures your bank account information and the amount of the check. You're asked to sign a receipt and you get a copy for your records. When your check information has been processed and your check has been handed back to you, it should be voided or marked by the merchant so that it can't be used again. The merchant electronically sends information from the check (but not the check itself) to your bank or other financial institution, and the funds are transferred into the merchant's account.

Electronic check conversion also may be used for checks you mail to pay for a purchase or to pay on an account. The merchant or company receiving your check electronically sends information from your check (but not the check itself) through the system, and the funds are transferred into their account.

How will I know if companies I do business with use electronic check conversion?

By law, you must receive notice if your check information will be processed electronically. Notice can be given in different ways: In a store, a merchant might post a sign at the register or give you a written notice. For a mailed check, the company might include the notice on your monthly statement or under its terms and conditions. The notice also should state if the merchant or company will electronically collect from your account a fee – like a “bounced check” fee – if you have insufficient funds to cover the transaction.

Will I get my checks back?

Your financial institution may be unable to give you a duplicate copy of your checks, so it's important to keep your checks – and receipts – when the payment has been processed electronically in a store, especially if you need proof of payment. In the case of merchants and companies that use electronic check conversion for your mailed checks, you won't get your check back because the information was transmitted through the process only electronically. However, if you need a copy of the check, you can always ask the merchant or company if they'll provide it to you. You could also consider using duplicate checks, where you keep a copy

of every check you write. There may be an extra charge for duplicate checks, whether you buy them from your financial institution or a check printing company.

Will the payment be shown on my monthly bank statement?

Yes. Your bank statement must show the electronic transaction. It should include the name of the merchant or company, the payment amount, and the date the payment was electronically transferred from your account, and the transaction location. This information may be included in an area other than where your paper checks are listed, so carefully review the entire statement. It's important to keep your bank statements; they can be used as proof of payment for your transactions.

What does electronic check conversion mean to me?

There may be no float on your check. That means, if you write a check today, you need to have funds in your account today to cover it. If you don't, your check may bounce and you may be charged a fee by the merchant, your financial institution, or both. Bounced checks can blemish your credit record. If you're concerned about bounced checks, you may want to consider overdraft protection or a backup line of credit on your account. Be aware, your financial institution may charge for these services.

What if I find an error on my account?

Promptly review your bank statement for errors. For example, did two payments go through instead of one? Were you charged the wrong amount for the item purchased? You have 60 days from the date your statement was sent to you to notify your financial institution of any errors. Your financial institution might take up to 45 days from the date you notify it to investigate the situation. In most instances, if it will take more than 10 business days, your financial institution must credit your account while it investigates the error.

What if I find unauthorized transactions on my account?

Generally, if you find unauthorized electronic check conversion on your account (or someone has fraudulently obtained your banking account information), notify your financial institution immediately. Your level of loss depends on how quickly you report the problem.

Under federal law, for unauthorized electronic check conversion, you have 60 days to report these transfers after your bank account statement containing the problem is mailed to you. If you fail to report the unauthorized transfers within this time period, you risk losing all the money in your account and the unused portion of your maximum line of credit for overdrafts. It's also a good idea to report any other unauthorized transfers on your account or problems regarding any loss or theft of your checks immediately.

Contact your financial institution about any additional limits on liability they may offer.

Keeping Close Tabs on Your Account

The Federal Trade Commission suggests that you:

Keep track of deposits. Make sure you record all deposits to your checking account in your checkbook immediately. When you make deposits, save the receipts. They can help resolve mistakes.

Remember to record all automatic or Electronic Fund Transfer (EFT) deposits, such as your paycheck, in your checkbook when they're credited to your account.

Keep track of withdrawals. Immediately record your transactions. This includes: checks you write and electronic check conversion; ATM withdrawals; debit card transactions; preauthorized withdrawals; online transfers you make; and fees or service charges, including ATM fees.

Promptly balance your account when your statement arrives. This means reconciling the information you have recorded in your checkbook against the statement your financial institution sends to you. Review your entire bank statement; electronic check conversion may be recorded in an area other than where your paper checks are listed, such as under "other withdrawals."

Review your statement to be sure your checks were only processed once and for the correct amount. If your account won't balance, and you can't find the error, promptly call your financial institution for help.

Be especially careful with telephone and online transactions. If a merchant or company lets you make a payment using check information for a phone or Web transaction, they should inform you that they will process your payment electronically. Your bank and checking account numbers will be requested as they appear at the bottom of your check, along with permission to charge the account for the item you're paying for. Your transaction will then be processed and the funds withdrawn from your account and deposited in the merchant or company's account electronically.

Be especially cautious about sharing your bank and checking account numbers. Do not give out personal information – particularly on the telephone, by e-mail or otherwise online – unless you have initiated the contact or know who you're dealing with. Scam artists can use your personal information to commit fraud – such as identity theft. That's where someone uses your personal information, such as your checking account number, Social Security number, mother's maiden name, or birth date, without your knowledge or permission, to commit fraud or theft.

Equal Credit Opportunity

Credit is used by millions of consumers to finance an education or a house, remodel a home, or get a small business loan.

The Equal Credit Opportunity Act (ECOA) ensures that all consumers are given an equal chance to obtain credit. This doesn't mean all consumers who apply for credit get it: Factors such as income, expenses, debt, and credit history are considerations for creditworthiness.

The law protects you when you deal with any creditor who regularly extends credit, including banks, small loan and finance companies, retail and department stores, credit card companies, and credit unions. Anyone involved in granting credit, such as real estate brokers who arrange financing, is covered by the law. Businesses applying for credit also are protected by the law.

When You Apply For Credit, A Creditor May Not...

Discourage you from applying because of your sex, marital status, age, race, national origin, or because you receive public assistance income.

Ask you to reveal your sex, race, national origin, or religion. A creditor may ask you to voluntarily disclose this information (except for religion) if you're applying for a real estate loan. This information helps federal agencies enforce anti-discrimination laws. You may be asked about your residence or immigration status.

Ask if you're widowed or divorced. When permitted to ask marital status, a creditor may only use the terms: married, unmarried, or separated.

Ask about your marital status if you're applying for a separate, unsecured account. A creditor may ask you to provide this information if you live in "community property" states: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, and Washington. A creditor in any state may ask for this information if you apply for a joint account or one secured by property.

Request information about your spouse, except when your spouse is applying with you; your spouse will be allowed to use the account; you are relying on your spouse's income or on alimony or child support income from a former spouse; or if you reside in a community property state.

Inquire about your plans for having or raising children.

Ask if you receive alimony, child support, or separate maintenance payments, unless you're first told that you don't have to provide this information if you won't rely on these payments to get credit. A creditor may ask if you have to pay alimony, child support, or separate maintenance payments.

When Deciding To Give You Credit, A Creditor May Not...

Consider your sex, marital status, race, national origin, or religion.

Consider whether you have a telephone listing in your name. A creditor may consider whether you have a phone.

Consider the race of people in the neighborhood where you want to buy, refinance or improve a house with borrowed money.

Consider your age, unless:

you're too young to sign contracts, generally younger than 18 years of age;

you're 62 or older, and the creditor will favor you because of your age;

it's used to determine the meaning of other factors important to creditworthiness. For example, a creditor could use your age to determine if your income might drop because you're about to retire;

it's used in a valid scoring system that favors applicants age 62 and older. A credit-scoring system assigns points to answers you provide to credit application questions. For example, your length of employment might be scored differently depending on your age.

When Evaluating Your Income, A Creditor May Not...

Refuse to consider public assistance income the same way as other income.

Discount income because of your sex or marital status. For example, a creditor cannot count a man's salary at 100 percent and a woman's at 75 percent. A creditor may not assume a woman of childbearing age will stop working to raise children.

Discount or refuse to consider income because it comes from part-time employment or pension, annuity, or retirement benefits programs.

Refuse to consider regular alimony, child support, or separate maintenance payments. A creditor may ask you to prove you have received this income consistently.

You Also Have The Right To...

Have credit in your birth name (Mary Smith), your first and your spouse's last name (Mary Jones), or your first name and a combined last name (Mary Smith-Jones).

Get credit without a cosigner, if you meet the creditor's standards.

Have a cosigner other than your husband or wife, if one is necessary.

Keep your own accounts after you change your name, marital status, reach a certain age, or retire, unless the creditor has evidence that you're not willing or able to pay.

Know whether your application was accepted or rejected within 30 days of filing a complete application.

Know why your application was rejected. The creditor must give you a notice that tells you either the specific reasons for your rejection or your right to learn the reasons if you ask within 60 days.

Acceptable reasons include: "Your income was low," or "You haven't been employed long enough." Unacceptable reasons are: "You didn't meet our minimum standards," or "You didn't receive enough points on our credit-scoring system." Indefinite and vague reasons are illegal, so ask the creditor to be specific.

Find out why you were offered less favorable terms than you applied for—unless you accept the terms. Ask for details. Examples of less favorable terms include higher finance charges or less money than you requested.

Find out why your account was closed or why the terms of the account were made less favorable unless the account was inactive or delinquent.

A Special Note To Women

A good credit history—a record of how you paid past bills—often is necessary to get credit. Unfortunately, this hurts many married, separated, divorced, and widowed women. There are two common reasons women don't have credit histories in their own names: they lost their credit histories when they married and changed their names; or creditors reported accounts shared by married couples in the husband's name only.

If you're married, divorced, separated, or widowed, contact your local credit bureau(s) to make sure all relevant information is in a file under your own name.

If You Suspect Discrimination...

Complain to the creditor. Make it known you're aware of the law. The creditor may find an error or reverse the decision.

Check with your state Attorney General to see if the creditor violated state equal credit opportunity laws. Your state may decide to prosecute the creditor.

Bring a case in federal district court. If you win, you can recover damages, including punitive damages. You also can obtain compensation for attorney's fees and court costs. An attorney can advise you on how to proceed.

Join with others and file a class action suit. You may recover punitive damages for the group of up to \$500,000 or one percent of the creditor's net worth, whichever is less.

Report violations to the appropriate government agency. If you're denied credit, the creditor must give you the name and address of the agency to contact. While some of these agencies don't resolve individual complaints, the information you provide helps them decide which companies to investigate. A list of agencies follows.

If a retail store, department store, small loan and finance company, mortgage company, oil company, public utility, state credit union, government lending program, or travel and expense credit card company is involved, contact:

Consumer Response Center
Federal Trade Commission
Washington, DC 20580.

The FTC cannot intervene in individual disputes, but the information you provide may indicate a pattern of possible law violations that require action by the Commission.

If your complaint concerns a nationally-chartered bank (National or N.A. will be part of the name), write to:

Comptroller of the Currency
Compliance Management
Mail Stop 7-5
Washington, DC 20219

If your complaint concerns a state-chartered bank that is insured by the Federal Deposit Insurance Corporation but is not a member of the Federal Reserve System, write to:

Federal Deposit Insurance Corporation
Consumer Affairs Division
Washington, DC 20429

If your complaint concerns a federally-chartered or federally-insured savings and loan association, write to:

Office of Thrift Supervision
Consumer Affairs Program
Washington, DC 20552

If your complaint concerns a federally-chartered credit union, write to:

National Credit Union Administration
Consumer Affairs Division
Washington, DC 20456

Complaints against all kinds of creditors can be referred to:

Department of Justice
Civil Rights Division
Washington, DC 20530

Fair Credit Billing

Have you ever been billed for merchandise you returned or never received? Has your credit card company ever charged you twice for the same item or failed to credit a payment to your account? While frustrating, these errors can be corrected. It takes a little patience and knowledge of the dispute settlement procedures provided by the Fair Credit Billing Act (FCBA).

The law applies to "open end" credit accounts, such as credit cards, and revolving charge accounts - such as department store accounts. It does not cover installment contracts - loans or extensions of credit you repay on a fixed schedule. Consumers often buy cars, furniture and major appliances on an installment basis, and repay personal loans in installments as well.

What types of disputes are covered?

The FCBA settlement procedures apply only to disputes about "billing errors." For example:

- unauthorized charges. Federal law limits your responsibility for unauthorized charges to \$50;

- charges that list the wrong date or amount;

- charges for goods and services you didn't accept or weren't delivered as agreed;

- math errors;

- failure to post payments and other credits, such as returns;

- failure to send bills to your current address - provided the creditor receives your change of address, in writing, at least 20 days before the billing period ends; and

- charges for which you ask for an explanation or written proof of purchase along with a claimed error or request for clarification.

To take advantage of the law's consumer protections, you must:

- write to the creditor at the address given for "billing inquiries," not the address for sending your payments, and include your name, address, account number and a description of the billing error.

- send your letter so that it reaches the creditor within 60 days after the first bill containing the error was mailed to you.

Send your letter by certified mail, return receipt requested, so you have proof of what the creditor received. Include copies (not originals) of sales slips or other documents that support your position. Keep a copy of your dispute letter.

The creditor must acknowledge your complaint in writing within 30 days after receiving it, unless the problem has been resolved. The creditor must resolve the dispute within two billing cycles (but not more than 90 days) after receiving your letter.

Date

Your Name

Your Address

Your City, State, Zip Code

Your Account Number

Name of Creditor

Billing Inquiries

Address

City, State, Zip Code

Dear Sir or Madam:

I am writing to dispute a billing error in the amount of \$_____ on my account. The amount is inaccurate because (describe the problem). I am requesting that the error be corrected, that any finance and other charges related to the disputed amount be credited as well, and that I receive an accurate statement.

Enclosed are copies of (use this sentence to describe any enclosed information, such as sales slips, payment records) supporting my position. Please investigate this matter and correct the billing error as soon as possible.

Sincerely,

Your name

Enclosures: (List what you are enclosing.)

What happens while my bill is in dispute?

You may withhold payment on the disputed amount (and related charges), during the investigation. You must pay any part of the bill not in question, including finance charges on the undisputed amount.

The creditor may not take any legal or other action to collect the disputed amount and related charges (including finance charges) during the investigation. While your account cannot be closed or restricted, the disputed amount may be applied against your credit limit.

Will my credit rating be affected?

The creditor may not threaten your credit rating or report you as delinquent while your bill is in dispute. However, the creditor may report that you are challenging your bill. In addition, the Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants who exercise their rights, in good faith, under the FCBA. Simply put, you cannot be denied credit simply because you've disputed a bill.

What if...

...the bill is incorrect?

If your bill contains an error, the creditor must explain to you - in writing - the corrections that will be made to your account. In addition to crediting your account, the creditor must remove all finance charges, late fees or other charges related to the error.

If the creditor determines that you owe a portion of the disputed amount, you must get a written explanation. You may request copies of documents proving you owe the money.

...the bill is correct?

If the creditor's investigation determines the bill is correct, you must be told promptly and in writing how much you owe and why. You may ask for copies of relevant documents. At this point, you'll owe the disputed amount, plus any finance charges that accumulated while the amount was in dispute. You also may have to pay the minimum amount you missed paying because of the dispute.

If you disagree with the results of the investigation, you may write to the creditor, but you must act within 10 days after receiving the explanation, and you may indicate that you refuse to pay the disputed amount. At this point, the creditor may begin collection procedures. However, if the creditor reports you to a credit bureau as delinquent, the report also must state that

you don't think you owe the money. The creditor must tell you who gets these reports.

...the creditor fails to follow the procedure?

Any creditor who fails to follow the settlement procedure may not collect the amount in dispute, or any related finance charges, up to \$50, even if the bill turns out to be correct. For example, if a creditor acknowledges your complaint in 45 days - 15 days too late - or takes more than two billing cycles to resolve a dispute, the penalty applies. The penalty also applies if a creditor threatens to report - or improperly reports - your failure to pay to anyone during the dispute period.

An important caveat

Disputes about the quality of goods and services are not "billing errors," so the dispute procedure does not apply. However, if you buy unsatisfactory goods or services with a credit or charge card, you can take the same legal actions against the card issuer as you can take under state law against the seller.

To take advantage of this protection regarding the quality of goods or services, you must:

have made the purchase (it must be for more than \$50) in your home state or within 100 miles of your current billing address;

make a good faith effort to resolve the dispute with the seller first.

The dollar and distance limitations don't apply if the seller also is the card issuer - or if a special business relationship exists between the seller and the card issuer.

Other billing rights

Businesses that offer "open end" credit also must:

give you a written notice when you open a new account - and at certain other times - that describes your right to dispute billing errors;

provide a statement for each billing period in which you owe - or they owe you - more than one dollar;

send your bill at least 14 days before the payment is due - if you have a period within which to pay the bill without incurring additional charges;

credit all payments to your account on the date they're received, unless no extra charges would result if they failed to do so. Creditors are permitted to set some reasonable rules for making payments, say setting a reasonable deadline for payment to be received to be credited on the same date; and

promptly credit or refund overpayments and other amounts owed to your account. This applies to instances where your account is owed more than one dollar. Your account must be credited promptly with the amount owed. If you prefer a refund, it must be sent within seven business days after the creditor receives your written request. The creditor must also make a good faith effort to refund a credit balance that has remained on your account for more than six months.

Suing the creditor

You can sue a creditor who violates the FCBA. If you win, you may be awarded damages, plus twice the amount of any finance charge - as long as it's between \$100 and \$1,000. The court also may order the creditor to pay your attorney's fees and costs.

If possible, hire a lawyer who is willing to accept the amount awarded to you by the court as the entire fee for representing you. Some lawyers may not take your case unless you agree to pay their fee - win or lose - or add to the court-awarded amount if they think it's too low.

Fair Debt Collection

If you use credit cards, owe money on a personal loan, or are paying on a home mortgage, you are a "debtor." If you fall behind in repaying your creditors, or an error is made on your accounts, you may be contacted by a "debt collector."

You should know that in either situation, the Fair Debt Collection Practices Act requires that debt collectors treat you fairly and prohibits certain methods of debt collection. Of course, the law does not erase any legitimate debt you owe.

This brochure answers commonly asked questions about your rights under the Fair Debt Collection Practices Act.

What debts are covered?

Personal, family, and household debts are covered under the Act. This includes money owed for the purchase of an automobile, for medical care, or for charge accounts.

Who is a debt collector?

A debt collector is any person who regularly collects debts owed to others. This includes attorneys who collect debts on a regular basis.

How may a debt collector contact you?

A collector may contact you in person, by mail, telephone, telegram, or fax. However, a debt collector may not contact you at inconvenient times or places, such as before 8 a.m. or after 9 p.m., unless you agree. A debt collector also may not contact you at work if the collector knows that your employer disapproves of such contacts.

Can you stop a debt collector from contacting you?

You can stop a debt collector from contacting you by writing a letter to the collector telling them to stop. Once the collector receives your letter, they may not contact you again except to say there will be no further contact or to notify you that the debt collector or the creditor intends to take some specific action. Please note, however, that sending such a letter to a collector does not make the debt go away if you actually owe it. You could still be sued by the debt collector or your original creditor.

May a debt collector contact anyone else about your debt?

If you have an attorney, the debt collector must contact the attorney, rather than you. If you do not have an attorney, a collector may contact other people, but only to find out where you live, what your phone number is, and where you work. Collectors usually are prohibited from contacting such third parties more than once. In most cases, the collector may not tell anyone other than you and your attorney that you owe money.

What must the debt collector tell you about the debt?

Within five days after you are first contacted, the collector must send you a written notice telling you the amount of money you owe; the name of the creditor to whom you owe the money; and what action to take if you believe you do not owe the money.

May a debt collector continue to contact you if you believe you do not owe money?

A collector may not contact you if, within 30 days after you receive the written notice, you send the collection agency a letter stating you do not owe money. However, a collector can renew collection activities if you are sent proof of the debt, such as a copy of a bill for the amount owed.

What types of debt collection practices are prohibited?

Harassment. Debt collectors may not harass, oppress, or abuse you or any third parties they contact.

For example, debt collectors may not:

- use threats of violence or harm;
- publish a list of consumers who refuse to pay their debts (except to a credit bureau);
- use obscene or profane language; or repeatedly use the telephone to annoy someone.

False statements. Debt collectors may not use any false or misleading statements when collecting a debt. For example, debt collectors may not:

- falsely imply that they are attorneys or government representatives;
- falsely imply that you have committed a crime;
- falsely represent that they operate or work for a credit bureau;
- misrepresent the amount of your debt;
- indicate that papers being sent to you are legal forms when they are not; or
- indicate that papers being sent to you are not legal forms when they are.

Debt collectors also may not state that:

- you will be arrested if you do not pay your debt;
- they will seize, garnish, attach, or sell your property or wages, unless the collection agency or creditor intends to do so, and it is legal to do so; or
- actions, such as a lawsuit, will be taken against you, when such action legally may not be taken, or when they do not intend to take such action.

Debt collectors may not:

- give false credit information about you to anyone, including a credit bureau;
- send you anything that looks like an official document from a court or government agency when it is not; or
- use a false name.

Unfair practices. Debt collectors may not engage in unfair practices when they try to collect a debt. For example, collectors may not:

- collect any amount greater than your debt, unless your state law permits such a charge;
- deposit a post-dated check prematurely;
- use deception to make you accept collect calls or pay for telegrams;
- take or threaten to take your property unless this can be done legally; or
- contact you by postcard.

What control do you have over payment of debts?

If you owe more than one debt, any payment you make must be applied to the debt you indicate. A debt collector may not apply a payment to any debt you believe you do not owe.

What can you do if you believe a debt collector violated the law?

You have the right to sue a collector in a state or federal court within one year from the date the law was violated. If you win, you may recover money for the damages you suffered plus an additional amount up to \$1,000. Court costs and attorney' s fees also can be recovered. A group of people also may sue a debt collector and recover money for damages up to \$500,000, or one percent of the collector' s net worth, whichever is less.

Where can you report a debt collector for an alleged violation?

Report any problems you have with a debt collector to your state Attorney General' s office and the Federal Trade Commission. Many states have their own debt collection laws, and your Attorney General' s office can help you determine your rights.

Fiscal Fitness

Choosing a Credit Counselor

Living paycheck to paycheck? Worried about debt collectors? Can't seem to develop a workable budget, let alone save money for retirement? If this sounds familiar, you may want to consider the services of a credit counselor. Many credit counseling organizations are nonprofit and work with you to solve your financial problems. But beware — just because an organization says it is “nonprofit” doesn't guarantee that its services are free or affordable, or that its services are legitimate. In fact, some credit counseling organizations charge high fees, some of which may be hidden, or urge consumers to make “voluntary” contributions that cause them to fall deeper into debt.

Most credit counselors offer services through local offices, the Internet, or on the telephone. If possible, find an organization that offers in-person counseling. Many universities, military bases, credit unions, housing authorities, and branches of the U.S. Cooperative Extension Service operate nonprofit credit counseling programs. Your financial institution, local consumer protection agency, and friends and family also may be good sources of information and referrals.

Choosing a Credit Counseling Organization

Reputable credit counseling organizations advise you on managing your money and debts, help you develop a budget, and usually offer free educational materials and workshops. Their counselors are certified and trained in the areas of consumer credit, money and debt management, and budgeting. Counselors discuss your entire financial situation with you, and help you develop a personalized plan to solve your money problems. An initial counseling session typically lasts an hour, with an offer of follow-up sessions.

A reputable credit counseling agency should send you free information about itself and the services it provides without requiring you to provide any details about your situation. If a firm doesn't do that, consider it a red flag and go elsewhere for help.

Once you've developed a list of potential counseling agencies, check them out with your state Attorney General, local consumer protection agency, and Better Business Bureau. They can tell you if consumers have filed complaints about them. (But even if there are no complaints about them, it's not a guarantee that they're legitimate.) The United States Trustee Program also keeps a list of credit counseling agencies that have been approved to provide pre-bankruptcy counseling. After you've done your background investigation, it's time for the most important research — you should interview the final “candidates.”

Questions to Ask

Here are some questions to ask to help you find the best counselor for you.

What services do you offer? Look for an organization that offers a range of services, including budget counseling, and savings and debt management classes. Avoid organizations that push a debt management plan (DMP) as your only option before they spend a significant amount of time analyzing your financial situation.

Do you offer information? Are educational materials available for free? Avoid organizations that charge for information.

In addition to helping me solve my immediate problem, will you help me develop a plan for avoiding problems in the future?

What are your fees? Are there set-up and/or monthly fees? Get a specific price quote in writing.

What if I can't afford to pay your fees or make contributions? If an organization won't help you because you can't afford to pay, look elsewhere for help.

Will I have a formal written agreement or contract with you? Don't sign anything without reading it first. Make sure all verbal promises are in writing.

Are you licensed to offer your services in my state?

What are the qualifications of your counselors? Are they accredited or certified by an outside organization? If they are accredited or certified, by whom? If not, how are they trained? Try to use an organization whose counselors are trained by a non-affiliated party.

What assurance do I have that information about me (including my address, phone number, and financial information) will be kept confidential and secure?

How are your employees compensated? Are they paid more if I sign up for certain services, if I pay a fee, or if I make a contribution to your organization? If the answer is yes, consider it a red flag and go elsewhere for help.

Debt Management Plans

If your financial problems stem from too much debt or your inability to repay your debts, a credit counseling agency may recommend that you enroll in a debt management plan. A DMP alone is not credit counseling, and DMPs are not for everyone. Consider signing on for one of these plans only after a certified credit counselor has spent time thoroughly reviewing your financial situation, and has offered you customized advice on managing your money. Even if a DMP is appropriate for you, a reputable credit counseling organization still will help you create a budget and teach you money management skills.

How a DMP Works

You deposit money each month with the credit counseling organization. The organization uses your deposits to pay your unsecured debts, like credit card bills, student loans, and medical

bills, according to a payment schedule the counselor develops with you and your creditors. Your creditors may agree to lower your interest rates and waive certain fees, but check with all your creditors to be sure that they offer the concessions that a credit counseling organization describes to you. A successful DMP requires you to make regular, timely payments, and could take 48 months or longer to complete. Ask the credit counselor to estimate how long it will take for you to complete the plan. You also may have to agree not to apply for — or use — any additional credit while you're participating in the plan.

Is a DMP Right For You?

In addition to the questions already listed, here are some other important ones to ask if you're considering enrolling in a DMP.

Is a DMP the only option you can give me? Will you provide me with on-going budgeting advice, regardless of whether I enroll in a DMP? If an organization offers only DMPs, find another credit counseling organization that also will help you create a budget and teach you money management skills.

How does your DMP work? How will you make sure that all my creditors will be paid by the applicable due dates and in the correct billing cycle? If a DMP is appropriate, sign up for one that allows all your creditors to be paid before your payment due dates and within the correct billing cycle.

How is the amount of my payment determined? What if the amount is more than I can afford? Don't sign up for a DMP if you can't afford the monthly payment.

How often can I get status reports on my accounts? Can I get access to my accounts online or by phone? Make sure that the organization you sign up with is willing to provide regular, detailed statements about your account.

Can you get my creditors to lower or eliminate interest and finance charges, or waive late fees? If yes, contact your creditors to verify this, and ask them how long you have to be on the plan before the benefits kick in.

What debts aren't included in the DMP? This is important because you'll have to pay those bills on your own.

Do I have to make any payments to my creditors before they will accept the proposed payment plan? Some creditors require a payment to the credit counselor before accepting you into a DMP. If a credit counselor tells you this is so, call your creditors to verify this information before you send money to the credit counseling agency.

How will enrolling in a DMP affect my credit? Beware of any organization that tells you it can remove accurate negative information from your credit report. Legally, it can't be done. Accurate negative information may stay on your credit report for up to seven years.

Can you get my creditors to “re-age” my accounts — that is, to make my accounts current? If so, how many payments will I have to make before my creditors will do so? Even if your accounts are “re-aged,” negative information from past delinquencies or late payments will remain on your credit report.

How to Make a DMP Work for You

The following steps will help you benefit from a DMP, and avoid falling further into debt.

Continue to pay your bills until the plan has been approved by your creditors. If you stop making payments before your creditors have accepted you into a plan, you'll face late fees, penalties, and negative entries on your credit report.

Contact your creditors and confirm that they have accepted the proposed plan before you send any payments to the credit counseling organization for your DMP.

Make sure the organization's payment schedule allows your debts to be paid before they are due each month. Paying on time will help you avoid late fees and penalties. Call each of your creditors on the first of every month to make sure the agency has paid them on time.

Review monthly statements from your creditors to make sure they have received your payments.

If your debt management plan depends on your creditors agreeing to lower or eliminate interest and finance charges, or waive late fees, make sure these concessions are reflected on your statements.

Debt Negotiation Programs

Debt negotiation is not the same thing as credit counseling or a DMP. It can be very risky and have a long term negative impact on your credit report and, in turn, your ability to get credit. That's why many states have laws regulating debt negotiation companies and the services they offer.

The Claims

Debt negotiation firms may claim they're nonprofit. They also may claim that they can arrange for your unsecured debt — typically, credit card debt — to be paid off for anywhere from 10 to 50 percent of the balance owed. For example, if you owe \$10,000 on a credit card, a debt negotiation firm may claim it can arrange for you to pay off the debt with a lesser amount, say \$4,000.

The firms often pitch their services as an alternative to bankruptcy. They may claim that using their services will have little or no negative impact on your ability to get credit in the future, or that any negative information can be removed from your credit report when you complete the debt negotiation program. The firms usually tell you to stop making payments to your creditors

and instead, send your payments to the debt negotiation company. The firms may promise to hold your funds in a special account and pay the creditors on your behalf.

The Truth

Just because a debt negotiation company describes itself as a “nonprofit” organization, there’s no guarantee that the services they offer are legitimate. There also is no guarantee that a creditor will accept partial payment of a legitimate debt. In fact, if you stop making payments on a credit card, late fees and interest usually are added to the debt each month. If you exceed your credit limit, additional fees and charges also can be added. All this can quickly cause a consumer’s original debt to double or triple. What’s more, most debt negotiation companies charge consumers substantial fees for their services, including a fee to establish the account with the debt negotiator, a monthly service fee, and a final fee of a percentage of the money you’ve supposedly saved.

While creditors have no obligation to agree to negotiate the amount a consumer owes, they have a legal obligation to provide accurate information to the credit reporting agencies, including your failure to make monthly payments. That can result in a negative entry on your credit report. And in certain situations, creditors may have the right to sue you to recover the money you owe. In some instances, when creditors win a lawsuit, they have the right to garnish your wages or put a lien on your home. Finally, the Internal Revenue Service may consider any amount of forgiven debt to be taxable income.

Tip-offs to Rip-offs

Steer clear of debt negotiation companies that:

- [guarantee they can remove your unsecured debt](#)
- [promise that unsecured debts can be paid off with pennies on the dollar](#)
- [require substantial monthly service fees](#)
- [demand payment of a percentage of savings](#)
- [tell you to stop making payments to or communicating with your creditors](#)
- [require you to make monthly payments to them, rather than with your creditor](#)
- [claim that creditors never sue consumers for non-payment of unsecured debt](#)
- [promise that using their system will have no negative impact on your credit report](#)
- [claim that they can remove accurate negative information from your credit report.](#)

If you decide to work with a debt negotiation company, be sure to check it out with your state Attorney General, local consumer protection agency, and the Better Business Bureau. They can tell you if any consumer complaints are on file about the firm you’re considering doing business with. Also, ask your state Attorney General if the company is required to be licensed to work in your state and, if so, whether it is.

For People on Debt Management Plans: A Must-Do List

Reputable credit counseling organizations employ counselors who are certified and trained in consumer credit, money and debt management, and budgeting. Those organizations that are nonprofit have a legal obligation to provide education and counseling.

But not all credit counseling organizations provide these services. Some charge high fees, not all of which are disclosed, or urge you to make “voluntary” contributions that can cause you to fall deeper into debt. Many claim that a debt management plan is your only option before they spend time reviewing your financial situation, and offer little or no consumer education and counseling. Others misrepresent their nonprofit status or fraudulently obtained nonprofit status by misrepresenting their business practices to regulators.

The Federal Trade Commission (FTC), the nation’s consumer protection agency, and some state Attorneys General have sued several companies that called themselves credit counseling organizations. The FTC and the states said these companies deceived consumers about the cost, nature, and benefits of the services they offered; some companies even lied about their nonprofit status. Several of these companies are now going out of business. Similar companies also may be shutting their doors, even though they haven’t been sued by the FTC or the states. That could be of special concern if you have a debt management plan with one of these companies.

Must-Dos for Anyone With A DMP

Organizations that advertise credit counseling often arrange for consumers to pay debts through a debt management plan (DMP). In a DMP, you deposit money each month with a credit counseling organization. The organization uses these deposits to pay your credit card bills, student loans, medical bills, or other unsecured debts according to a payment schedule they’ve worked out with you and your creditors. Creditors may agree to lower interest rates or waive certain fees if you are repaying through a DMP.

The FTC has found that some organizations that offer DMPs have deceived and defrauded consumers, and recommends that consumers check their bills to make sure that the organization fulfills its promises. If you are paying through a DMP, contact your creditors and confirm that they have accepted the proposed plan before you send any payments to the organization handling your DMP. Once the creditors have accepted the DMP, it is important to:

make regular, timely payments.

always read your monthly statements promptly to make sure your creditors are getting paid according to your plan.

contact the organization responsible for your DMP if you will be unable to make a scheduled payment, or if you discover that creditors are not being paid.

You need to be aware that if payments to your DMP and creditors are not made on time, you could lose the progress you've made on paying down your debt, or the benefits of being in a DMP, including lower interest rates and fee waivers. Although creditors may have forgiven late payments that you made before you began the DMP, the creditors may be unwilling or unable to do so if payments are late after you have enrolled in a DMP. If you fall behind on your payments, you may not be able to have your accounts "re-aged" again (reported as current), even if you start a new DMP with a new counselor. That means your credit report will have "late" marks and you will rack up late fees, which, in turn, will lead to more debt that could take longer to pay off.

If Your Credit Counselor Has Gone Out of Business

What happens to your DMP if the credit counseling company that managed your debts shuts down? A counseling agency that is going out of business may send you a notice telling you that your DMP is being transferred to another company. Or it may tell you that you need to take some action to keep your financial recovery on track. If a government agency has filed an action against your credit counseling company, you may get a notice from a third party. If you discover that the organization handling your DMP is going out of business you need to:

- contact your bank to stop payment if you are making your DMP payments through automatic withdrawal.

- start paying your bills directly to your creditors.

- notify your creditors that the organization handling your DMP is going out of business. Consider working out a payment plan with your creditors yourself. Ask if they will give you a reduction on your interest rate without a DMP.

- order a copy of your credit report. Check for late payments — or missed DMP payments — that may result from the company going out of business. If you see "late" notations you don't expect, call the creditor immediately and ask that the notation be removed. Understand that they have no obligation to do it.

If payments are late because the organization handling your DMP has failed to make scheduled payments, the consequences can be just as devastating as if you failed to make payments to the DMP. If you do not act quickly to make arrangements with your creditors, you could incur late charges that increase your debt, lose the lower interest rates associated with the DMP, and have "late" marks on your credit report.

Important Questions to Ask When Choosing a Credit Counselor

If the organization you were working with shuts down, you may be able to work a payment plan on your own directly with your creditors. But if you decide that you need additional credit advice and assistance, or if you are considering working with a credit counselor for the first time, asking questions like these can help you find the best counselor for you.

1. What services do you offer?

Look for an organization that offers a range of services, including budget counseling, savings and debt management classes, and counselors who are trained and certified in consumer credit, money and debt management, and budgeting. Counselors should discuss your entire financial situation with you, and help you develop a personalized plan to solve your money problems now and avoid others in the future. An initial counseling session typically lasts an hour, with an offer of follow-up sessions. Avoid organizations that push a debt management plan as your only option before they spend a significant amount of time analyzing your financial situation. DMPs are not for everyone. You should sign up for a DMP only after a certified credit counselor has spent time thoroughly reviewing your financial situation, and has offered you customized advice on managing your money.

If you were on a DMP with an organization that closed down, ask any credit counselor that you are considering what they can do to help you retain the benefits of your DMP.

2. Are you licensed to offer your services in my state?

Many states require that an organization register or obtain a license before offering credit counseling, debt management plans, and similar services. Do not hire an organization that has not fulfilled the requirements for your state.

3. Do you offer free information?

Avoid organizations that charge for information about the nature of their services.

4. Will I have a formal written agreement or contract with you?

Don't commit to participate in a DMP over the telephone. Get all verbal promises in writing. Read all documents carefully before you sign them. If you are told you need to act immediately, consider finding another organization.

5. What are the qualifications of your counselors? Are they accredited or certified by an outside organization? If so, which one? If not, how are they trained?

Try to use an organization whose counselors are trained by an outside organization that is not affiliated with creditors.

6. Have other consumers been satisfied with the service that they received?

Once you've identified credit counseling organizations that suit your needs, check them out with your state Attorney General, local consumer protection agency, and Better Business Bureau. These organizations can tell you if consumers have filed complaints about them. The absence of complaints doesn't guarantee legitimacy, but complaints from other consumers may alert you to problems.

7. What are your fees? Are there set-up and/or monthly fees?

Get a detailed price quote in writing, and specifically ask whether all the fees are covered in the quote. If you're concerned that you cannot afford to pay your fees, ask if the organization waives or reduces fees when providing counseling to consumers in your

circumstances. If an organization won't help you because you can't afford to pay, look elsewhere for help.

8. How are your employees paid? Are the employees or the organization paid more if I sign up for certain services, pay a fee, or make a contribution to your organization?

Employees who are counseling you to purchase certain services may receive a commission if you choose to sign up for those services. Many credit counseling organizations receive additional compensation from creditors if you enroll in a DMP. If the organization will not disclose what compensation it receives from creditors, or how employees are compensated, go elsewhere for help.

9. What do you do to keep personal information about your clients (for example, name, address, phone number, and financial information) confidential and secure?

Credit counseling organizations handle your most sensitive financial information. The organization should have safeguards in place to protect the privacy of this information and prevent misuse.

Getting Credit:

What You Need to Know About Credit

The Federal Trade Commission (FTC) is the nation's consumer protection champion. The FTC works for the consumer to prevent fraud, deception and unfair business practices in the marketplace. The FTC provides the information consumers need to spot and avoid fraud and deception. Consumers can contact the FTC for free information on a wide range of issues, including:

Advertising claims	Investment schemes
Buying, leasing and renting cars	Online shopping
Credit	Scholarship scams
Debt collection	Sweepstakes
Employment and job placement	Telemarketing
Identity Theft	Work-at-home schemes...and more

WHAT'S CREDIT

Being out on your own can be fun and exciting, but it also means taking on new financial responsibilities. The decisions you make now about how you manage your finances and borrow money will affect you in the future—for better or worse.

Did you know that there are companies that keep track of whether you pay your debts and if you make payments on time? Then these companies make this information available in the form of a credit report and score.

A bad credit history can haunt you for a long time—seven years or more. That's why the best thing to do is learn how to maintain good credit before there's a problem. While this might seem complicated at first, it gets easier once you understand the basics of credit and how it works.

Credit is more than just a plastic card you use to buy things—it is your financial trustworthiness. Good credit means that your history of payments, employment and salary make you a good candidate for a loan, and creditors—those who lend money or services—will be more willing to work with you. Having good credit usually translates into lower payments and more ease in borrowing money. Bad credit, however, can be a big problem. It usually results from making payments late or borrowing too much money, and it means that you might have trouble getting a car loan, a credit card, a place to live and, sometimes, a job.

YOUR CREDIT

Most creditors use credit scoring to evaluate your credit record. This involves using your credit application and report to get information about you, such as your annual income, outstanding debt, bill-paying history, and the number and types of accounts you have and how long you have had them. Potential lenders use your credit score to help predict whether you are a good risk to repay a loan and make payments on time.

Many people just starting out have no credit history and may find it tough to get a loan or credit card, but establishing a good credit history is not as difficult as it seems.

You might apply for a credit card issued by a local store, because local businesses are more willing to extend credit to someone with no credit history. Once you establish a pattern of making your payments on time, major credit card issuers might be more willing to extend credit to you.

You might apply for a secured credit card. Basically, this card requires you to put up the money first and then lets you borrow 50 to 100 percent of your account balance.

You might ask other people who have an established credit history to co-sign on an account. By co-signing, the person is agreeing to pay back the loan if you don't.

WHAT A DIFFERENCE A WORD MAKES

Credit card—You can use a credit card to buy things and pay for them over time. But remember, buying with credit is a loan—you have to pay the money back. What's more, if the credit card company sends you a check, it's not a gift. It's a loan you have to pay back. In addition to the cost of what you bought, you will owe a percentage of what you spent (interest) and sometimes an annual fee.

Charge card—If you use a charge card, you must pay your balance in full when you get your regular statement.

Debit card—This card allows you to access the money in your checking or savings account electronically to make purchases.

THE FINE PRINT

When applying for credit cards, it's important to shop around. Fees, charges, interest rates and benefits can vary drastically among credit card issuers. And, in some cases, credit cards might seem like great deals until you read the fine print and disclosures. When you're trying to find the credit card that's right for you, look at the:

Annual percentage rate (APR)—The APR is a measure of the cost of credit, expressed as a yearly interest rate. Usually, the lower the APR, the better for you. Be sure to check the fine

print to see if your offer has a time limit. Your APR could be much higher after the initial limited offer.

Grace period—This is the time between the date of the credit card purchase and the date the company starts charging you interest.

Annual fees—Many credit card issuers charge an annual fee for giving you credit, typically \$15 to \$55.

Transaction fees and other charges—Most creditors charge a fee if you don't make a payment on time. Other common credit card fees include those for cash advances and going beyond the credit limit. Some credit cards charge a flat fee every month, whether you use your card or not.

Customer service—Customer service is something most people don't consider, or appreciate, until there's a problem. Look for a 24-hour toll-free telephone number.

Other options—Creditors may offer other options for a price, including discounts, rebates and special merchandise offers. If your card is lost or stolen, federal law protects you from owing more than \$50 per card—but only if you report that it was lost or stolen within two days of discovering the loss or theft. Paying for additional protection may not be a good value.

YOUR PERSONAL FINANCIAL INFORMATION

Banks and other financial companies may share your personal financial information with their subsidiaries and other companies. But you can limit some of that sharing if you want to. "Opting out" can help keep much of your financial information private and reduce unsolicited offers that come in the mail. But it also means you may not see offers that could interest you. Your financial institutions will send you a privacy notice once a year in your statement or as a separate mailing. Be sure to read these notices carefully. Get answers to your questions from these companies. If you decide you want to opt out, follow the company's instructions—you may need to call them, return a form, or go online. You can shop around for a financial institution with the privacy policy you want.

DO THE MATH

Keep in mind that credit card interest rates and minimum monthly payments affect how long it will take to pay off your debt and how much you'll pay for your purchase over time.

Suppose when you're 22, you charge \$1,000 worth of clothes and CDs on a credit card with a 19 percent interest rate.

If you pay \$20 every month, you'll be over 30 by the time you pay off the debt.

You'll have paid an extra \$1,000 in interest. And that's if you never charge anything else on that card!

KEEP YOUR CREDIT RECORD CLEAN

Good credit is important, now and in the future. In most cases, it takes seven years for accurate, negative information to be deleted from a credit report. Bankruptcy information takes even longer to be deleted—10 years.

Know What Creditors Look for on Credit Reports

Understanding what types of information most creditors evaluate is important. Your credit report is a key part of your credit score, but it is not the only factor. You get points for other things like:

Your bill-paying history	The unused portions of lines of credit
How many accounts you have and what kind	Collections actions
Late payments	Outstanding debt
Longevity of accounts	

Where to Obtain a Copy of Your Credit Report

Credit reporting agencies don't share files, so you'll need to contact each reporting agency to make sure the information about you is correct. The three major credit reporting agencies are:

Equifax	Experian	TransUnion
1-800-685-1111	1-888-397-3742	1-800-888-4213
www.equifax.com	www.experian.com	www.transunion.com

In some states, you don't have to pay to get a copy of your credit report.

KEEP CREDIT CARDS UNDER CONTROL

Whether you shop online, by telephone or by mail, a credit card can make buying many things much easier; but when you use a credit card, it's important to keep track of your spending. Incidental and impulse purchases add up, and each one you make with a credit card is a separate loan. When the bill comes, you have to pay what you owe. Owing more than you can afford to repay can damage your credit rating.

Keeping good records can prevent a lot of headaches, especially if there are inaccuracies on your monthly statement. If you notice a problem, promptly report it to the company that issued the card. Usually the instructions for disputing a charge are on your monthly statement. If you order by mail, by telephone or online, keep copies and printouts with details about the transaction.

These details should include the company's name, address and telephone number; the date of your order; a copy of the order form you sent to the company or a list of the stock codes of the items ordered; the order confirmation code; the ad or catalog from which you ordered (if applicable); any applicable warranties; and the return and refund policies.

Finally, if you have a credit card, take the following precautions:

Never lend it to anyone.

Never sign a blank charge slip. Draw lines through blank spaces on charge slips above the total so the amount can't be changed.

Never put your account number on the outside of an envelope or on a postcard.

Always be cautious about disclosing your account number on the telephone unless you know the person you're dealing with represents a reputable company.

Always carry only the cards you anticipate using to prevent the possible loss or theft of all your cards or identification.

Always report lost or stolen ATM and credit cards to the card issuers as soon as possible. Follow up with a letter that includes your account number, when you noticed the card was missing, and when you first reported the loss.

PROTECT YOUR IDENTITY

Identity theft involves someone else using your personal information to create fraudulent accounts, charge items to another person's existing accounts, or even get a job. You can minimize the risks by managing your personal information wisely and cautiously. Here are some ways to protect yourself from identity theft:

Before you reveal any personally identifying information, find out how it will be used and whether it will be shared.

Pay attention to your billing cycles. Follow up with creditors if your bills don't arrive on time.

Guard your mail from theft. Deposit outgoing mail in post office collection boxes or at your local post office. Promptly remove mail from your mailbox after it has been delivered. If you're planning to be away from home and can't pick up your mail, call the U.S. Postal Service toll-free at 1-800-275-8777, or visit www.usps.gov to request a vacation hold.

When possible, put passwords on your credit card, bank and phone accounts. Avoid using easily available information like your mother's maiden name, your birth date, the last four digits of your Social Security number or telephone number, or a series of consecutive numbers. It's a good idea to keep a list of your credit card issuers and their telephone numbers.

Don't give out personal information on the telephone, through the mail or over the Internet unless you've initiated the contact or you know whom you're dealing with.

Protect personal information in your home. For example, tear or shred documents like charge receipts, copies of credit offers and applications, insurance forms, physician's statements, discarded bank checks and statements, and expired credit cards before you throw them away. Be cautious about leaving personal information in plain view, especially if you have roommates, employ outside help or are having service work done.

Find out who has access to your personal information at work and verify that the records are kept in a secure location.

Never carry your Social Security card; leave it in a secure place at home. Give out your Social Security number only when absolutely necessary.

Order your credit report from each of the three major credit reporting agencies every year to make sure it is accurate and includes only those activities you've authorized.

Carry only the identification that you actually need.

What to Do If You're a Victim of Identity Theft

If your cards, bills or identification have been misused to open new accounts in your name, file a complaint with the Federal Trade Commission. Call toll-free 1-877-ID-THEFT (1-877-438-4338); TDD: 202-326-2502, or visit www.consumer.gov/idtheft.

IMPROVE YOUR CREDIT RECORD

A lot of people spend more than they can afford and pay less toward their debts than they should. To get control over your finances and to manage your debt, try:

Budgeting—In many cases, people design and then stick to a budget to get their debt under control. A budget is a plan for how much money you have and how much money you spend. Sticking to a realistic budget allows you to pay off your debts and save for the proverbial rainy day.

Credit Counseling—Many universities, military bases, credit unions and housing authorities operate nonprofit financial counseling programs. Some charge a fee for their services. Creditors

may be willing to accept reduced payments if you're working with a reputable program to create a debt repayment plan. When you choose a credit counselor, be sure to ask about fees you will have to pay and what kind of counseling you'll receive. A credit counseling organization isn't necessarily legitimate just because it says it's nonprofit. You may want to check with the Better Business Bureau for any complaints against a counselor or counseling organization. Visit www.bbbonline.org for your local Better Business Bureau's telephone number.

Bankruptcy—Bankruptcy is considered the credit solution of last resort. Unlike negative credit information that stays on a credit report for seven years, bankruptcies stay on a credit report for 10 years. Bankruptcy can make it difficult to rent an apartment, buy a house or a condo, get some types of insurance, get additional credit, and, sometimes, get a job. In some cases, bankruptcy may not be an easily available option.

When to Contact Creditors

If you're having trouble paying your bills, contact your creditors immediately. Tell them why it's difficult for you, and try to work out a modified plan that reduces your payments to a more manageable level. Don't wait until your accounts have been turned over to a debt collector. Take action immediately and keep a detailed record of your conversations and correspondence.

USE CAUTION

Turning to a business that offers help in solving debt problems may seem like a reasonable solution when your bills become unmanageable. Be cautious. Before you do business with any company, check it out with your local consumer protection agency or the Better Business Bureau in the company's location. One rule to remember is that if a credit repair offer seems too easy or just too good to be true, it probably is too good to be true. And knowing your rights can help you steer clear of rip-offs. For example, according to state and federal laws, companies that help people improve their credit rating cannot:

Make false claims about their services.

Charge you until the services are completed.

Perform services until the waiting period has passed. After you sign the written contract, you have three days to change your mind and cancel the services.

Avoid Advance Fee Loan Scams

Offers that guarantee you a credit card for a fee—before you even apply—are against the law. These scams often target consumers with credit problems. If someone calls you making that kind of promise, tell the caller not

to call you anymore and hang up.

If you've had a problem, the Federal Trade Commission (FTC) works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint or to get free information on consumer issues, call toll-free, 1-877-FTC-HELP (1-877-382-4357), or visit www.ftc.gov/ftc/consumer.htm. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the United States and abroad.

It's a good idea to contact your local consumer protection agency, state attorney general or Better Business Bureau, too. Many attorneys general have toll-free consumer hotlines. To find the number for your state's attorney general, check with your local directory assistance.

BUYERS BEWARE!
**ADS PROMISING "DEBT RELIEF" ACTUALLY MAY BE OFFERING
BANKRUPTCY**

As you try to take control of your debt, be on the lookout for advertisements that offer quick fixes. While ads pitch the promise of debt relief, they rarely mention that this relief comes in the form of bankruptcy. Because bankruptcy stays on your credit report for **10 years** and hinders your ability to get credit, it's important to ask for details before agreeing to any debt-relief services.

RESOURCES

Federal Trade Commission

Web: www.ftc.gov

Toll-Free: 1-877-FTC-HELP (1-877-382-4357)

TTY: 1-866-653-4261

Identity Theft

Web: www.consumer.gov/idtheft

Toll-Free: 1-877-ID-THEFT (1-877-438-4338)

TDD: 202-326-2502

The FTC is the federal clearinghouse for complaints by victims of identity theft. Although the FTC does not have the authority to bring criminal cases, the FTC assists victims of identity theft by providing them with information to help them resolve the financial and other problems that can result from identity theft.

The Jump-Start Coalition for Personal Financial Literacy

Web: www.jumpstartcoalition.org

The Jump-Start Coalition for Personal Financial Literacy seeks to improve the personal financial literacy of young adults by evaluating their financial literacy; developing, disseminating and encouraging the use of standards for grades K-12; and promoting the teaching of personal finance.

DON'T BE LOST

A lost or stolen wallet or purse is a gold mine of information for identity thieves. If your wallet or purse is lost or stolen:

File a report with the police immediately and keep a copy.

Cancel your credit cards. Call the issuer(s) immediately. Many companies have 24-hour toll-free numbers to deal with such emergencies. The number is on your monthly statement.

Get new cards with new account numbers.

Call the fraud departments of the major credit reporting agencies, and ask each agency to put a "fraud alert" on your account:

Equifax 1-800-525-6285

Experian 1-888-397-3742

TransUnion 1-800-680-7289

Report the loss to the fraud department of the bank where you have your checking and savings accounts. Ask about the next steps regarding your accounts, including your ATM or debit card.

Review your credit reports regularly and have them corrected when necessary.

Report a missing driver's license to your state department of motor vehicles.

Change your home and car locks, if your keys were taken.

About Lost or Stolen Credit Cards...

If your card is lost or stolen, federal law protects you from owing more than \$50 per card-but only if you report that the card was lost or stolen within two days of discovering the loss or theft. If you suspect any fraudulent purchases, you may be asked to sign a statement under oath that you did not make the purchase(s) in question, it's important to ask for details before agreeing to any debt-relief services.

Getting Credit When You're Over Age 62

Credit is an important money management tool for both young and older consumers. Yet the elderly, particularly older women may find it difficult to get credit.

If you're an older consumer who has paid with cash all your life, you may find it difficult to open a credit account. That's because you have "no credit history" of how you paid on credit. If your income has decreased, you may find it harder to get a loan because you have "insufficient income." Or, if your spouse dies, you may find creditors trying to close joint accounts. A "joint account" is one for which both spouses applied and signed the credit agreement.

Under the federal Equal Credit Opportunity Act (ECOA), it's against the law for a creditor to deny you credit or terminate existing credit simply because of your age. This brochure explains your rights and offers tips for applying for and maintaining credit.

Applying for Credit

Applying for credit used to mean asking your neighborhood banker for a loan. Now, with national credit cards and computerized applications, the day of personal evaluations may be over. Instead, computer evaluations look at, among other things, your income, payment history, credit card accounts, and any outstanding balances. Paying in cash and in full may be sound financial advice, but they won't give you a payment history that helps you get credit.

A major indicator of your ability to repay a loan is your current income. Those who consider income must include types of income that are likely to be received by older consumers. This includes salaries from part-time employment, Social Security, pensions, and other retirement benefits.

You also may want to tell creditors about assets or other sources of income, such as your home, additional real estate, savings and checking accounts, money market funds, certificates of deposit, and stocks and bonds.

If you're age 62 or over, you have certain other protections. You can't be denied credit because credit-related insurance is not available based on your age. Credit insurance pays off the creditor if you should die or become disabled.

On the other hand, a creditor can consider your age to:

- favor applicants who are age 62 or older.

- determine other elements of creditworthiness. For example, a creditor could consider whether you're close to retirement age and a lower income.

While a creditor cannot take your age directly into account, a creditor may consider age as it relates to certain elements of creditworthiness. If, for example, at the age of 70, you apply for a 30-year mortgage, a lender might be concerned that you may not live to repay the loan.

However, if you apply for a shorter loan term, increase your down payment, or do both, you might satisfy the creditor's concerns.

Checking Your Credit History

A credit report includes information on where you live, how you pay your bills, and whether you've been sued, arrested, or filed for bankruptcy. Nationwide consumer reporting companies sell the information in your report to creditors, insurers, employers, and other businesses that use it to evaluate your applications for credit, insurance, employment, or renting a home.

You may find that your file doesn't list all of your credit accounts. That's because not all creditors report to consumer reporting companies. You may ask that additional accounts be reported to your file. Some bureaus may charge for this service. Credit information about shared accounts should be reported in your name and your spouse's. If it's not, ask the creditor in writing to report the account in both names.

The Fair Credit Reporting Act (FCRA) requires each of the major nationwide consumer reporting companies to provide you with a free copy of your credit report, at your request, once every 12 months.

To order your free annual report from one or all the national consumer reporting companies, visit: www.annualcreditreport.com; call toll-free: 1-877-322-8228; or complete the [Annual Credit Report Request Form](#) and mail it to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. You can print the form from ftc.gov/credit. Do not contact the three nationwide consumer reporting companies individually; they provide free annual credit reports only through www.annualcreditreport.com, 1-877-322-8228, and Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

Other Rights to Free Reports

Under federal law, you're also entitled to a free report if a company takes adverse action against you, such as denying your application for credit, insurance or employment, and you request your report within 60 days of receiving notice of the action. The notice will give you the name, address, and phone number of the consumer reporting company that supplied the information about you. You're also entitled to one free report a year if you're unemployed and plan to look for a job within 60 days; if you're on welfare; or if your report is inaccurate because of fraud. Otherwise, a consumer reporting company may charge you up to \$9.50 for additional copies of your report.

To buy a copy of your report, contact:

Equifax: 1-800-685-1111; www.equifax.com

Experian: 1-888-EXPERIAN (1-888-397-3742); www.experian.com

TransUnion: 1-800-916-8800; www.transunion.com

Under state law, consumers in Colorado, Georgia, Maine, Maryland, Massachusetts, New Jersey, and Vermont already have free access to their credit reports.

If you ask, only the last four digits of your Social Security number will appear on your credit reports.

Establishing a Credit History

If you're denied a loan or credit card because you have no credit history, consider establishing one. The best way is to apply for a small line of credit from your bank or a credit card from a local department store. Make sure you list your best financial references. Make payments regularly and make certain the creditor reports your credit history to a credit bureau.

If Your Spouse Dies

Under the ECOA, a creditor cannot automatically close or change the terms of a joint account solely because of the death of your spouse. A creditor may ask you to update your application or reapply. This can happen if the account was originally based on all or part of your spouse's income and if the creditor has reason to believe your income alone cannot support the credit line.

After you submit a re-application, the creditor will determine whether to continue to extend you credit or change your credit limits. Your creditor must respond in writing within 30 days of receiving your application. During that time, you can continue to use your account with no new restrictions. If your application is rejected, you must be given specific reasons, or told of your right to get this information.

These protections also apply when you retire, reach age 62 or older, or change your name or marital status.

Kinds of Accounts

It's important to know what kind of credit accounts you have, especially if your spouse dies. There are two types of accounts — individual and joint. You can permit authorized persons to use either type.

An individual account is opened in one person's name and is based only on that person's income and assets.

If you're concerned about your credit status if your spouse should die, you may want to try to open one or more individual accounts in your name. That way, your credit status won't be affected.

When you're applying for individual credit, ask the creditor to consider the credit history of accounts reported in your spouse's or former spouse's name, as well as those reported in your name. The creditor must consider this information if you can prove it reflects positively and accurately on your ability to manage credit. For example, you may be able to show through

canceled checks that you made payments on an account, even though it's listed in your spouse's name only.

A joint account is opened in two people's names, often a husband and wife, and is based on the income and assets of both or either person. Both people are responsible for the debt.

Account "Users"

If you open an individual account, you may authorize another person to use it. If you name your spouse as the authorized user, a creditor who reports the credit history to a credit bureau must report it in your spouse's name as well as in yours (if the account was opened after June 1, 1977). A creditor also may report the credit history in the name of any other authorized user.

If You're Denied Credit

The ECOA does not guarantee you'll get credit. But if you're denied credit, you have the right to know why. There may be an error or the computer system may not have evaluated all relevant information. In that case, you can ask the creditor to reconsider your application.

If you believe you've been discriminated against, you may want to write to the federal agency that regulates that particular creditor. Your complaint letter should state the facts. Send it, along with copies (NOT originals) of supporting documents. You also may want to contact an attorney. You have the right to sue a creditor who violates the ECOA.

National Banks

Comptroller of the Currency
Customer Assistance Group
1301 McKinney Street, Suite 3710
Houston, TX 77010

State Member Banks of the Reserve System

Federal Reserve Board
Division of Consumer and Community Affairs
Mail Stop 801
Washington, D.C. 20551

Federal Credit Unions

National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Non-Member Federally Insured Banks

Federal Deposit Insurance Corporation
Office of Consumer Programs
550 Seventeenth St., N.W.
Washington, D.C. 20429

Federally Insured Savings and Loans, and Federally Chartered State Banks

Office of Thrift Supervision
Consumer Affairs Program
1700 G St., N.W.
Washington, D.C. 20552

Other Creditors

(includes retail, gasoline, finance, and mortgage companies)

Federal Trade Commission
Consumer Response Center
600 Pennsylvania Ave, N.W.
Washington, D.C. 20580

Giving the Bounce to Counterfeit Check Scams

It's your lucky day! You just won a foreign lottery! The letter says so. And the cashier's check to cover the taxes and fees is included. All you have to do to get your winnings is deposit the check and wire the money to the sender to pay the taxes and fees. You're guaranteed that when they get your payment, you'll get your prize.

There's just one catch: this is a scam. The check is no good, even though it appears to be a legitimate cashier's check. The lottery angle is a trick to get you to wire money to someone you don't know. If you were to deposit the check and wire the money, your bank would soon learn that the check was a fake. And you're out the money because the money you wired can't be retrieved, and you're responsible for the checks you deposit — even though you don't know they're fake. This is just one example of a counterfeit check scam that could leave you scratching your head. The Federal Trade Commission, the nation's consumer protection agency, wants you to know that counterfeit check scams are on the rise. Some fake checks look so real that bank tellers are reporting being fooled. The scammers use high quality printers and scanners to make the checks look real. Some of the checks contain authentic-looking watermarks. These counterfeit checks are printed with the names and addresses of legitimate financial institutions. And even though the bank and account and routing numbers listed on a counterfeit check may be real, the check still can be a fake. These fakes come in many forms, from cashier's checks and money orders to corporate and personal checks. Could you be a victim? Not if you know how to recognize and report them.

Fake Checks: Variations on a Scheme

Counterfeit or fake checks are being used in a growing number of fraudulent schemes, including foreign lottery scams (as described above), check overpayment scams, Internet auction scams, and secret shopper scams.

Check overpayment scams target consumers selling cars or other valuable items through classified ads or online auction sites. Unsuspecting sellers get stuck when scammers pass off bogus cashier's checks, corporate checks, or personal checks. Here's how it happens:

A scam artist replies to a classified ad or auction posting, offers to pay for the item with a check, and then comes up with a reason for writing the check for more than the purchase price. The scammer asks the seller to wire back the difference after depositing the check. The seller does it, and later, when the scammer's check bounces, the seller is left liable for the entire amount.

In secret shopper scams, the consumer, hired to be a secret shopper, is asked to evaluate the effectiveness of a money transfer service. The consumer is given a check, told to deposit it in their bank account, and withdraw the amount in cash. Then, the consumer is told to take the cash to the money transfer service specified, and typically, send the transfer to a person in a Canadian city. Then, the consumer is supposed to evaluate their experience — but no one

collects the evaluation. The secret shopper scenario is just a scam to get the consumer's money.

Con artists who use these schemes can easily avoid detection. When funds are sent through wire transfer services, the recipients can pick up the money at other locations within the same country; it is nearly impossible for the sender to identify or locate the recipient.

You and Your Bank — Who is Responsible for What?

Under federal law, banks must make funds available to you from U.S. Treasury checks, official bank checks (cashier's checks, certified checks, and teller's checks), and checks paid by government agencies at the opening of business the day after you deposit the check. For other checks, banks must similarly make the first \$100 available the day after you deposit the check. Remaining funds must be made available on the second day after the deposit if payable by a local bank, and within five days if drawn on distant banks.

However, just because funds are available on a check you've deposited doesn't mean the check is good. It's best not to rely on money from any type of check (cashier, business or personal check, or money order) unless you know and trust the person you're dealing with or, better yet — until the bank confirms that the check has cleared. Forgeries can take weeks to be discovered and untangled. The bottom line is that until the bank confirms that the funds from the check have been deposited into your account, you are responsible for any funds you withdraw against that check.

Protecting Yourself

Here's how to avoid a counterfeit check scam:

Throw away any offer that asks you to pay for a prize or a gift. If it's free or a gift, you shouldn't have to pay for it. Free is free.

Resist the urge to enter foreign lotteries. It's illegal to play a foreign lottery through the mail or the telephone, and most foreign lottery solicitations are phony.

Know who you're dealing with, and never wire money to strangers.

If you're selling something, don't accept a check for more than the selling price, no matter how tempting the offer or how convincing the story. Ask the buyer to write the check for the correct amount. If the buyer refuses to send the correct amount, return the check. Don't send the merchandise.

As a seller, you can suggest an alternative way for the buyer to pay, like an escrow service or online payment service. There may be a charge for an escrow service. If the buyer insists on using a particular escrow or online payment service you've never heard of, check it out. Visit its website, and read its terms of agreement and privacy policy. Call the customer service line. If there isn't one — or if you call and can't get answers about the service's reliability — don't use the service. To learn more about escrow services and online payment systems, visit ftc.gov/onlineshopping.

If you accept payment by check, ask for a check drawn on a local bank, or a bank with a local branch. That way, you can make a personal visit to make sure the check is valid. If that's not possible, call the bank where the check was purchased, and ask if it is valid. Get the bank's phone number from directory assistance or an Internet site that you know and trust, not from the check or from the person who gave you the check.

If the buyer insists that you wire back funds, end the transaction immediately. Legitimate buyers don't pressure you to send money by wire transfer services. In addition, you have little recourse if there's a problem with a wire transaction.

Resist any pressure to "act now." If the buyer's offer is good now, it should be good after the check clears.

If You Think You're a Victim

If you think you've been targeted by a counterfeit check scam, report it to the following agencies:

The Federal Trade Commission Visit ftc.gov or 1-877-FTC-HELP (1-877-382-4357). • The U.S. Postal Inspection Service Visit www.usps.gov/websites/depart/inspect or call your local post office. The number is in the Blue Pages of your local telephone directory.

Your state or local consumer protection agencies Visit www.naag.org for a list of state Attorneys General, or check the Blue Pages of your local telephone directory for appropriate phone numbers.

Gold and Platinum Cards

If you're looking for credit, be wary of some 'gold' or 'platinum' card offers promising to get you credit cards or improve your credit rating.

While sounding like general-purpose credit cards, some 'gold' or 'platinum' cards permit you to buy merchandise only from specialized catalogues. Marketers of these credit cards often promise that by participating in their credit programs, you will be able to get major credit cards (such as an unsecured Visa or MasterCard), lines of credit from national specialty and department stores, better credit reports, and other financial benefits.

Rarely, however, can you improve your credit rating or get major credit cards by buying 'gold' or 'platinum' credit cards. Often the only major credit card you might get is a secured credit card that requires a substantial security deposit with a bank. In addition, many of these credit-card offerors do not report to credit bureaus as they promise, and their cards seldom help secure lines of credit with other creditors.

Such 'gold' and 'platinum' credit-card offers usually are promoted through television or newspaper advertisements, direct mail, or telephone solicitations using automatic dialing machines and recorded messages. People who live in lower-income areas often are the target of these sales pitches.

Watch Out For...

Be wary of 'gold' and 'platinum' card promotions that:

Charge upfront fees, without saying there may be additional costs.

Some 'gold' or 'platinum' card promoters charge \$50 or more for their cards. Only after you agree to pay this fee are you told there's an additional fee, sometimes \$30 or more, to get the merchandise catalogues. Yet, these catalogues are the only places you can use the cards.

Use '900' or '976' telephone exchanges.

Ads for 'gold' and 'platinum' cards may urge you to call numbers with '900' or '976' exchanges for more information. You pay for phone calls with these prefixes -- even if you never get the 'gold' or 'platinum' card. The cost for these calls can be high.

Misrepresent prices and payments for merchandise.

You're not allowed to charge the total amount when you buy merchandise from 'gold' or 'platinum' card catalogues. Instead, you often must pay a cash deposit on each item you charge -- an amount usually equal to what the company paid for the product. Only after you pay your

deposit can you charge the balance. Also, catalogue prices can be much higher than discount store prices.

Promise to easily get you "better credit."

Marketers of 'gold' and 'platinum' cards often claim its easy to get major credit cards after using their cards for a few months. In fact, the only major cards you usually can get through these marketers are secured. A secured card requires you to open and maintain a savings account as security for your line of credit. The required deposit may range from a few hundred to several thousand dollars. Your credit line is a percentage of the deposit, typically 50 to 100 percent.

How To Protect Yourself

Follow these precautions to avoid becoming a victim of 'gold' and 'platinum' card scams:

Think twice about any offer to get "easy credit."

Be skeptical of promises to erase bad credit or to secure major credit cards regardless of your past credit problems. There are no "easy" solutions to a poor credit rating that's based on accurate information. Only time and good credit habits will restore your credit worthiness.

Investigate an offer before enrolling.

Contact your local Better Business Bureau, consumer protection agency, or state Attorney General's office to see if any complaints have been filed against a particular promoter of 'gold' or 'platinum' cards.

If a marketer promises that a card is accepted at certain retail chains, verify it with the stores.

If a marketer assures you that reliable information about you will be reported to credit bureaus, call the bureaus to confirm that the merchant is a member. Unless 'gold' or 'platinum' card merchants are subscribers to credit bureaus, they won't be able to report information about your credit experience.

Be cautious about calling '900' or '976' telephone numbers.

Calls to numbers with '900' or '976' prefixes cost money. Don't confuse these exchanges with toll-free '800' numbers. If you dial a pay-per-call number mistakenly, contact your local phone company immediately. They may be able to remove the charge from your bill.

Prescreened Offers of Credit and Insurance

Mail Call: Bills, a letter from your Aunt Mary, a circular from a local department store, your monthly bank statement, and an offer for a new credit card that says you've been "prescreened" or "pre-qualified."

A "prescreened" offer of credit? What's that?

Many companies that solicit new credit card accounts and insurance policies use prescreening to identify potential customers for the products they offer. Prescreened offers — sometimes called "pre-approved" offers — are based on information in your credit report that indicates you meet criteria set by the offeror. Usually, prescreened solicitations come via mail, but you also may get them in a phone call or in an email.

How does prescreening work?

Prescreening works in one of two ways:

a creditor or insurer establishes criteria, like a minimum credit score, and asks a consumer reporting company for a list of people in the company's database who meet the criteria; or

a creditor or insurer provides a list of potential customers to a consumer reporting company and asks the company to identify people on the list who meet certain criteria.

Can prescreening hurt my credit report or credit score?

No. There will be "inquiries" on your credit report showing which companies obtained your information for prescreening, but those inquiries will not have a negative effect on your credit report or credit score.

Can I reduce the number of unsolicited credit and insurance offers I get?

If you decide that you don't want to receive prescreened offers of credit and insurance, you have two choices: You can opt out of receiving them for five years or opt out of receiving them permanently. Call toll-free 1-888-5-OPTOUT (1-888-567-8688) or visit www.optoutprescreen.com for details. The telephone number and website are operated by the major consumer reporting companies. When you call or visit the website, you'll be asked to provide certain personal information, including your home telephone number, name, Social Security number, and date of birth. The information you provide is confidential and will be used only to process your request to opt out.

Remember that if you have joint credit relationships, like a mortgage or a car loan with a spouse, partner, or other adult, you may continue to receive some prescreened solicitations until both of you exercise your opt-out right.

Why would someone opt out — or not?

Some people prefer not to receive these kinds of offers in the mail, especially if they are not in the market for a new credit card or insurance policy. They may prefer to opt out to limit access to their credit report information for credit and insurance solicitations, or to reduce some mailbox “clutter.” However, some companies send offers that are not based on prescreening, and your federal opt-out right will not stop those kinds of solicitations.

As you consider opting out, you should know that prescreened offers can provide many benefits, especially if you are in the market for a credit card or insurance. Prescreened offers can help you learn about what’s available, compare costs, and find the best product for your needs. Because you are pre-selected to receive the offer, you can be turned down only under limited circumstances. The terms of prescreened offers also may be more favorable than those that are available to the general public. In fact, some credit card or insurance products may be available only through prescreened offers.

Does opting out hurt my credit score?

Removing your name from prescreened lists has no effect on your ability to apply for or obtain credit or insurance.

If I decide to opt out, how long will it be before I stop getting prescreened offers? Requests to opt out are processed within five days, but it may take up to 60 days before you stop receiving prescreened offers.

What if I opt out and then change my mind?

You can use the same toll-free telephone number or website to opt back in.

Will calling 1-888-5-OPTOUT or visiting www.optoutprescreen.com stop all unsolicited offers of credit and insurance?

Calling the opt-out line or visiting the website will stop the prescreened solicitations that are based on lists from the major consumer reporting companies. You may continue to get solicitations for credit and insurance based on lists from other sources. For example, opting out won’t end solicitations from local merchants, religious and charitable associations, professional and alumni associations, and companies with which you already conduct business. To stop mail from groups like these — as well as mail addressed to “occupant” or “resident” — you must contact each source directly.

What other opt-out programs should I know about?

The federal government has created the National Do Not Call Registry — a free, easy way to reduce the telemarketing calls you get at home. To register your phone number or to get information about the registry, visit www.donotcall.gov, or call 1-888-382-1222 from the phone number you want to register. You will get fewer telemarketing calls within 31 days of registering

your number. Your number will stay on the registry for five years, until it is disconnected, or until you take it off the registry. After five years, you will be able to renew your registration.

The Direct Marketing Association (DMA), a trade association for businesses in direct, database, and interactive global marketing, maintains a Mail Preference Service that lets you opt out of receiving direct mail marketing from many national companies for five years. When you register with this service, your name will be put on a “delete” file and made available to direct-mail marketers. However, your registration will not stop mailings from any organizations that are not registered with the DMA’s Mail Preference Service. To register with DMA, send a letter to:

Direct Marketing Association
Mail Preference Service
PO Box 643
Carmel, NY 10512

Or register online at www.the-dma.org/consumers/offmailinglist.html.

The DMA also has an Email Preference Service to help you reduce unsolicited commercial emails. To “opt-out” of receiving unsolicited commercial email from DMA members, visit www.dmaconsumers.org/offemaillist.html. Your online request will be effective for one year.

NOTICE

The best selling e-book called “32 Ways to Quickly Stop Foreclosure” has been revised in 2008 to include changes in the foreclosure process. In addition, the author, Dave Dinkel, has included two Bonus Reports entitled:

“How to Legally Stay in Your Foreclosed Home For Up to Seven Years and Never Make a Mortgage Payment”,

and

“The Ultimate Revenge – How to Buy Another Home After Your Foreclosure in Ten Days With No Money and No Credit”.

Both of these Blockbuster reports are FREE with the e-book.

Secured Credit Card Marketing Scams

ANYONE CAN QUALIFY FOR A MAJOR CREDIT CARD!

Separated? Divorced? Bankrupt? Widowed?

BAD CREDIT? NO CREDIT?

NO PROBLEM!

900-555-1111

Make the call NOW and get the credit you deserve!

Even if you've been turned down before, you owe it to yourself and your family.

Your major credit card is waiting.

Ads like this may appeal to you if you have a poor credit history or no credit at all. Beware: while secured credit cards can be an effective way to build or re-establish your credit history, some marketers of secured cards make deceptive advertising claims to entice you to respond to their ads.

Secured vs. Unsecured Cards

Secured and unsecured cards can be used to pay for goods and services. However, a secured card requires you to open and maintain a savings account as security for your line of credit; an unsecured card does not.

The required savings deposit for a secured card may range from a few hundred to several thousand dollars. Your credit line is a percentage of your deposit, typically 50 to 100 percent. Usually, a bank will pay interest on your deposit. In addition, you also may have to pay application and processing fees — sometimes totaling hundreds of dollars. Before you apply, be sure to ask what the total fees are and whether they will be refunded if you're denied a card. Typically, a secured card requires an annual fee and has a higher interest rate than an unsecured card.

Deceptive Ads and Scams

The Federal Trade Commission (FTC) has taken action against companies that deceptively advertise major credit cards through television, newspapers, and postcards. The ads may offer unsecured credit cards, secured credit cards, or not specify a card type. The ads usually lead you to believe you can get a card simply by calling the number listed. Sometimes the number is not toll-free. A '900' number service, for which you are billed just for making the call, may instruct you to give your name and address to receive a credit application, or give you a list of

banks offering secured cards. It also may tell you to call another '900' number — at an additional charge — for more information.

Deceptive ads often leave out important information.

The cost of the '900' call — which can range from \$2 to \$50 or more;

The required security deposit, application, and processing fees;

Eligibility requirements like income or age;

An annual fee or the fact that the secured card has a higher than average interest rate on any balance.

How to Avoid the Scam

To avoid being victimized, look for the following signs:

Offers of easy credit. No one can guarantee to get you credit. Before deciding whether to give you a credit card, legitimate credit providers examine your credit report.

A call to a '900' number for a credit card. You pay for calls with a '900' prefix — and you may never receive a credit card.

Credit cards offered by "credit repair" companies or "credit clinics." These businesses also may offer to clean-up your credit history for a fee. However, you can correct genuine mistakes or outdated information yourself by contacting credit bureaus directly. Remember that only time and good credit habits will restore your credit worthiness.

Credit Reporting

If you're considering a secured card as a way to build or re-establish a credit record, make sure the issuer reports to a credit bureau. Your credit history is maintained by companies called credit bureaus; they collect information reported to them by banks, mortgage companies, department stores, and other creditors. If your card issuer doesn't report to a bureau, the card won't help you build a credit history.

For More Information

To build a credit record, you may want to apply for a charge card or a small loan at a local store or lending institution. Ask if the creditor reports transactions to a credit bureau. If they do — and if you pay back your debts regularly — you will build a good credit history.

If you cannot get credit on your own, you can ask a relative or friend with a good credit history to act as your cosigner. The cosigner promises to repay the debt if you don't.

If you're having problems paying bills, you may want to contact a credit counseling service. Non-profit organizations in every state counsel consumers who are in debt. Counselors try to arrange a repayment plan that is acceptable to you and your creditors. They also can help you set up a

realistic budget. These counseling services are offered at little or no cost to consumers. You can find the office nearest you by checking the White Pages of your telephone directory.

Sometimes, non-profit counseling programs are operated by universities, military bases, credit unions, and housing authorities. They are likely to charge little or nothing for their services. Or you can check with your local bank or consumer protection office to see if it has a list of reputable low-cost financial counseling services.

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The Truth About Advance-Fee Loan Scams

Advance-fee loan sharks are preying on unwary consumers, taking their money for the promise of a loan or credit, and leaving them in hot water. The scam artists often impersonate legitimate lenders to entice consumers into falling for their bogus offer.

According to law enforcement agencies in the U.S. and Canada, ads and promotions for advance-fee loans suggest — or even “guarantee” — that there’s a high likelihood that a loan will be approved, regardless of the applicant’s credit history. But to take advantage of the offer, the consumer has to pay a fee. The catch? The scam artist takes off with your fee, and the loan never materializes.

Many advance-fee loans are promoted in the classified sections of daily and weekly newspapers and magazines. Often, the ads feature toll-free 800, 866, or 877 numbers, or area codes from Canada, such as 416, 647, 905, or 705. The loans also are promoted through direct mail, radio, and cable TV spots. The fact that an ad is in a legitimate media outlet — like the local newspaper or radio station — doesn’t guarantee that the company placing it is trustworthy.

Legitimate offers of credit do not require an up-front payment. Although legitimate lenders may charge application, appraisal, or credit report fees, the fees generally are taken from the amount borrowed. And the fees usually are paid to the lender or broker after the loan is approved. Legitimate lenders may guarantee firm offers of credit to “credit-worthy” consumers, but first, they evaluate the consumer’s creditworthiness and confirm the information in the application. Canadian law enforcers caution that it is highly unlikely that legitimate Canadian lenders would take a risk on U.S. citizens whose credit problems preclude them from getting a loan in the U.S.

Often, advance-fee loan sharks claim that their fees will go to a third party for credit insurance or a related service. Sometimes, they even fax materials using stolen or forged logos and letterheads from legitimate companies. The materials are fakes, according to enforcement officials, and the contracts the scam artists ask consumers to sign are worthless. Adding insult to injury, some scammers have used the information they collect from consumers to commit identity theft.

Often, advance-fee loan scammers direct applicants to send the fees via Western Union money transfers payable to an individual, rather than a business. They ask applicants to use a “password code” with their Western Union payment, which allows the scammers to hide their identity.

U.S. and Canadian law enforcers say consumers can avoid being taken by advance-fee loan sharks. Here’s how:

[Don’t pay for the promise of a loan. It’s illegal for companies doing business by phone in the U.S. to promise you a loan and ask you to pay for it before they deliver. Requiring advance fees for loans also is illegal in Canada.](#)

Ignore any ad — or hang up on any caller — that guarantees a loan in exchange for a fee in advance.

Remember that legitimate lenders never guarantee or say that you will receive a loan before you apply, or before they have checked out your credit status or contacted your references, especially if you have bad credit or no credit record.

Don't give your credit card, bank account, or Social Security number on the telephone, by fax, or via the Internet unless you are familiar with the company and know why the information is necessary.

Don't make a payment to an individual for a loan; no legitimate lending organization would make such a request.

Don't wire money or send money orders for a loan through Western Union or similar companies. You have little recourse if there's a problem with a wire transaction. Legitimate lenders don't pressure you to wire funds.

If you are not absolutely sure who you are dealing with, get the company's number in the phone book or from directory assistance, and call it to make sure you're dealing with the company you think you are. Some scam artists have pretended to be the Better Business Bureau or another legitimate organization.

Check out questionable ads by calling Project Phone Busters in Canada toll-free at 1-888-495-8501. If you live in the U.S. and think you've been a victim of an advance-fee loan scam, report it to the FTC online at www.ftc.gov or by phone, toll-free, at 1-877-FTC-HELP (1-877-382-4357).

Finding Low-Cost Help for Credit Problems

It's a good idea to try to solve your debt problems with your creditors as soon as you realize you won't be able to make your payments. If you can't resolve your credit problems yourself or need additional help, you may want to contact a credit counseling service. There are nonprofit organizations in every state that counsel and educate individuals and families on debt problems, budgeting and using credit wisely. There is little or no cost for these services. Universities, military bases, credit unions, and housing authorities also may offer low- or no-cost credit counseling programs. Check the white pages of your telephone directory for a service near you.

The Toronto Strategic Partnership is a group of law enforcement agencies in the U.S. and Canada that works together to prosecute cross border fraud. Formal members include the Toronto Police Service, the Competition Bureau Canada, the Ontario Ministry of Consumer and Business Services, the Ontario Provincial Police, the U.S. Federal Trade Commission and the U.S. Postal Inspection Service. Other partners include the Ohio Attorney General's Office, the Royal Canadian Mounted Police, and the Police Services of York, Durham and Peel in Ontario.

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a [complaint](#) or to get [free information on consumer issues](#), visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet,

telemarketing, identity theft, and other fraud-related complaints into [Consumer Sentinel](#), a secure online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

Understanding Vehicle Financing

With prices averaging more than \$28,000 for a new vehicle and \$15,000 for a used vehicle, most consumers need financing or leasing to acquire a vehicle. In some cases, buyers use “direct lending:” they obtain a loan directly from a finance company, bank or credit union. In direct lending, a buyer agrees to pay the amount financed, plus an agreed-upon finance charge, over a period of time. Once a buyer and a vehicle dealership enter into a contract to purchase a vehicle, the buyer uses the loan proceeds from the direct lender to pay the dealership for the vehicle. Consumers also may arrange for a vehicle loan over the Internet.

A common type of vehicle financing is “dealership financing.” In this arrangement, a buyer and a dealership enter into a contract where the buyer agrees to pay the amount financed, plus an agreed-upon finance charge, over a period of time. The dealership may retain the contract, but usually sells it to an assignee (such as a bank, finance company or credit union), which services the account and collects the payments.

For the vehicle buyer, dealership financing offers:

1. Convenience – Dealers offer buyers vehicles and financing in one place.
2. Multiple financing relationships – The dealership’s relationships with a variety of banks and finance companies mean it can usually offer buyers a range of financing options.
3. Special programs – From time to time, dealerships may offer manufacturer sponsored low-rate programs to buyers.

This booklet explains dealership financing and can serve as a guide as you evaluate your own financial situation before you finance a new or used vehicle. It will also help you understand vehicle leasing.

Federal Laws

Familiarize yourself with laws that authorize and regulate vehicle dealership financing and leasing.

Truth in Lending Act – requires that, before you sign the agreement, creditors give you written disclosure of important terms of the credit agreement such as APR, total finance charges, monthly payment amount, payment due dates, total amount being financed, length of the credit agreement and any charges for late payment.

Consumer Leasing Act – requires the leasing company (dealership, for example) to disclose certain information before a lease is signed, including: the amount due at lease signing or delivery; the number and amounts of monthly payments; all fees charged, including license fees and taxes; and the charges for default or late payments. For an automobile lease, the lessor must additionally disclose the annual mileage allowance and charges for excessive mileage; whether the lease can be terminated early; whether the leased automobile can be purchased at

the end of the lease; the price to buy at the end of the lease; and any extra payments that may be required at the end of the lease.

Credit Practices Rule – requires creditors to provide a written notice to potential co-signers about their liability if the other person fails to pay; prohibits late charges in some situations; and prohibits creditors from using certain contract provisions that the government has found to be unfair to consumers.

Equal Credit Opportunity Act – prohibits discrimination related to credit because of your gender, race, color, marital status, religion, national origin or age. It also prohibits discrimination related to credit based on the fact that you are receiving public assistance or that you have exercised your rights under the federal Consumer Credit Protection Act.

Fair Credit Reporting Act – Gives consumers many rights, including the right to one free credit report each year. It allows consumers to call one number to notify credit reporting agencies and credit card companies of identify theft. It also provides consumers with a process to dispute information in their credit file that they believe is inaccurate or incomplete.

For more information on federal credit regulations and consumer rights, contact:

Federal Trade Commission
Washington, DC 20580
Phone: (877) FTC-HELP (382-4357)
Web site: www.ftc.gov

Federal Reserve System
Washington, DC 20551
Phone: (202) 452-3693
Web site: www.federalreserve.gov

State Laws

Your state's laws may provide you with additional rights. For information on these laws, contact your state's consumer protection agency or Attorney General's office (Web site: www.naag.org).

What About a Co-Signer?

You may be required by the creditor to have a co-signer sign the finance contract with you in order to make up for any deficiencies in your credit history. A co-signer assumes equal responsibility for the contract, and the account history will be reflected on the co-signer's credit history as well. For this reason, you should exercise caution if asked to co-sign for someone else. Since many co-signers are eventually asked to repay the obligation, be sure you can afford to do so before agreeing to be someone's co-signer.

Should I Lease a Vehicle?

If you are considering leasing, there are several things to keep in mind. The monthly payments on a lease are usually lower than monthly finance payments on the same vehicle because you are paying for the vehicle's expected depreciation during the lease term, plus a rent charge, taxes, and fees. But at the end of a lease, you must return the vehicle unless the lease lets you buy it and you agree to the purchase costs and terms. To be sure the lease terms fit your situation: Consider the beginning, middle and end of lease costs. Compare different lease offers and terms, including mileage limits, and also consider how long you may want to keep the vehicle.

When you lease a vehicle, you have the right to use it for an agreed number of months and miles. At lease end, you may return the vehicle, pay any end-of-lease fees and charges, and "walk away." You may buy the vehicle for the additional agreed-upon price if you have a purchase option, which is a typical provision in retail lease contracts. Keep in mind that in most cases, you will be responsible for an early termination charge if you end the lease early. That charge could be substantial.

Another important consideration is the mileage limit – most standard leases are calculated based on a specified number of miles you can drive, typically 15,000 or fewer per year. You can negotiate a higher mileage limit, but you will normally have an increased monthly payment since the vehicle's depreciation will be greater during your lease term. If you exceed the mileage limit set in the lease agreement, you'll probably have to pay additional charges when you return the vehicle.

When you lease, you are also responsible for excess wear and damage, and missing equipment. You must also service the vehicle in accordance with the manufacturer's recommendations.

Finally, you will have to maintain insurance that meets the leasing company's standards. Be sure to find out the cost of this insurance.

"Keys to Vehicle Leasing," a publication of the Federal Reserve Board, contains more information about leasing. You can request a copy from:

Publications Services
Board of Governors of the Federal
Reserve System
Mail Stop 127
Washington, DC 20551

Determining How Much You Can Afford

Before financing or leasing a vehicle, make sure you have enough income to cover your current monthly living expenses. Then, finance new purchases only when you can afford to take on a

new monthly payment. The “Monthly Spending Plan” is a tool to help determine an affordable payment for you.

The only time to consider taking on additional debt is when you’re spending less each month than you take home. The additional debt load should not cut into the amount you’ve committed to saving for emergencies and other top priorities or life goals. Saving money for a down payment or trading in a vehicle can reduce the amount you need to finance. In some cases, your trade-in vehicle will take care of the down payment on your vehicle.

["Monthly Spending Plan" and "Shop for the Best Deal" Worksheets](#) [PDF only 409k]

Sample Comparison

This example will help you compare the difference in the monthly payment amount and the total payment amount for a 3-year and a 5-year credit transaction. Generally, longer terms mean lower monthly payments and higher finance charges. Make sure you have enough income available to make the monthly payment by reviewing your monthly spending plan. You’ll also need to factor in the cost of car insurance, which may vary depending upon the type of vehicle.

Note: All dollars have been rounded for this illustration. The numbers in this sample are for example purposes only. Actual finance terms may be different and will depend on many factors, including your credit worthiness.

	3 years (36 months)	5 years (60 months)
Amount Financed	\$ 20,000	\$ 20,000
Contract Rate (APR)	8.00%	8.00%
Finance Charges	\$ 2,562	\$ 4,332
Monthly Payment Amount	\$ 627	\$ 406
Total of Payments	\$ 22,562	\$ 24,332
Down Payment	10%	10%

Know the Terms of Financing Before You Sign

Negotiated Price of the Vehicle – The purchase price of the vehicle agreed upon by the buyer and the dealer.

Down Payment – An initial amount paid to reduce the amount financed.

Extended Service Contract – Optional protection on specified mechanical and electrical components of the vehicle available for purchase to supplement any warranty coverage provided with the new or used vehicle.

Credit Insurance – Optional insurance that pays the scheduled unpaid balance if you die or scheduled monthly payments if you become disabled. As with most contract terms, the cost of optional credit insurance must be disclosed in writing, and, if you want it, you must agree to it and sign for it.

Guaranteed Auto Protection (GAP) – Optional protection that pays the difference between the amount you owe on your vehicle and the amount you receive from your insurance company if the vehicle is stolen or destroyed before you have satisfied your credit obligation.

Amount Financed – The dollar amount of the credit that is provided to you.

Annual Percentage Rate or “APR” – The cost of credit expressed as a percentage.

Finance Charge – The total dollar amount you pay to use credit.

Fixed Rate Financing – The finance rate remains the same over the life of the contract.

Variable Rate Financing – The finance rate varies and the amount you must pay changes over the life of the contract.

Monthly Payment Amount – The dollar amount due each month to repay the credit agreement.

Assignee – The bank, finance company or credit union that purchases the contract from the dealer.

Getting a Copy of Your Credit Report

It's a good idea to check your credit report, which you can do every twelve months for free. To request a copy of your report, call 1-877-322-8228 or visit www.annualcreditreport.com. In some situations, such as when you are denied credit, you may be able to obtain additional copies for free. In other situations, if you would like to obtain a credit report more often than once a year, you can do so for a small fee by contacting any of the three major credit reporting agencies listed below.

Experian
P.O. Box 2104
Allen, TX 75013
Phone: (888) 397-3742
Web site: www.experian.com

Equifax Credit Information Services
P. O. Box 740241
Atlanta, GA 30374-0241
Phone: (800) 685-1111
Web site: www.equifax.com

TransUnion Corporation
P. O. Box 1000
Chester, PA 19022
Phone: (800) 916-8800
Web site: www.transunion.com

For more information about obtaining your credit report, visit
www.ftc.gov/bcp/online/pubs/credit/fcrasummary.pdf.

Remember...

Before Visiting the Dealership:

Evaluate your financial situation and determine how much you can afford to pay each month. A longer-term finance contract may mean smaller monthly payments than a shorter-term finance contract (if all other terms are the same) – but will result in more money paid over time on your contract.

Determine the price range of the vehicle you're thinking of buying. Check newspaper ads, the Internet, and other publications.

Understand the value and cost of optional credit insurance if you agree to purchase.

Know the difference between buying and leasing a vehicle.

Be aware that your credit history may affect the finance rate you are able to negotiate. Generally, you'll be able to get a lower rate if you've paid your monthly credit obligations on time.

Compare annual percentage rates and financing terms from multiple finance sources such as a bank, finance company and credit union. This information may also be available from the finance sources' and vehicle manufacturers' Web sites.

When Visiting the Dealership:

Stay within the price range that you can afford.

Negotiate your finance or lease arrangements and terms.

Consider carefully whether the transaction is best for your budget and transportation needs.

Understand the value and cost of optional products such as an extended service contract, credit insurance or guaranteed auto protection, if you agree to purchase. If you don't want these products, don't sign for them.

Read the contract carefully before you sign. you are obligated once you have signed a contract.

After Completing the Vehicle Purchase or Lease

Be aware that if you financed the vehicle, the assignee (bank, finance company or credit

union that purchases the contract) holds a lien on the vehicle's title (and in some cases the actual title) until you have paid the contract in full.

Make your payments on time. Late or missed payments incur late fees, appear on your credit report and impact your ability to get credit in the future.

If You Encounter Financial Difficulty:

Talk to your creditors if you experience difficulties making your monthly payments. Explain your situation and the reason your payment will be late. Work out a repayment schedule with your creditors and, if necessary, seek the services of a reputable non-profit credit counseling agency.

Know your obligations. Repossession can occur if you fail to make timely payments. Creditor or assignee may take the vehicle in full satisfaction of the credit agreement or may sell the vehicle and apply the proceeds from the sale to the outstanding balance on the credit agreement. This second option is more common. If the vehicle is sold for less than what is owed, you may be responsible for the difference.

Be aware that the law in some states allows the creditor or assignee to repossess your vehicle without going to court.

Before You Arrive at a Dealership

Do some research:

Determine how much you can afford to finance and spend on a monthly payment by using the "Monthly Spending Plan" worksheet in this booklet.

Get a copy of your credit report so you are aware of what creditors will see. Errors or accurate negative information can impact your ability to get credit and/or your finance rate.

Identify your transportation needs.

Check auto buying guides, the Internet and other sources to find out the price range and other information for the vehicle you want to buy.

Compare current finance rates being offered by contacting various banks, credit unions or other lenders. Compare bank quotes and dealer quotes; there may be restrictions on the most attractive rates or terms from any credit source.

What Happens When You Apply for Financing

Most dealerships have a Finance and Insurance (F&I) Department, which provides one-stop shopping for financing. The F&I Department manager will ask you to complete a credit application. Information on this application may include: your name; Social Security number; date of birth; current and previous addresses and length of stay; current and previous employers and length of employment; occupation; sources of income; total gross monthly income; and financial information on existing credit accounts.

The dealership will obtain a copy of your credit report, which contains information about current and past credit obligations, your payment record and data from public records (for example, a bankruptcy filing obtained from court documents). For each account, the credit report shows your account number, the type and terms of the account, the credit limit, the most recent balance and the most recent payment. The comments section describes the current status of your account, including the creditor's summary of past due information and any legal steps that may have been taken to collect.

Dealers typically sell your contract to an assignee, such as a bank, finance company or credit union. The dealership submits your credit application to one or more of these potential assignees to determine their willingness to purchase your contract from the dealer.

These finance companies or other potential assignees will usually evaluate your credit application using automated techniques such as credit scoring, where a variety of factors, like your credit history, length of employment, income and expenses may be weighted and scored.

Since the bank, finance company or credit union does not deal directly with the prospective vehicle purchaser, it bases its evaluation upon what appears on the individual's credit report and score, the completed credit application, and the terms of the sale, such as the amount of the down payment. Each finance company or other potential assignee decides whether it is willing to buy the contract, notifies the dealership of its decision and, if applicable, offers the dealership a wholesale rate at which the assignee will buy the contract, often called the "buy rate."

Your dealer may be able to offer manufacturer incentives, such as reduced finance rates or cash back on certain models. You may see these specials advertised in your area. Make sure you ask your dealer if the model you are interested in has any special financing offers or rebates. Generally, these discounted rates are not negotiable, may be limited by a consumer's credit history, and are available only for certain models, makes or model-year vehicles.

When there are no special financing offers available, you can negotiate the annual percentage rate (APR) and the terms for payment with the dealership, just as you negotiate the price of the vehicle. The APR that you negotiate with the dealer is usually higher than the wholesale rate described earlier. This negotiation can occur before or after the dealership accepts and processes your credit application.

What Influences Your APR

Your credit history, current finance rates, competition, market conditions and special offers are among the factors that influence your APR.

Prepared in cooperation with:
AFSA Education Foundation
Brightening Your Financial Horizon
www.afsaef.org

Federal Trade Commission
Toll Free 1-877-FTC-HELP
www.ftc.gov
For the Consumer

National Automobile Dealers Association
www.nada.org

To order additional brochures call: (888) 400-7577

This brochure is provided solely for educational and informational purposes and does not constitute legal advice.

Utility Credit

Of all the many different types of credit - for example, retail credit, loans, charge cards, and mortgages - utility credit may be the one that most people cannot do without. Utility credit is the credit extended to users of gas, electricity, and water services. Phone service also can be considered a utility.

Having an account with a utility provider is a lot like having any other credit account: You get service now and pay for it later. And, like other creditors, utility companies keep a record of your payment patterns. This record becomes your utility credit history. It's important to have a good utility credit history because it becomes part of your entire credit history, which often is a determining factor in your ability to get credit - including utility services - and sometimes even a job, in the future.

To ensure fairness, federal law prohibits utility and other companies from engaging in discriminatory practices. Specifically, under the Equal Credit Opportunity Act (ECOA), these companies cannot discriminate against consumers on the basis of sex, marital status, race, national origin, religion, or age. They also cannot discriminate against people who receive public assistance.

Here's a look at how the law works when it comes to utility services:

Deposits

Utility companies frequently require new customers to make a deposit or get a letter of guarantee from a person who agrees to pay the bill if the customer does not. Under the law, requiring only some customers to pay a deposit or get a letter of guarantee is offering them credit on less favorable terms. If done on a discriminatory basis, it is illegal.

The utility company generally can require you to make a deposit or obtain a letter of guarantee if you are a new customer and all new customers are required to pay a deposit, or if you have a bad utility credit history.

The utility company cannot require you to pay a deposit because any previous utility services you received were under your spouse's name and not yours. If you can show that you had utility service in a spouse's name, the utility company must consider the utility credit history yours. If you share your spouse's utility credit history, it could be unlawful for the utility company to require you - but not your spouse - to pay a deposit.

Determining Your Credit History

What if your spouse had a bad utility credit history? Could that reflect on you? In some circumstances, it could.

If your spouse's credit history is bad, the utility company could consider that credit history yours and ask you to pay a deposit or get a letter of guarantee. However, the ECOA gives consumers

the opportunity to prove that their spouse's bad credit history does not reflect their own unwillingness or inability to pay.

For example, if you were seeking utility services in your own name but your bad credit history reflects your former spouse's credit practices, not yours, the utility company would have to consider any evidence you provide that you were not part of your former spouse's bad credit practices. That might include information demonstrating that you did not live with the spouse when the account was overdue, that you never saw the bills, or that you paid the bills once you discovered they were overdue.

However, your spouse's utility credit history can be considered yours if your spouse lived with you or you benefited from using the account. If you live in a community property state, the utility company can consider any information about your spouse that it can consider about you when determining your credit history - even if you were not living together and did not share the account while it was open. To learn whether you live in a community property state, check with your state consumer protection agency.

If you cannot convince the utility company that the bad credit history is not yours, you may have to pay a deposit or get a letter of guarantee. Or, you may be asked to pay your spouse's old debts before your service is connected. In the latter case, the company's right to take such action is governed by state law, not the ECOA. Contact your city or county consumer protection office for more information.

Get It In Writing

If you are denied utility credit (or any credit) or offered less favorable credit terms than you applied for and you reject the offer, you have the right to know the reasons for the company's action. If your application is denied, or if you reject the company's offer of less favorable terms, the company must send you a notice stating either the specific reasons for the action or stating your right to get the reasons within 30 days (if you make your request within 60 days of the company's notice to you). Always put your request in writing.

Learning the reason may help you become more creditworthy, correct errors, or detect unlawful discrimination.

CREDIT REPORTS SECTION

Want a Free Annual Credit Report?

The Only Official Website is annualcreditreport.com

The Fair Credit Reporting Act requires each of the nationwide consumer reporting companies – Equifax, Experian, and TransUnion – to provide you with a free copy of your credit report, at your request, once every 12 months. The three companies have set up one central website, toll-free telephone number, and mailing address through which you can order your free credit report. The Federal Trade Commission (FTC), the nation’s consumer protection agency, wants you to know that, if you want to order your free annual credit report online, there is only one authorized website: annualcreditreport.com.

Many other websites claim to offer “free credit reports,” “free credit scores,” or “free credit monitoring.” But, be careful. These sites are not part of the official annual free credit report program. And in some cases, the “free” product comes with strings attached. For example, some sites sign you up for a supposedly “free” service that converts to one you have to pay for after a trial period ends. If you don’t cancel during the trial period, you may be agreeing to let the company start charging fees to your credit card.

These sites often look like the official site at annualcreditreport.com. Some use terms like “free report” in their names; others have website names that purposely misspell annualcreditreport.com in the hope that you will mistype the name of the official site. Some of these “imposter” sites direct you to other sites that try to sell you something or collect your personal information.

If you want to order your free annual credit report online, carefully type in the name: annualcreditreport.com, or go to the FTC’s website which has a link to it. Once you have filled out certain information at annualcreditreport.com, you will be directed to individual websites operated by the three nationwide consumer reporting companies. You may get offers to buy additional products or services while on the companies’ websites, such as credit scores or credit monitoring products, but you are not required to make a purchase to receive your free annual credit reports.

If you get an email or see a pop-up ad claiming it’s from annualcreditreport.com or any of the three nationwide consumer reporting companies, do not reply or click on any link in the message – it’s probably a scam. annualcreditreport.com will NEVER send you an email

To Order Your Free Annual Credit Report

Visit annualcreditreport.com

Call toll-free: 1-877-322-8228

Mail your completed [Annual Credit Report Request Form](#) to:

Annual Credit Report
Request Service

P.O. Box 105281
Atlanta, GA 30348-5281

solicitation for your free annual credit report, use pop-up ads, or call you to ask for personal information. Forward any email that claims to be from annualcreditreport.com or any of three consumer reporting companies to the FTC's database of deceptive spam at spam@uce.gov.

To order your report at annualcreditreport.com, you must provide your name, address, Social Security number, and date of birth. If you have moved in the last two years, you may have to give your previous address. To maintain the security of your file, each nationwide consumer reporting company also may ask you for information that only you would know, like the amount of your monthly mortgage payment. Each company may ask you for different information. That's because the information each company has in your file may come from different sources.

You also can order your free report by calling toll-free, 1-877-322-8228, or by mailing a completed [Annual Credit Report Request Form](#) to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. Do not contact the three nationwide consumer reporting companies directly. They only provide free annual credit reports through the website, phone number, and address above.

For more information about your rights to free credit reports, see the FTC publication, [Your Access to Free Credit Reports](#).

Bogus July 1 Email Exposed: The Real Deal on Your Credit File Privacy

Seems like every spring, anonymous email containing false and misleading information about the use of your personal information shows up in in-boxes across the country, leaving many consumers concerned and confused. It's no wonder: The email message mixes apples and oranges.

Here's what the email says:

"Just wanted to let everyone know who hasn't already heard, the four major credit bureaus in the U.S. will be allowed, starting July 1, to release your credit info, mailing addresses, phone numbers... to anyone who requests it. If you would like to "opt out" of this release of info., you can call 1-888-567-8688. It only takes a couple of minutes to do."

And here's the real deal from the Federal Trade Commission (FTC), the agency that enforces the Fair Credit Reporting Act (FCRA).

July 1, 2001 was the deadline, under the Gramm-Leach-Bliley Act (GLB), for financial institutions to let you know about their privacy policies and how you could opt out of some of their information-sharing practices (see *Privacy Choices for Your Personal Financial Information* at ftc.gov/credit). You may recall getting mailings or statement inserts from your financial institutions, creditors, insurance companies and brokerage firms about this. But the July 1 date is not — and never was — a deadline for consumers to do anything. In fact, consumers can contact their financial institutions anytime to opt out of information sharing practices under GLB.

Credit bureaus can release your credit information only to people with a legitimate business need, as recognized by the FCRA. For example, a company is allowed to get your report if you apply for credit, insurance, employment, or to rent an apartment.

You also can review a copy of your credit report to make sure it's accurate. The FCRA requires each of the nationwide consumer reporting companies – Equifax, Experian, and TransUnion – to provide you with a free copy of your credit report, at your request, once every 12 months. To order your free annual report from one or all national consumer reporting companies, visit www.annualcreditreport.com, call toll-free 877-322-8228, or complete the [Annual Credit Report Request Form](#) and mail it to: Annual Credit Report Request Service, P. O. Box 105281, Atlanta, GA 30348-5281. The form is at the back of this brochure; or you can print it from ftc.gov/credit. Do not contact the three nationwide consumer reporting companies individually. They provide free annual credit reports only through 877-322-8228, www.annualcreditreport.com, and Annual Credit Report Request Service, P. O. Box 105281, Atlanta, GA 30348-5281. For more information, see Your Access to Free Credit Reports at ftc.gov/credit.

Lenders and insurers also may use information in your credit file as a basis for sending you unsolicited offers of credit or insurance. This practice is known as "prescreening." You can opt out of these offers by calling, toll-free: 1-888-5-OPTOUT (1-888-567-8688) – the same number in the email that goes around every spring. The major credit bureaus use this number to let consumers choose not to receive these "prescreened" or unsolicited credit offers. When you call, you'll be asked to provide certain personal information, including your home telephone number, name, Social Security number, and date of birth. The information you provide is confidential and will be used only to process your request to opt out.

Fake Credit Report Sites: Cashing in on Your Personal Information

You may have seen Web sites or received unsolicited email offering credit reports, sometimes for free. Be aware that some of these online operators may not actually provide credit reports, but may be using these sites as a way to capture your personal information. From there, they may sell your information to others who may use it to commit fraud, including identity theft.

This is a variation on "phishing," also called "carding," a high-tech scam that uses spam or fraudulent Web sites to deceive consumers into disclosing their credit card numbers, bank account information, Social Security numbers, passwords, and other sensitive information.

The Federal Trade Commission (FTC), the nation's consumer protection agency, urges you to take the following precautions when visiting sites or responding to email that offer credit reports:

If you get an email offering a credit report, don't reply or click on the link in the email. Instead, contact the company cited in the email using a telephone number or Web site address you know to be genuine.

Be skeptical of unsolicited email offering credit reports. Keep an eye out for email from an atypical address, like XYZ123@website.net, or an email address ending in a top level domain other than .com, like .ru or .de.

Check whether the company has a working telephone number and legitimate address. You can check addresses at Web sites like www.switchboard.com, and phone numbers through reverse lookup search engines like www.anywho.com.

Check for misspellings and grammatical errors. Silly mistakes and sloppy copy - for example, an area code that doesn't match an address - often are giveaways that the site is a scam. Look at the company's Web address: is it a real company's address or is it a misspelled version of a legitimate company's Web address?

Check to see whether the email address matches the Web site address. That is, when you enter the company's Web address into the browser, does it go to the sender's site or re-direct you to a different Web address? If it re-directs you, that's a red flag that you should cease the transaction.

Find out who owns the Web site by using a "Who is" search such as the search at www.networksolutions.com.

Exit from any Web site that asks for unnecessary personal information, like a Personal Identification Number (PIN) for your bank account, the three-digit code on the back of your credit card, or your passport number and issuing country. Legitimate sites don't ask for this information.

All legitimate sites will want to verify who you are, and will respond to an electronic request for a credit report by asking you for an additional piece of information. If a site does not ask a follow-up question, the site is almost certainly a fake.

Use only secure Web sites. Look for the "lock" icon on the browser's status bar, and the phrase "https" in the URL address for a Web site, to be sure your information is secure during transmission. All real sites are secure.

Watch your mailbox and credit card statements: If you've responded to a bogus site, you may never receive the credit report they offered for free. If you paid one of these sites for a credit report, your credit card may never be charged. If you find that you have unauthorized charges, contact your financial institutions and credit card issuers immediately.

Report suspicious activity to the FTC and the U.S. Secret Service. Send the actual spam to the Los Angeles Electronic Crimes Task Force at LA.ECTF.reports@uss.s.dhs.gov and to the FTC at spam@uce.gov. If you believe you've been scammed, file your complaint at www.ftc.gov, and then visit the FTC's Identity Theft Web site (www.consumer.gov/idtheft) to learn how to minimize your risk of damage from identity theft.

For More Information and to Complain

For a copy of your credit report from the major credit bureaus, contact:

Equifax - www.equifax.com; 1-800-685-1111

Experian - www.experian.com; 1-888-EXPERIAN (397-3742)

TransUnion - www.transunion.com; 1-800-888-4213

Consumers also can call their local office of the Secret Service.

Negative Credit Can Squeeze a Job Search

Washington, D.C. – Bad credit can affect your ability to get more credit. Did you know it also can affect your ability to get or keep a job? Employers often use a credit report when they hire and evaluate employees for promotion, reassignment, or retention.

According to the Fair Credit Reporting Act (FCRA), which is enforced by the Federal Trade Commission (FTC) and your state Attorney General, an employer must get your permission to look at your credit report. If you don't get a job because of information in your report, the employer must show you the report and tell you how to get a copy from the consumer reporting company. There is no charge for the report if you request it within 60 days of getting notice that you did not get the job.

The FCRA requires each of the nationwide consumer reporting companies — Equifax, Experian, and TransUnion — to provide you with a free copy of your credit report, at your request, once every 12 months. To order your free annual report from one or all national consumer reporting companies, visit www.annualcreditreport.com, call toll-free 877-322-8228, or complete the [Annual Credit Report Request Form](#) and mail it to: Annual Credit Report Request Service, P. O. Box 105281, Atlanta, GA 30348-5281. The form is at the back of this brochure; or you can print it from ftc.gov/credit. Do not contact the three nationwide consumer reporting companies individually. They provide free annual credit reports only through 877-322-8228, www.annualcreditreport.com, and Annual Credit Report Request Service, P. O. Box 105281, Atlanta, GA 30348-5281. For more information, see *Your Access to Free Credit Reports* at ftc.gov/credit.

According to the FCRA, both the consumer reporting company and the information provider (that is, the person, company, or organization that provides information about you to a consumer reporting company) are responsible for correcting inaccurate or incomplete information in your report. To protect your rights under the law, contact both the consumer reporting company and the information provider to dispute any information. For more information, see *How to Dispute Credit Report Errors* at ftc.gov/credit.

Shopping For a Mortgage?

Your Application May Trigger Competing Offers

If you apply for a mortgage, your inbox, answering machine, and mailbox may fill up quickly with competing offers from other mortgage companies. It's not that the company you applied to is selling or sharing your information. Rather, it's that creditors – including mortgage companies – are taking advantage of a federal law that allows them to identify potential customers for the products they offer, and then market to them. The Federal Trade Commission, the nation's consumer protection agency, wants you to know why your application for a mortgage may trigger competing offers, how you can use them to your benefit, and how to stop getting them if that's your choice.

The unsolicited calls, emails, and letters about competing offers often are called “prescreened” or “pre-approved” offers of credit. They are based on information in your credit report that suggests you meet criteria set by the creditor making the offer – for example, you live in a certain zip code, you have a certain number of credit cards, or you have a certain credit score. Credit bureaus and other consumer reporting companies sell lists of consumers who meet the criteria to insurance companies, lenders, and other creditors.

When you apply for a mortgage, the lender usually gets a copy of your credit report. At that point, an “inquiry” appears on your report showing that the lender has looked at it. The inquiry indicates you're in the market for a loan. That's why mortgage companies buy lists of consumers who have a recent inquiry from a mortgage company on their credit report. Federal law allows this practice if the offer of credit meets certain legal requirements.

Clearly, some mortgage companies benefit from the practice. But the FTC says consumers can benefit, too: prescreened offers can highlight other available products and make it easier to compare costs while you carefully check out the terms and conditions of any offers you might consider.

Still, some people may prefer not to receive prescreened offers of credit and insurance at all. Here's how to stop them:

1. **Call 1-888-5-OPTOUT (1-888-567-8688) or visit www.optoutprescreen.com.** When you call this toll-free number or visit the website, you will be asked to provide certain personal information, including your home telephone number, name, Social Security number, and date of birth. The information you provide is confidential, and will be used only to process your request to opt out. Don't enter any personal information until you have checked for indicators that the site is secure – a lock icon on your browser or a web address that begins https.

Opting out of prescreened offers does not affect your ability to apply for credit or to get it. Your opt out request will be processed within five days, but it may take up to 60 days before the prescreened offers stop coming. If you have a joint mortgage, both parties

need to opt out to stop the prescreened offers. If or when you want to opt back in, use the same telephone number or website.

2. **Put your phone number on the federal government's National Do Not Call Registry to reduce the telemarketing calls you get at home.** To register your phone number or to get information about the registry, visit www.donotcall.gov, or call 1-888-382-1222 from the phone number you want to register. You will get fewer telemarketing calls within 31 days of registering your number. Your number stays on the registry for five years, until it is disconnected, or until you take it off the registry.

That said, the FTC wants you to know that many companies use other tools to identify marketing prospects, and that the Do Not Call Registry won't shield you from all telemarketers – for example, those with which you have a business relationship. Even if you opt out of prescreened offers and put your number on the National Do Not Call Registry, you can expect some unsolicited offers.

For more information about the Fair Credit Reporting Act, the law that spells out the terms under which companies can check credit reports, visit www.ftc.gov/credit.

NOTICE

The best selling e-book called "32 Ways to Quickly Stop Foreclosure" has been revised in 2008 to include changes in the foreclosure process. In addition, the author, Dave Dinkel, has included two Bonus Reports entitled:

"How to Legally Stay in Your Foreclosed Home For Up to Seven Years and Never Make a Mortgage Payment",

and

"The Ultimate Revenge – How to Buy Another Home After Your Foreclosure in Ten Days With No Money and No Credit".

Both of these Blockbuster reports are FREE with the e-book.

Buying a Home: It's a Big Deal

Whether you're shopping for appliances or automobiles, groceries or gadgets, travel services or tax preparers, the Internet has changed the way most people gather information about products and services. For people who are thinking about buying a home, the change is apparent, as well. The Internet now is the source of information that traditionally came from real estate agents, with online listings of homes for sale featuring panoramic pictures, prices, information on neighborhoods and schools, comparable sales, taxes, financing options, and more. Indeed, potential buyers who choose to use the Internet to access new listings and narrow their search may be the best informed and most efficient that real estate professionals have ever dealt with.

It's no surprise that real estate professionals have responded with new sales models. For example, in a limited service model, some brokers might offer to list a home in the local Multiple Listing Service (MLS) for a fee, while they hand off other aspects of the sale to the seller. This kind of arrangement can reduce the cost of selling the home, which in turn, can result in a lower purchase price. Other brokers might offer a menu of services from which the seller can choose. Some agents may be reluctant to deal with brokers who are using non-traditional sales models, but the Federal Trade Commission (FTC), the agency that works for a competitive marketplace, says these new sales models for buying and selling a home mean more choices for consumers.

The FTC says that the more consumers know about the home buying process before they start looking — either for properties or real estate professionals to help in the search — the more time and energy they can save.

Agents and Brokers

Before you contact any real estate professional, it's important to know the difference between brokers and agents. Real estate brokers are licensed professionals who help sellers and prospective buyers of homes, and often operate as part of a brokerage firm or franchise. Real estate agents are licensed professionals who work under the supervision of a licensed real estate broker. In return, the broker pays the agent a portion of the commission earned from the sale or purchase of the property.

In a typical home sale, there are two real estate pros: one who works with the seller — called the listing agent — and one who works with the buyer — called the selling agent. The listing agent generally shares the sales commission with the selling agent who finds the buyer for the home. But the seller pays both agents, usually from the proceeds of the sale. Depending on where you live, your agent may not have any obligation to keep the information you have shared confidential until you enter into a formal relationship. In fact, sometimes, your agent actually may be bound to represent the seller's interests unless you establish a relationship where the agent represents your interests.

In most states, agents are required to disclose the type of relationship they have with you, and then, it's up to you to decide whether you want them to represent you. Whether you meet an

agent at an open house or get in touch with one on your own, be aware that they need to disclose important information about their business relationship with you. You can feel free to ask them about that.

Sales Commissions

The most common type of real estate commission is a percentage of the home's sales price, an arrangement that benefits both the seller and the agent. As the buyer, you may not pay your agent directly, but the services of your agent are not "free." Sellers may increase the sales price of their home to offset the cost of the commission, a situation that makes buyers responsible for bearing some of that cost.

Although the sales commission usually is spelled out in the listing agreement with the seller, you might consider trying to negotiate a reduction in your agent's portion of the commission. In some states, agents can rebate some of their share of the sales commission to the buyer. But flexible commission rates may come with changing incentives. Asking the right questions up front will help you and your agent understand each other.

Choosing Real Estate-Related Services

Buying a home is a big financial commitment — very likely, the biggest financial investment most people make. If you choose to work with a real estate professional, finding someone who understands what you are looking for and how much you can afford to spend is critical. Ask friends, family members, neighbors, or co-workers who have bought or sold recently for recommendations. Interview several agents about their experience, style, and market knowledge. Expect an agent to be professional: to return your phone calls promptly, to be organized, to listen to your preferences, and to communicate clearly. Here are some questions you may want to ask:

How many homes have you sold in the past year? How many in the neighborhood I'm interested in?

Can you provide a list of references?

Are you willing to represent only my interests? Do you have any obligations to the seller?

What is the commission you are interested in? Are you willing to negotiate that? Will you accept a lower commission?

How many homes are you prepared to show me? Where will you look for these?

Will you show me homes that offer lower commission rates? Homes offered by non-traditional brokers? Homes that are For Sale By Owner?

Once you sign your purchase agreement, your agent may recommend companies for financing, inspections, moving, insurance, and other related services. It may be convenient for you to use these providers, but it isn't required. Shopping for these services is just like shopping for any services: Compare prices and ask for references before you make your choices.

IDENTITY THEFT

Use the following link to get a FREE 52 page report entitled –

TAKE CHARGE: Fighting Back Against Identity Theft
<http://www.ftc.gov/bcp/edu/pubs/consumer/idtheft/idtheft04.pdf>

ABOUT IDENTITY THEFT

What is identity theft?

Identity theft occurs when someone uses your personally identifying information, like your name, Social Security number, or credit card number, without your permission, to commit fraud or other crimes.

The FTC estimates that as many as 9 million Americans have their identities stolen each year. In fact, you or someone you know may have experienced some form of identity theft. The crime takes many forms. Identity thieves may rent an apartment, obtain a credit card, or establish a telephone account in your name. You may not find out about the theft until you review your credit report or a credit card statement and notice charges you didn't make—or until you're contacted by a debt collector.

Identity theft is serious. While some identity theft victims can resolve their problems quickly, others spend hundreds of dollars and many days repairing damage to their good name and credit record. Some consumers victimized by identity theft may lose out on job opportunities, or be denied loans for education, housing or cars because of negative information on their credit reports. In rare cases, they may even be arrested for crimes they did not commit.

How do thieves steal an identity?

Identity theft starts with the misuse of your personally identifying information such as your name and Social Security number, credit card numbers, or other financial account information. For identity thieves, this information is as good as gold.

Skilled identity thieves may use a variety of methods to get hold of your information, including:

1. **Dumpster Diving.** They rummage through trash looking for bills or other paper with your personal information on it.
2. **Skimming.** They steal credit/debit card numbers by using a special storage device when processing your card.
3. **Phishing.** They pretend to be financial institutions or companies and send spam or pop-up messages to get you to reveal your personal information.
4. **Changing Your Address.** They divert your billing statements to another location by completing a change of address form.
5. **Old-Fashioned Stealing.** They steal wallets and purses; mail, including bank and credit card statements; pre-approved credit offers; and new checks or tax information. They steal personnel records, or bribe employees who have access.
6. **Pretexting.** They use false pretenses to obtain your personal information from financial institutions, telephone companies, and other sources. For more information about pretexting, click [here](#).

What do thieves do with a stolen identity?

Once they have your personal information, identity thieves use it in a variety of ways.

Credit card fraud:

- They may open new credit card accounts in your name. When they use the cards and don't pay the bills, the delinquent accounts appear on your credit report.
- They may change the billing address on your credit card so that you no longer receive bills, and then run up charges on your account. Because your bills are now sent to a different address, it may be some time before you realize there's a problem.

Phone or utilities fraud:

- They may open a new phone or wireless account in your name, or run up charges on your existing account.
- They may use your name to get utility services like electricity, heating, or cable TV.

Bank/finance fraud:

- They may create counterfeit checks using your name or account number.
- They may open a bank account in your name and write bad checks.
- They may clone your ATM or debit card and make electronic withdrawals your name, draining your accounts.
- They may take out a loan in your name.

Government documents fraud:

- They may get a driver's license or official ID card issued in your name but with their picture.
- They may use your name and Social Security number to get government benefits.
- They may file a fraudulent tax return using your information.

Other fraud:

- They may get a job using your Social Security number.
- They may rent a house or get medical services using your name.
- They may give your personal information to police during an arrest. If they don't show up for their court date, a warrant for arrest is issued in your name.

How can you find out if your identity was stolen?

The best way to find out is to monitor your accounts and bank statements each month, and check your credit report on a regular basis. If you check your credit report regularly, you may be able to limit the damage caused by identity theft. For more information, visit the [Detect Identity Theft](#) section.

Unfortunately, many consumers learn that their identity has been stolen after some damage has been done.

- You may find out when bill collection agencies contact you for overdue debts you never incurred.
- You may find out when you apply for a mortgage or car loan and learn that problems with your credit history are holding up the loan.
- You may find out when you get something in the mail about an apartment you never rented, a house you never bought, or a job you never held.

What should you do if your identity is stolen?

Filing a police report, checking your credit reports, notifying creditors, and disputing any unauthorized transactions are some of the steps you must take immediately to restore your good name. To learn more about these steps and more, visit the [DEFEND: Recover from Identity Theft](#) section. To file a complaint, [click here](#).

Should you file a police report if your identity is stolen?

A police report that provides specific details of the identity theft is considered an Identity Theft Report, which entitles you to certain legal rights when it is provided to the three major credit reporting agencies or to companies where the thief misused your information. An Identity Theft Report can be used to permanently [block fraudulent information](#) that results from identity theft, such as accounts or addresses, from [appearing on your credit report](#). It will also make sure these [debts do not reappear](#) on your credit reports. Identity Theft Reports can prevent a company from continuing to [collect debts](#) that result from identity theft, or selling them to others for collection. An Identity Theft Report is also needed to place an [extended fraud alert](#) on your credit report.

You may not need an Identity Theft Report if the thief made charges on an existing account and you have been able to work with the company to resolve the dispute. Where an identity thief has opened new accounts in your name, or where fraudulent charges have been reported to the consumer reporting agencies, you should obtain an Identity Theft Report so that you can take advantage of the protections you are entitled to.

In order for a police report to entitle you to the legal rights mentioned above, it must contain specific details about the identity theft. You should file an [ID Theft Complaint](#) with the FTC and bring your printed ID Theft Complaint with you to the police station when you file your police report. The printed ID Theft Complaint can be used to support your local police report to ensure that it includes the detail required.

A police report is also needed to get copies of the thief's application, as well as transaction information from companies that dealt with the thief. To get this information, you must submit a request in writing, accompanied by the police report, to the address specified by the company for this purpose. You can find more information and a model letter [here](#).

How long can the effects of identity theft last?

It's difficult to predict how long the effects of identity theft may linger. That's because it depends on many factors including the type of theft, whether the thief sold or passed your information on to other thieves, whether the thief is caught, and problems related to correcting your credit report.

Victims of identity theft should monitor financial records for several months after they discover the crime. Victims should review their credit reports once every three months in the first year of the theft, and once a year thereafter. Stay alert for other signs of identity theft.

Don't delay in correcting your records and contacting all companies that opened fraudulent accounts. Make the initial contact by phone, even though you will normally need to follow up in writing. The longer the inaccurate information goes uncorrected, the longer it will take to resolve the problem.

What can you do to help fight identity theft?

A great deal.

Awareness is an effective weapon against many forms identity theft. Be aware of how information is stolen and what you can do to protect yours, monitor your personal information to uncover any problems quickly, and know what to do when you suspect your identity has been stolen.

Armed with the knowledge of how to protect yourself and take action, you can make identity thieves' jobs much more difficult. You can also help fight identity theft by educating your friends, family, and members of your community. The FTC has prepared a collection of easy-to-use materials to enable anyone regardless of existing knowledge about identity theft to inform others about this serious crime.

RECOVERING FROM IDENTITY THEFT

Take steps to respond to and recover from identity theft as soon as you suspect it.

What are the steps I should take if I'm a victim of identity theft?

If you are a victim of identity theft, take the following **four steps** as soon as possible, and keep a record with the details of your conversations and copies of all correspondence.

1. Place a fraud alert on your credit reports, and review your credit reports.

Fraud alerts can help prevent an identity thief from opening any more accounts in your name. Contact the toll-free fraud number of any of the three consumer reporting companies below to place a fraud alert on your credit report. You only need to contact one of the three companies to place an alert. The company you call is required to contact the other two, which will place an alert on their versions of your report, too. If you do not receive a confirmation from a company, you should contact that company directly to place a fraud alert.

Equifax: 1-800-525-6285; www.equifax.com; P.O. Box 740241, Atlanta, GA 30374-0241

Experian: 1-888-EXPERIAN (397-3742); www.experian.com; P.O. Box 9532, Allen, TX 75013

TransUnion: 1-800-680-7289; www.transunion.com; Fraud Victim Assistance Division, P.O. Box 6790, Fullerton, CA 92834-6790

Once you place the [fraud alert](#) in your file, you're entitled to order one free copy of your credit report from each of the three consumer reporting companies, and, if you ask, only the last four digits of your Social Security number will appear on your credit reports. Once you get your credit reports, review them carefully. Look for inquiries from companies you haven't contacted, accounts you didn't open, and debts on your accounts that you can't explain. Check that information, like your Social Security number, address(es), name or initials, and employers are correct. If you find fraudulent or inaccurate information, get it removed. See [Correcting Fraudulent Information in Credit Reports](#) to learn how. When you correct your credit report, use an [Identity Theft Report](#) with a [cover letter](#) explaining your request, to get the fastest and most complete results.

Continue to check your credit reports periodically, especially for the first year after you discover the identity theft, to make sure no new fraudulent activity has occurred.

2. Close the accounts that you know, or believe, have been tampered with or opened fraudulently.

Call and speak with someone in the security or fraud department of each company. Follow up in writing, and include copies (NOT originals) of supporting documents. It's important to notify credit card companies and banks in writing. Send your letters by certified mail, return receipt requested, so you can document what the company received and when. Keep a file of your correspondence and enclosures.

When you open new accounts, use new Personal Identification Numbers (PINs) and passwords. Avoid using easily available information like your mother's maiden name, your birth date, the

last four digits of your Social Security number or your phone number, or a series of consecutive numbers.

If the identity thief has made charges or debits on your accounts, or has fraudulently opened accounts, ask the company for the forms to dispute those transactions:

- For charges and debits on existing accounts, ask the representative to send you the company's fraud dispute forms. If the company doesn't have special forms, use the [sample letter](#) to dispute the fraudulent charges or debits. In either case, write to the company at the address given for "billing inquiries," NOT the address for sending your payments.
- For new unauthorized accounts, you can either file a dispute directly with the company or file a report with the police and provide a copy, called an "Identity Theft Report," to the company.
 - If you want to file a dispute directly with the company, and do not want to file a report with the police, ask if the company accepts the FTC's [ID Theft Affidavit](#) (PDF, 56 KB). If it does not, ask the representative to send you the company's fraud dispute forms.
 - However, filing a report with the police and then providing the company with an Identity Theft Report will give you greater protection. For example, if the company has already reported these unauthorized accounts or debts on your credit report, an Identity Theft Report will require them to stop reporting that fraudulent information. Use the [cover letter](#) to explain to the company the rights you have by using the Identity Theft Report. More information about getting and using an Identity Theft Report can be found [here](#).

Once you have resolved your identity theft dispute with the company, ask for a letter stating that the company has closed the disputed accounts and has discharged the fraudulent debts. This letter is your best proof if errors relating to this account reappear on your credit report or you are contacted again about the fraudulent debt.

3. File a complaint with the Federal Trade Commission.

You can file a complaint with the FTC using the [online complaint form](#); or call the FTC's Identity Theft Hotline, toll-free: 1-877-ID-THEFT (438-4338); TTY: 1-866-653-4261; or write Identity Theft Clearinghouse, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580. Be sure to call the Hotline to update your complaint if you have any additional information or problems.

By sharing your identity theft complaint with the FTC, you will provide important information that can help law enforcement officials across the nation track down identity thieves and stop them. The FTC can refer victims' complaints to other government agencies and companies for further action, as well as investigate companies for violations of laws the agency enforces.

Additionally, you can provide a printed copy of your online Complaint form to the police to incorporate into their police report. The printed FTC ID Theft Complaint, in conjunction with the police report, can constitute an Identity Theft Report and entitle you to certain protections. This Identity Theft Report can be used to (1) permanently block fraudulent information from appearing on your credit report; (2) ensure that debts do not reappear on your credit report; (3) prevent a company from continuing to collect debts that result from identity theft; and (4) place an extended fraud alert on your credit report.

4. File a report with your local police or the police in the community where the identity theft took place.

Call your local police department and tell them that you want to file a report about your identity theft. Ask them if you can file the report in person. If you cannot, ask if you can file a report over the Internet or telephone. See below for information about Automated Reports. If the police are reluctant to take your report, ask to file a "Miscellaneous Incident" report, or try another jurisdiction, like your state police. You also can check with your state Attorney General's office to find out if state law requires the police to take reports for identity theft. Check the Blue Pages of your telephone directory for the phone number or check www.naag.org for a list of state Attorneys General.

When you go to your local police department to file your report, bring a [printed copy of your FTC ID Theft Complaint form](#), your [cover letter](#), and your supporting documentation. The cover letter explains why a police report and an ID Theft Complaint are so important to victims.

Ask the officer to attach or incorporate the ID Theft Complaint into their police report. Tell them that you need a copy of the Identity Theft Report (the police report with your ID Theft Complaint attached or incorporated) to dispute the fraudulent accounts and debts created by the identity thief. (In some jurisdictions the officer will not be able to give you a copy of the official police report, but should be able to sign your Complaint and write the police report number in the "Law Enforcement Report" section.)

What is a fraud alert?

There are two types of fraud alerts: an **initial** alert, and an **extended** alert.

- **An initial fraud alert stays on your credit report for at least 90 days.** You may ask that an initial fraud alert be placed on your credit report if you suspect you have been, or are about to be, a victim of identity theft. An initial alert is appropriate if your wallet has been stolen or if you've been taken in by a "phishing" scam. With an initial fraud alert, potential creditors must use what the law refers to as "reasonable policies and procedures" to verify your identity before issuing credit in your name. However, the steps potential creditors take to verify your identity may not always alert them that the applicant is not you. When you place an initial fraud alert on your credit report, you're entitled to order one free credit report from each of the three nationwide consumer reporting companies, and, if you ask, only the last four digits of your Social Security number will appear on your credit reports.
- **An extended fraud alert stays on your credit report for seven years.** You can have an extended alert placed on your credit report if you've been a victim of identity theft and you provide the consumer reporting company with an [Identity Theft Report](#). An automated Identity Theft Report, such as the printed ID Theft Complaint available from this Web site, should be sufficient to obtain an extended fraud alert. With an extended fraud alert, potential creditors must actually contact you, or meet with you in person, before they issue you credit. When you place an extended alert on your credit report, you're entitled to two free credit reports within twelve months from each of the three nationwide consumer reporting companies. In addition, the consumer reporting companies will remove your name from marketing lists for pre-screened credit offers for five years unless you ask them to put your name back on the list before then.

To place either of these alerts on your credit report, or to have them removed, you will be required to provide appropriate proof of your identity: that may include your Social Security

number, name, address and other personal information requested by the consumer reporting company.

As mentioned, depending on the type of fraud alert you place, potential creditors must either contact you or take reasonable steps to verify your identity. This may cause some delays if you're trying to obtain credit. To compensate for possible delays, you may wish to include a cell phone number, where you can be reached easily, in your alert. Remember to keep all contact information in your alert current.

What does a fraud alert not do?

While a fraud alert can help keep an identity thief from opening new accounts in your name, it's not a solution to all types of identity theft. It will not protect you from an identity thief using your existing credit cards or other accounts. It also will not protect you from an identity thief opening new accounts in your name that do not require a credit check – such as a telephone, wireless, or bank account. And, if there's identity theft already going on when you place the fraud alert, the fraud alert alone won't stop it. A fraud alert, however, can be extremely useful in stopping identity theft that involves opening a new line of credit.

What is a credit freeze?

Many states have laws that let consumers “freeze” their credit – in other words, letting a consumer restrict access to his or her credit report. If you place a credit freeze, potential creditors and other third parties will not be able to get access to your credit report unless you temporarily lift the freeze. This means that it's unlikely that an identity thief would be able to open a new account in your name. Placing a credit freeze does not affect your credit score – nor does it keep you from getting your free [annual credit report](#), or from buying your credit report or score.

Credit freeze laws vary from state to state. In some states, anyone can freeze their credit file, while in other states, only identity theft victims can. The cost of placing, temporarily lifting, and removing a credit freeze also varies. Many states make credit freezes free for identity theft victims, while other consumers pay a fee – typically \$10. It's also important to know that these costs are for each of the credit reporting agencies. If you want to freeze your credit, it would mean placing the freeze with each of three credit reporting agencies, and paying the fee to each one.

You can find more information about credit freeze laws specific to your state by clicking [here](#), including information on how to place one.

Who can access my credit report if I place a credit freeze?

If you place a credit freeze, you will continue to have access to your free [annual credit report](#). You'll also be able to buy your credit report and credit score even after placing a credit freeze. Companies that you do business with will still have access to your credit report – for example, your mortgage, credit card, or cell phone company – as would collection agencies that are working for one of those companies. Companies will also still be able to offer you prescreened credit. Those are the credit offers you receive in the mail that you have not applied for. Additionally, in some states, potential employers, insurance companies, landlords, and other non-creditors can still get access to your credit report with a credit freeze in place.

Can I temporarily lift my credit freeze if I need to let someone check my credit report?

If you want to apply for a loan or credit card, or otherwise need to give someone access to your credit report and that person is not covered by an exception to the credit freeze law, you would need to temporarily lift the credit freeze. You would do that by using a PIN that each credit reporting agency would send once you placed the credit freeze. In most states, you'd have to pay a fee to lift the credit freeze. [Most states](#) currently give the credit reporting agencies three days to lift the credit freeze. This might keep you from getting “instant” credit, which may be something to weigh when considering a credit freeze.

What does a credit freeze *not* do?

While a credit freeze can help keep an identity thief from opening most new accounts in your name, it's not a solution to all types of identity theft. It will not protect you, for example, from an identity thief who uses your existing credit cards or other accounts. There are also new accounts, such as telephone, wireless, and bank accounts, which an ID thief could open without a credit check. In addition, some creditors might open an account without first getting your credit report. And, if there's identity theft already going on when you place the credit freeze, the freeze itself won't be able to stop it. While a credit freeze may not protect you in these kinds of cases, it can protect you from the vast majority of identity theft that involves opening a new line of credit.

What's the difference between a credit freeze and a fraud alert?

A [fraud alert](#) is another tool for people who've had their ID stolen – or who suspect it may have been stolen. With a fraud alert in place, businesses may still check your credit report. Depending on whether you place an initial 90-day fraud alert or an extended fraud alert, potential creditors must either contact you or use what the law refers to as “reasonable policies and procedures” to verify your identity before issuing credit in your name. However, the steps potential creditors take to verify your identity may not always alert them that the applicant is not you.

A credit freeze, on the other hand, will prevent potential creditors and other third parties from accessing your credit report at all, unless you lift the freeze or already have a relationship with the company. Some consumers use credit freezes because they feel they give more protection. As with credit freezes, fraud alerts are mainly effective against new credit accounts being opened in your name, but will likely not stop thieves from using your existing accounts, or opening new accounts such as new telephone or wireless accounts, where credit is often not checked. Also, only people who've had their ID stolen – or who suspect it may have been stolen, may place fraud alerts. In [some states](#), anyone can place a credit freeze.

What is an Identity Theft Report?

An Identity Theft Report is a police report with more than the usual amount of detail. The Identity Theft Report includes enough detail about the crime for the credit reporting companies and the businesses involved to verify that you are a victim—and to know which accounts and inaccurate information came from identity theft. Normal police reports often don't have many details about the accounts that were opened or misused by identity thieves.

The printed copy of your ID Theft Complaint Form can provide additional details for the police report. The police are not legally required to use the FTC's ID Theft Complaint Form as part of their report. Your police department may have another way to incorporate the details of your

crime. In these cases, the police report by itself may serve as an Identity Theft Report. When you file your Identity Theft Report, the credit reporting companies will permanently [block fraudulent information](#) from appearing on your credit report. Filing an Identity Theft Report with the credit reporting companies or with the companies where the thief used your information should ensure that these [debts do not reappear](#) on your credit report. An Identity Theft Report can prevent a company from continuing to try to [collect debts](#) that result from identity theft, or sell those debts to others for collection. It also allows you to place an [extended fraud alert](#) on your credit report. The credit reporting companies may decline your Identity Theft Report if it does not contain enough detail for them to verify that you are a victim of identity theft. In that case, the credit reporting companies have certain [timeframes](#) for responding to your Identity Theft Report with requests for additional information.

Creating and using an Identity Theft Report may require two steps:

Step One begins with filing your report with a local, state, or federal law enforcement agency. These agencies may include your local police department, your State Attorney General, the FBI, the U.S. Secret Service, the FTC, or the U.S. Postal Inspection Service. Some state laws require local police departments to take reports, but there is no law requiring federal agencies to take a report.

In your report, you should give as much information as you can about the crime, including anything you know about the dates of the identity theft, the fraudulent accounts opened and the alleged identity thief. It may help you give the necessary level of detail if you file an online complaint with the FTC, and then ask your local police department to incorporate a copy of the printed ID Theft Complaint into its police report.

Step Two begins when you send the businesses involved and the credit reporting companies a copy of your Identity Theft Report, which you should do by certified mail, return receipt requested. The companies may ask you to give them more information or documentation to help them verify your identity theft. They have to make their request within 15 days of receiving your Identity Theft Report. The credit reporting company or business then has 15 more days to work with you to make sure your Identity Theft Report contains everything they need. They are also entitled to five days to review any information you give them. For example, if you give them information 11 days after they request it, they have until day 16 to make a final decision.

How do I get an Identity Theft Report?

The officer taking your police report can attach or incorporate your ID Theft Complaint into their police report to add more detail. Ask the officer to give you a copy of the official police report that incorporates or attaches your ID Theft Complaint. In some places the officer will not be able to give you a copy of the official police report, but should be able to sign a copy of your ID Theft Complaint and write the police report number in the “Law Enforcement Report” section. Be sure to keep a copy of the police report number.

The police are not legally required to use the FTC’s ID Theft Complaint Form as part of their report. Your police department may have another way to include all the details of your identity theft information in their police report. In these cases, the police report by itself may serve as an Identity Theft Report.

Because the detailed Identity Theft Report is required for you to get many important protections, you may wish to use the [Law Enforcement Cover Letter](#) to explain to the police department how

important it is for you to get a police report – as well as the legal protections that a detailed Identity Theft Report gives you.

How do I submit my Identity Theft Report to the credit reporting companies, or to businesses where the thief used my information?

When you send a copy of your Identity Theft Report to the fraud departments of the [three major credit reporting companies](#), include a copy of the [credit reporting company cover letter](#), along with copies of your supporting documentation. Send your information by certified mail with return receipt requested. The mailing addresses for sending Identity Theft Reports to the three major credit reporting companies are on the cover letter. When writing to the fraud departments of each of the companies where the identity thief has committed fraud using your personal information, include copies of the Identity Theft Report, your supporting documentation, and the appropriate cover letter: for [fraud on your existing accounts](#), or for [fraud on new accounts](#). Always send this information by certified mail, with a return receipt requested.

The credit reporting companies have certain [timeframes](#) for responding to your Identity Theft Report with requests for additional information.

What do I do if the police only take reports about identity theft over the Internet or telephone?

The FTC ID Theft Complaint has a special section for police reports that are not filed face-to-face, to help you use it to supplement an automated police report. If you file a police report online or over the phone, complete the “Automated Report Information” block of the ID Theft Complaint. Attach a copy of any filing confirmation received from the police. If you have a choice, however, you should file your police report in person and not use an automated report. It is more difficult for the consumer reporting company and information provider to verify the information in an automated report, and they will likely require additional information and/or documentation.

What do I do if the local police won't take a report?

There are efforts at the federal, state and local level to ensure that local law enforcement agencies understand identity theft, its impact on victims, and the importance of taking a police report. However, we still hear that some departments are not taking reports. The following tips may help you to get a report if you're having difficulties:

- Provide the officer with a copy of the [Law Enforcement Cover Letter](#) that explains why the police report and the Identity Theft Report are so important to both victims and industry.
- Furnish as much documentation as you can to prove your case. Debt collection letters, credit reports, a copy of your printed ID Theft Complaint, and other evidence of fraudulent activity can help demonstrate the legitimacy of your case. Provide the police a copy of ["Remedying the Effects of Identity Theft,"](#) which shows that police reports are necessary to secure your rights.
- Be persistent if local authorities tell you that they can't take a report. Stress the importance of a police report; many creditors require one to resolve your dispute. Remind them that consumer reporting companies will automatically block the fraudulent accounts and bad debts from appearing on your credit report, but only if you can give

them a copy of the police report. In addition, a police report may be needed to [obtain the fraudulent application](#) and other records the company has.

- If you're told that identity theft is not a crime under your state law, ask to file a Miscellaneous Incident Report instead.
- If you can't get the local police to take a report, try your county police. If that doesn't work, try your state police.

Some states require the police to take reports for identity theft. Check with the office of your State Attorney General, which can be found at www.naag.org, to find out if your state has this law.

How do I prove that I'm an identity theft victim?

Applications or other transaction records related to the theft of your identity may help you prove that you are a victim. For example, you may be able to show that the signature on an application is not yours. These documents also may contain information about the identity thief that is valuable to law enforcement. By law, companies must give you a copy of the application or other business transaction records relating to your identity theft if you submit your request in writing, accompanied by a police report. Read more about getting information from businesses, and use this [model letter](#) to request this information.

Should I apply for a new Social Security number?

Under certain circumstances, the Social Security Administration may issue you a new Social Security number - at your request - if, after trying to resolve the problems brought on by identity theft, you continue to experience problems. Consider this option carefully. A new Social Security number may not resolve your identity theft problems, and may actually create new problems. For example, a new Social Security number does not necessarily ensure a new credit record because credit bureaus may combine the credit records from your old Social Security number with those from your new Social Security number. Even when the old credit information is not associated with your new Social Security number, the absence of any credit history under your new Social Security number may make it more difficult for you to get credit. And finally, there's no guarantee that a new Social Security number wouldn't also be misused by an identity thief.

MINIMIZE YOUR RISK

While nothing can guarantee that you won't become a victim of identity theft, you can minimize your risk, and minimize the damage if a problem develops, by making it more difficult for identity thieves to access your personal information.

Protect your Social Security number

Don't carry your Social Security card in your wallet or write your Social Security number on a check. Give your Social Security number only when absolutely necessary, and ask to use other types of identifiers. If your state uses your Social Security number as your driver's license number, ask to substitute another number. Do the same if your health insurance company uses your Social Security number as your policy number.

Your employer and financial institutions will need your Social Security number for wage and tax reporting purposes. Other businesses may ask you for your Social Security number to do a credit check if you are applying for a loan, renting an apartment, or signing up for utilities. Sometimes, however, they simply want your Social Security number for general record keeping. If someone asks for your Social Security number, ask:

- Why do you need my Social Security number?
- How will my Social Security number be used?
- How do you protect my Social Security number from being stolen?
- What will happen if I don't give you my Social Security number?

If you don't provide your Social Security number, some businesses may not provide you with the service or benefit you want. Getting satisfactory answers to these questions will help you decide whether you want to share your Social Security number with the business. The decision to share is yours.

Treat your trash and mail carefully

To thwart an identity thief who may pick through your trash or recycling bins to capture your personal information, always shred your charge receipts, copies of credit applications, insurance forms, physician statements, checks and bank statements, expired charge cards that you're discarding, and credit offers you get in the mail.

To opt out of receiving prescreened offers of credit in the mail, call: 1-888-5-OPT-OUT (1-888-567-8688). **Note:** You will be asked to provide your Social Security number which the consumer reporting companies need to match you with your file.

Deposit your outgoing mail containing personally identifying information in post office collection boxes or at your local post office, rather than in an unsecured mailbox. Promptly remove mail from your mailbox. If you're planning to be away from home and can't pick up your mail, contact the U.S. Postal Service at 1-800-275-8777 or online at www.usps.gov, to request a vacation hold. The Postal Service will hold your mail at your local post office until you can pick it up or are home to receive it.

Be on guard when using the Internet

The Internet can give you access to information, entertainment, financial offers, and countless other services but at the same time, it can leave you vulnerable to online scammers, identity thieves and more. For practical tips to help you be on guard against Internet fraud, secure your computer, and protect your personal information, visit www.OnGuardOnline.gov.

Select intricate passwords

Place passwords on your credit card, bank, and phone accounts. Avoid using easily available information like your mother's maiden name, your birth date, the last four digits of your Social Security number or your phone number, a series of consecutive numbers, or a single word that would appear in a dictionary. Combinations of letters, numbers, and special characters make the strongest passwords. When opening new accounts, you may find that many businesses still ask for your mother's maiden name. Find out if you can use a password instead.

Verify a source before sharing information

Don't give out personal information on the phone, through the mail, or on the Internet unless you've initiated the contact and are sure you know who you're dealing with. Identity thieves are clever, and may pose as representatives of banks, Internet service providers (ISPs), and even government agencies to get people to reveal their Social Security number, mother's maiden name, account numbers, and other identifying information.

Before you share any personal information, confirm that you are dealing with a legitimate organization. Check an organization's website by typing its URL in the address line, rather than cutting and pasting it. Many companies post scam alerts when their name is used improperly. Or call customer service using the number listed on your account statement or in the telephone book.

Safeguard your purse and wallet

Protect your purse and wallet at all times. Don't carry your Social Security number or card; leave it in a secure place. Carry only the identification information and the credit and debit cards that you'll actually need when you go out.

Store information in secure locations

Keep your personal information in a secure place at home, especially if you have roommates, employ outside help, or are having work done in your house. Share your personal information only with those family members who have a legitimate need for it. Keep your purse or wallet in a safe place at work; do the same with copies of administrative forms that have your sensitive personal information.

Ask about information security procedures in your workplace or at businesses, doctor's offices or other institutions that collect your personally identifying information. Find out who has access to your personal information and verify that it is handled securely. Ask about the disposal procedures for those records as well. Find out if your information will be shared with anyone else. If so, ask how your information can be kept confidential.

What is a credit freeze?

Many states have laws that let consumers “freeze” their credit – in other words, letting a consumer restrict access to his or her credit report. If you place a credit freeze, potential creditors and other third parties will not be able to get access to your credit report unless you temporarily lift the freeze. This means that it’s unlikely that an identity thief would be able to open a new account in your name. Placing a credit freeze does not affect your credit score – nor does it keep you from getting your free [annual credit report](#), or from buying your credit report or score.

Credit freeze laws vary from state to state. In some states, anyone can freeze their credit file, while in other states, only identity theft victims can. The cost of placing, temporarily lifting, and removing a credit freeze also varies. Many states make credit freezes free for identity theft victims, while other consumers pay a fee – typically \$10. It’s also important to know that these costs are for each of the credit reporting agencies. If you want to freeze your credit, it would mean placing the freeze with each of three credit reporting agencies, and paying the fee to each one.

You can find more information about credit freeze laws specific to your state by clicking [here](#), including information on how to place one.

Who can access my credit report if I place a credit freeze?

If you place a credit freeze, you will continue to have access to your free [annual credit report](#). You’ll also be able to buy your credit report and credit score even after placing a credit freeze. Companies that you do business with will still have access to your credit report – for example, your mortgage, credit card, or cell phone company – as would collection agencies that are working for one of those companies. Companies will also still be able to offer you prescreened credit. Those are the credit offers you receive in the mail that you have not applied for. Additionally, in some states, potential employers, insurance companies, landlords, and other non-creditors can still get access to your credit report with a credit freeze in place.

Can I temporarily lift my credit freeze if I need to let someone check my credit report?

If you want to apply for a loan or credit card, or otherwise need to give someone access to your credit report and that person is not covered by an exception to the credit freeze law, you would need to temporarily lift the credit freeze. You would do that by using a PIN that each credit reporting agency would send once you placed the credit freeze. In most states, you’d have to pay a fee to lift the credit freeze. [Most states](#) currently give the credit reporting agencies three days to lift the credit freeze. This might keep you from getting “instant” credit, which may be something to weigh when considering a credit freeze.

What does a credit freeze *not* do?

While a credit freeze can help keep an identity thief from opening most new accounts in your name, it’s not a solution to all types of identity theft. It will not protect you, for example, from an identity thief who uses your existing credit cards or other accounts. There are also new accounts, such as telephone, wireless, and bank accounts, which an ID thief could open without a credit check. In addition, some creditors might open an account without first getting your credit report. And, if there’s identity theft already going on when you place the credit freeze, the freeze itself won’t be able to stop it. While a credit freeze may not protect you in these kinds of cases, it can protect you from the vast majority of identity theft that involves opening a new line of credit.

What's the difference between a credit freeze and a fraud alert?

A [fraud alert](#) is another tool for people who've had their ID stolen – or who suspect it may have been stolen. With a fraud alert in place, businesses may still check your credit report. Depending on whether you place an initial 90-day fraud alert or an extended fraud alert, potential creditors must either contact you or use what the law refers to as “reasonable policies and procedures” to verify your identity before issuing credit in your name. However, the steps potential creditors take to verify your identity may not always alert them that the applicant is not you.

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About identity theft insurance

Although identity theft insurance won't deter identity thieves, it can, in certain circumstances, minimize losses if an identity theft occurs. As with any product or service, as you consider whether to buy, be sure you understand what you'd be getting. Things to consider include: (1) the amount of coverage the policy provides; (2) whether it covers any lost wages (and, if so, whether there's a cap on the wages you can claim, or a separate deductible); (3) the amount of the deductible; (4) what might be excluded (for example, if the thief is a family member or if the thief made electronic withdrawals and transfers); (5) whether the policy provides a personal counselor to help you resolve the problems of identity theft; and (6) whether your existing homeowner's policy already contains some coverage. Be aware that one of the major "costs" of identity theft is the time you will spend to clear your name. Also be aware that many companies and law enforcement officers will only deal with you (as opposed to an insurance company representative). So, even if your policy provides you with a personal counselor, that counselor can often only guide you, as opposed to doing the work to clear your name. And, as you evaluate insurance products and services, you may also consider checking out the insurer with your local Better Business Bureau, consumer protection agency and state Attorney General.

DETECT IDENTITY THEFT

The best way to detect identity theft is to monitor your accounts and bank statements each month, and check your credit report on a regular basis.

What are the signs of identity theft?

Stay alert for the signs of identity theft, like:

- accounts you didn't open and debts on your accounts that you can't explain.
- fraudulent or inaccurate information on your credit reports, including accounts and personal information, like your Social Security number, address(es), name or initials, and employers.
- failing to receive bills or other mail. Follow up with creditors if your bills don't arrive on time. A missing bill could mean an identity thief has taken over your account and changed your billing address to cover his tracks.
- receiving credit cards that you didn't apply for.
- being denied credit, or being offered less favorable credit terms, like a high interest rate, for no apparent reason.
- getting calls or letters from debt collectors or businesses about merchandise or services you didn't buy.

How do you find out if your identity was stolen?

Unfortunately, many consumers learn they their identity has been stolen after some damage has been done.

- You may find out when bill collection agencies contact you for overdue debts, debts you never incurred.
- You may find out when you apply for a mortgage or car loan and learn that problems with your credit history are holding up the loan.
- You may find out when you get something in the mail about an apartment you never rented, a house you never bought, or a job you never held.

What personal information should I monitor regularly?

Early detection of a potential identity theft can make a big difference. Keep an eye out for any suspicious activity by routinely monitoring:

Your financial statements. Monitor your financial accounts and billing statements regularly, looking closely for charges you did not make.

Your credit reports. Credit reports contain information about you, including what accounts you have and how you pay your bills. The law requires each of the major nationwide consumer reporting agencies to provide you with a free copy of your credit report, at your request, once every 12 months. If an identity thief is opening credit accounts in your name, these accounts are likely to show up on your credit report. To find out, order a copy of your credit reports.

Once you get your reports, review them carefully. Look for inquiries from companies you haven't contacted, accounts you didn't open, and debts on your accounts that you can't explain. Check that information, like your Social Security number, address(es), name or initials, and employers

are correct. If you find fraudulent or inaccurate information, get it removed. See [Correcting Fraudulent Information in Credit Reports](#) to learn how. Continue to check your credit reports periodically, especially for the first year after you discover the identity theft, to make sure no new fraudulent activity has occurred.

How do I get my free annual credit reports?

An amendment to the federal [Fair Credit Reporting Act](#) requires each of the major nationwide consumer reporting companies to provide you with a free copy of your credit report, at your request, once every 12 months.

To order your free annual report from one or all the national consumer reporting companies, visit www.annualcreditreport.com, call toll-free 877-322-8228, or complete the Annual Credit Report Request Form and mail it to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. You can print the form from ftc.gov/credit. Do not contact the three nationwide consumer reporting companies individually; they provide free annual credit reports only through www.annualcreditreport.com, 877-322-8228, and Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

Under federal law, you're also entitled to a free report if a company takes adverse action against you, such as denying your application for credit, insurance or employment, and you request your report within 60 days of receiving notice of the action. The notice will give you the name, address, and phone number of the consumer reporting company that supplied the information about you. You're also entitled to one free report a year if you're unemployed and plan to look for a job within 60 days; you're on welfare; or your report is inaccurate because of fraud. Otherwise, a consumer reporting company may charge you up to \$9.50 for any other copies of your report.

To buy a copy of your report, contact:

Equifax: 800-685-1111; www.equifax.com

Experian: 888-EXPERIAN (888-397-3742); www.experian.com

TransUnion: 800-916-8800; www.transunion.com

Should I use a credit monitoring service?

There are a variety of commercial services that, for a fee, will monitor your credit reports for activity and alert you to changes to your accounts. Prices and services vary widely. Many of the services only monitor one of the three major consumer reporting companies. If you're considering signing up for a service, make sure you understand what you're getting before you buy. Also check out the company with your local Better Business Bureau, consumer protection agency and state Attorney General to see if they have any complaints on file.

FILING A COMPLAINT WITH THE FTC

Why should I file a complaint with the FTC?

Filing a complaint with the FTC is important for several reasons. First, the information that you enter into the [ID Theft Complaint Form](#) can be used as part of an [Identity Theft Report](#), which is an important tool in recovering from identity theft. Read on to find out more about your rights as a victim of identity theft.

Second, when you file an ID Theft Complaint with the FTC, you can help law enforcers catch identity thieves. Your complaint is entered into the FTC's Identity Theft Data Clearinghouse, which law enforcement officers can search as part of their criminal investigations. (The FTC, however, does not bring criminal cases.) Law enforcement officers who are members of the Clearinghouse may contact you if your case becomes part of their investigation. But it's also a good idea to stay in touch with your local police department about their investigation, or about any recent developments in your case.

What's the difference between the ID Theft Complaint Form, the Identity Theft Report, and the ID Theft Affidavit?

The [ID Theft Complaint Form](#) is used by consumers online to file a complaint with the FTC. The FTC makes the ID Theft Complaints we receive from victims available to other federal, state and local law enforcement officials nationwide. The printed ID Theft Complaint can be used in conjunction with a police report to create an [Identity Theft Report](#) that will help you recover more quickly.

The Identity Theft Report is a detailed police report that gives enough information about the crime for the credit reporting companies and the businesses involved to verify that you're a victim of ID theft. When you file your Identity Theft Report with the credit reporting companies or creditors, you get several important legal protections that will help you recover from ID theft. However, the credit reporting companies and businesses can decline your Identity Theft Report if it does not contain enough detail.

The [ID Theft Affidavit](#) is a less detailed version of an Identity Theft Report. If you request copies of applications or transaction documents related to your ID theft from companies that opened fraudulent accounts for the thief, they may require you to give them an ID Theft Affidavit and a police report before they give the records to you. And, if you don't want to file a police report, you can use an ID Theft Affidavit instead of an Identity Theft Report to request that companies remove your responsibility for debts where an identity thief opened a new account in your name. However, an ID Theft Affidavit doesn't give you as many legal rights as you get with an Identity Theft Report.

When should I file a complaint with the FTC?

If you know that your personal information has been misused, you should file a complaint with the FTC, and with local law enforcement, right away. The faster you can act, the less chance the ID thief has to do more damage to your credit. Follow [these steps](#) if you've been the victim of identity theft.

If your personal information has been lost or otherwise compromised, you may want to file a complaint even if your information has not yet been misused. Reporting the incident now may

help if your information is misused in the future and you need to prove the date or circumstances of the compromise. Filing a complaint when your information has been released in a data breach also can assist the FTC in finding out about such breaches. Make sure to visit "[If Your Information Has Been Compromised But Not Yet Misused](#)" for information on other steps you should take.

How do I file a complaint with the FTC?

You can file a complaint with the FTC using the online [ID Theft Complaint Form](#); you can call the FTC's Identity Theft Hotline, toll-free: 1-877-ID-THEFT (438-4338); TTY: 1-866-653-4261; or you can write to the Identity Theft Clearinghouse, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580. A printed version of your complaint is available only if you file your complaint online.

Please do not send the FTC your printed ID Theft Complaint Form, [ID Theft Affidavit](#), police report, credit reports, financial information, or any other documents relating to your case. The FTC does not keep these materials on file or forward them to law enforcement agencies. If a law enforcement agency decides to open an investigation on your case, they will contact you directly and let you know what documents they need.

How does the FTC use the information I put in the complaint form?

When you fill out the FTC's [ID Theft Complaint Form](#), the FTC puts the information you provide into an electronic database called the Identity Theft Clearinghouse. The information you submit is shared with FTC attorneys and investigators. It also may be shared with employees of federal, state, or local law enforcement or regulatory authorities. The FTC also may share your information with private entities where it believes that sharing information might help resolve identity theft-related problems. There is a chance that you may be contacted by the FTC or other agencies to which your complaint has been referred. In some limited circumstances, including requests from Congress, the FTC may be required by law to disclose information you submit.

You have the option to submit your information anonymously. However, if you don't provide your name and contact information, law enforcement agencies and other organizations will not be able to contact you for more information to help in identity theft investigations and prosecutions. Also, importantly, if you don't give your name and contact information, you may have difficulty getting an [Identity Theft Report](#).

Records in the Identity Theft Clearinghouse are covered under the [Privacy Act of 1974](#). In general, the Privacy Act prohibits unauthorized disclosures of the records it protects. It also gives individuals the right to review records about themselves.

What should I do before I fill out the online complaint?

You should try to review at least one of your credit reports before filling out your complaint. You can get a free credit report from each credit reporting company when you place a fraud alert. You will get a letter offering you a free copy after you place the alert. Your credit report can provide information about the accounts that resulted from your identity theft, such as the names of companies where accounts were opened, what types they were, the account numbers, and dollar amounts charged. Your credit report may contain clues about the identity and location of the thief. Besides your credit report, you might have received other information—such as collection notices on accounts you didn't open or have not used—that are good sources of

information. Use whatever information you may have from all of this documentation when you fill out your Complaint, and take copies of this documentation with you when you go to file your police report.

RESOLVING SPECIFIC IDENTITY THEFT PROBLEMS

While dealing with problems resulting from identity theft can be time-consuming and frustrating, most victims can resolve their cases by being assertive, organized, and knowledgeable about their legal rights. Some laws require you to notify companies within specific time periods. Don't delay in contacting any companies to deal with these problems, and ask for supervisors if you need more help than you're getting.

Bank Accounts and Fraudulent Withdrawals

Different laws determine your legal remedies based on the type of bank fraud you have suffered. For example, state laws protect you against fraud committed by a thief using paper documents, like stolen or counterfeit checks. But if the thief used an electronic fund transfer, federal law applies. Many transactions may seem to be processed electronically but are still considered "paper" transactions. If you're not sure what type of transaction the thief used to commit the fraud, ask the financial institution that processed the transaction.

Fraudulent Electronic Withdrawals

The Electronic Fund Transfer Act provides consumer protections for transactions involving an ATM or debit card, or another electronic way to debit or credit an account. It also limits your liability for unauthorized electronic fund transfers. You have 60 days from the date your bank account statement is sent to you to report in writing any money withdrawn from your account without your permission. This includes instances when your ATM or debit card is "skimmed"- that is, when a thief captures your account number and PIN without your card having been lost or stolen.

If your ATM or debit card is lost or stolen, report it immediately because the amount you can be held responsible for depends on how quickly you report the loss.

- If you report the loss or theft within two business days of discovery, your losses are limited to \$50.
- If you report the loss or theft after two business days, but within 60 days after the unauthorized electronic fund transfer appears on your statement, you could lose up to \$500 of what the thief withdraws.
- If you wait more than 60 days to report the loss or theft, you could lose all the money that was taken from your account after the end of the 60 days.

Note: VISA and MasterCard voluntarily have agreed to limit consumers' liability for unauthorized use of their debit cards in most instances to \$50 per card, no matter how much time has elapsed since the discovery of the loss or theft of the card.

The best way to protect yourself in the event of an error or fraudulent transaction is to call the financial institution and follow up in writing by certified letter, return receipt requested so you can prove when the institution received your letter. Keep a copy of the letter you send for your records.

After receiving your notification about an error on your statement, the institution generally has 10 business days to investigate. The institution must tell you the results of its investigation within three business days after completing it and must correct an error within one business day after determining that it occurred. If the institution needs more time, it may take up to 45 days to

complete the investigation but only if the money in dispute is returned to your account and you are notified promptly of the credit. At the end of the investigation, if no error has been found, the institution may take the money back if it sends you a written explanation.

Fraudulent Checks and Other "Paper" Transactions

In general, if an identity thief steals your checks or counterfeits checks from your existing bank account, stop payment, close the account, and ask your bank to notify Chex Systems, Inc. or the check verification service with which it does business. That way, retailers can be notified not to accept these checks. While no federal law limits your losses if someone uses your checks with a forged signature, or uses another type of "paper" transaction such as a demand draft, state laws may protect you. Most states hold the bank responsible for losses from such transactions. At the same time, most states require you to take reasonable care of your account. For example, you may be held responsible for the forgery if you fail to notify the bank in a timely manner that a check was lost or stolen. Contact your state banking or consumer protection agency for more information.

You can contact major check verification companies directly for the following services:

To request that they notify retailers who use their databases not to accept your checks, call:

- TeleCheck at 1-800-710-9898 or 1-800-927-0188
- Certegy, Inc. (previously Equifax Check Systems) at 1-800-437-5120

To find out if the identity thief has been passing bad checks in your name, call:

- SCAN: 1-800-262-7771

If your checks are rejected by a merchant, it may be because an identity thief is using the Magnetic Information Character Recognition (MICR) code (the numbers at the bottom of checks), your driver's license number, or another identification number. The merchant who rejects your check should give you its check verification company contact information so you can find out what information the thief is using. If you find that the thief is using your MICR code, ask your bank to close your checking account, and open a new one. If you discover that the thief is using your driver's license number or some other identification number, work with your DMV or other identification issuing agency to get new identification with new numbers. Once you have taken the appropriate steps, your checks should be accepted.

Note:

- The check verification company may or may not remove the information about the MICR code or the driver's license/identification number from its database because this information may help prevent the thief from continuing to commit fraud.
- If the checks are being passed on a new account, contact the bank to close the account. Also contact Chex Systems, Inc. to review your consumer report to make sure that no other bank accounts have been opened in your name.
- Dispute any bad checks passed in your name with merchants so they don't start any collections actions against you.

Fraudulent New Accounts

If you have trouble opening a new checking account, it may be because an identity thief has been opening accounts in your name. Chex Systems, Inc. produces consumer reports specifically about checking accounts, and as a consumer reporting company, is subject to the Fair Credit Reporting Act. You can request a free copy of your consumer report by contacting Chex Systems, Inc. If you find inaccurate information on your consumer report, follow the procedures under [Correcting Fraudulent Information in Credit Reports](#) to dispute it. Contact each of the banks where account inquiries were made, too. This will help ensure that any fraudulently opened accounts are closed.

Chex Systems, Inc.: 1-800-428-9623; www.chexhelp.com
Fax: 602-659-2197
Chex Systems, Inc.
Attn: Consumer Relations
7805 Hudson Road, Suite 100
Woodbury, MN 55125

Bankruptcy Fraud

If you believe someone has filed for bankruptcy in your name, write to the U.S. Trustee in the region where the bankruptcy was filed. A list of the U.S. Trustee Programs' Regional Offices is available at www.usdoj.gov/ust, or check the Blue Pages of your phone book under U.S. Government Bankruptcy Administration.

In your letter, describe the situation and provide proof of your identity. The U.S. Trustee will make a criminal referral to law enforcement authorities if you provide appropriate documentation to substantiate your claim. You also may want to file a complaint with the U.S. Attorney and/or the FBI in the city where the bankruptcy was filed. The U.S. Trustee does not provide legal representation, legal advice, or referrals to lawyers. That means you may need to hire an attorney to help convince the bankruptcy court that the filing is fraudulent. The U.S. Trustee does not provide consumers with copies of court documents. You can get them from the bankruptcy clerk's office for a fee.

Correcting Fraudulent Information in Credit Reports

The Fair Credit Reporting Act (FCRA) establishes procedures for correcting fraudulent information on your credit report and requires that your report be made available only for certain legitimate business needs.

Under the FCRA, both the consumer reporting company and the information provider (the business that sent the information to the consumer reporting company), such as a bank or credit card company, are responsible for correcting fraudulent information in your report. To protect your rights under the law, contact both the consumer reporting company and the information provider.

Consumer Reporting Company Obligations

Consumer reporting companies will block fraudulent information from appearing on your credit report if you take the following steps: Send them a copy of an [Identity Theft Report](#) and a [letter](#) telling them what information is fraudulent. The letter also should state that the information does not relate to any transaction that you made or authorized. In addition, provide proof of your identity that may include your Social Security number, name, address, and other personal information requested by the consumer reporting company.

The consumer reporting company has four business days to block the fraudulent information after accepting your identity theft report. It also must tell the information provider that it has blocked the information. The consumer reporting company may refuse to block the information or remove the block if, for example, you have not told the truth about your identity theft. If the consumer reporting company removes the block or refuses to place the block, it must let you know.

The blocking process is only one way for identity theft victims to deal with fraudulent information. There's also the "reinvestigation process," which was designed to help all consumers dispute errors or inaccuracies on their credit reports.

Information Provider Obligations

Information providers stop reporting fraudulent information to the consumer reporting companies once you send them an [Identity Theft Report](#) and a [letter](#) explaining that the information that they're reporting resulted from identity theft. But you must send your Identity Theft Report and letter to the address specified by the information provider. Note that the information provider may continue to report the information if it later learns that the information does not result from identity theft.

Any consumer reporting company that has accepted your Identity Theft Report is obligated to notify the information provider about the block. If a consumer reporting company tells an information provider that it has blocked fraudulent information in your credit report, the information provider may not continue to report that information to the consumer reporting company. The information provider also may not [collect the debt](#) that relates to the fraudulent account, or sell that debt to anyone else who would try to collect it.

Credit Cards

The Fair Credit Billing Act establishes procedures for resolving billing errors on your credit card accounts, including fraudulent charges on your accounts. The law also limits your liability for unauthorized credit card charges to \$50 per card. To take advantage of the law's consumer protections, you **must**:

- write to the creditor at the address given for "billing inquiries," NOT the address for sending your payments. Include your name, address, account number, and a description of the billing error, including the amount and date of the error. See [Sample Dispute Letter for Existing Accounts](#).
- send your letter so that it reaches the creditor within 60 days after the first bill containing the error that was mailed to you. If an identity thief changed the address on your account and you didn't receive the bill, your dispute letter still must reach the creditor within 60 days of when the creditor would have mailed the bill. This is one reason it's essential to keep track of your billing statements, and follow up quickly if your bills don't arrive on time.

You should send your letter by certified mail, and request a return receipt. It becomes your proof of the date the creditor received the letter. Include copies (NOT originals) of your police report or other documents that support your position. Keep a copy of your dispute letter.

The creditor must acknowledge your complaint in writing within 30 days after receiving it, unless the problem has been resolved. The creditor must resolve the dispute within two billing cycles (but not more than 90 days) after receiving your letter.

Criminal Violations

Procedures to correct your record within criminal justice databases can vary from state to state, and even from county to county. Some states have enacted laws with special procedures for identity theft victims to follow to clear their names. You should check with the office of your state Attorney General, but you can use the following information as a general guide.

If wrongful criminal violations are attributed to your name, contact the police or sheriff's department that originally arrested the person using your identity, or the court agency that issued the warrant for the arrest. File an impersonation report with the police/sheriff's department or the court, and confirm your identity: Ask the police department to take a full set of your fingerprints, photograph you, and make copies of your photo identification documents, like your driver's license, passport, or travel visa. To establish your innocence, ask the police to compare the prints and photographs with those of the imposter.

If the arrest warrant is from a state or county other than where you live, ask your local police department to send the impersonation report to the police department in the jurisdiction where the arrest warrant, traffic citation, or criminal conviction originated.

The law enforcement agency should then recall any warrants and issue a "clearance letter" or "certificate of release" (if you were arrested/booked). You'll need to keep this document with you at all times in case you're wrongly arrested again. Ask the law enforcement agency to file the record of the follow-up investigation establishing your innocence with the district attorney's (D.A.) office and/or court where the crime took place. This will result in an amended complaint. Once your name is recorded in a criminal database, it's unlikely that it will be completely removed from the official record. Ask that the "key name" or "primary name" be changed from your name to the imposter's name (or to "John Doe" if the imposter's true identity is not known), with your name noted as an alias.

You'll also want to clear your name in the court records. To do so, you'll need to determine which state law(s) will help you with this and how. If your state has no formal procedure for clearing your record, contact the D.A.'s office in the county where the case was originally prosecuted. Ask the D.A.'s office for the appropriate court records needed to clear your name. You may need to hire a criminal defense attorney to help you clear your name. Contact Legal Services in your state or your local bar association for help in finding an attorney.

Finally, contact your state Department of Motor Vehicles (DMV) to find out if your driver's license is being used by the identity thief. Ask that your files be flagged for possible fraud.

Debt Collectors

The Fair Debt Collection Practices Act prohibits debt collectors from using unfair or deceptive practices to collect overdue bills that a creditor has forwarded for collection, even if those bills don't result from identity theft.

You can stop a debt collector from contacting you in two ways:

- Write a letter to the collection agency telling them to stop. Once the debt collector receives your letter, the company may not contact you again with two exceptions: They can tell you there will be no further contact, and they can tell you that the debt collector or the creditor intends to take some specific action.
- Send a letter to the collection agency, within 30 days after you received written notice of the debt, telling them that you do not owe the money. Include copies of documents that support your position. Including a copy (NOT original) of your police report may be useful. In this case, a collector can renew collection activities only if it sends you proof of the debt.

If you don't have documentation to support your position, be as specific as possible about why the debt collector is mistaken. The debt collector is responsible for sending you proof that you're wrong. For example, if the debt you're disputing originates from a credit card you never applied for, ask for a copy of the application with the applicant's signature. Then, you can prove that it's not your signature.

If you tell the debt collector that you are a victim of identity theft and it is collecting the debt for another company, the debt collector must tell that company that you may be a victim of identity theft.

While you can stop a debt collector from contacting you, that won't get rid of the debt itself. It's important to contact the company that originally opened the account to dispute the debt, otherwise that company may send it to a different debt collector, report it on your credit report, or initiate a lawsuit to collect on the debt.

Driver's License

If you think your name or Social Security number is being used by an identity thief to get a driver's license or a non-driver's ID card, contact your state Department of Motor Vehicles (DMV). If your state DMV uses your Social Security number as your driver's license number, ask to substitute another number.

Investment Fraud

If you believe that an identity thief has tampered with your securities investments or a brokerage account, immediately report it to your broker or account manager and to the agencies below.

*The U.S. Securities and Exchange Commission's (SEC) Office of Investor Education and Assistance serves investors who complain to the SEC about investment fraud or the mishandling of their investments by securities professionals. You can file a complaint with the SEC's Complaint Center at www.sec.gov/complaint.shtml. Include as much detail as possible. If you don't have Internet access, write to the SEC at: SEC Office of Investor Education and Assistance, 450 Fifth Street, NW, Washington, DC 20549-0213. For answers to general questions, call 202-942-7040.

*You should also contact the securities regulatory agency in your state. These agencies investigate complaints and provide investors with general information about securities and investment fraud. A list of these regulators, with their telephone numbers, websites and mailing addresses, can be found at www.nasaa.org/QuickLinks/ContactYourRegulator.cfm.

*If you have reason to believe that a securities professional was involved in the identity theft, you can also contact NASD, a self-regulatory organization that takes investor complaints and

runs an arbitration system for matters involving licensed broker-dealers and agents. You can file a complaint online at complaint.nasd.com, send a detailed complaint letter to NASD Investor Complaint Center, 1735 K Street, NW, Washington, DC 20006, fax the letter to (866) 397-3290, or call 240-386-HELP for more information.

Mail Theft

The U.S. Postal Inspection Service (USPIS) is the law enforcement arm of the U.S. Postal Service and investigates cases of identity theft. The USPIS has primary jurisdiction in all matters infringing on the integrity of the U.S. mail. If an identity thief has stolen your mail to get new credit cards, bank or credit card statements, pre-screened credit offers, or tax information, or has falsified change-of-address forms or obtained your personal information through a fraud conducted by mail, report it to your local postal inspector.

You can locate the USPIS district office nearest you by calling your local post office, checking the Blue Pages of your telephone directory, or visiting www.usps.gov/websites/depart/inspect.

Medical Identity Theft

Medical identity theft occurs when someone uses your personal information without your knowledge or consent to obtain, or receive payment for, medical treatment, services, or goods. Victims of medical identity theft may find that their medical records are inaccurate, which can have a serious impact on their ability to obtain proper medical care and insurance benefits.

To detect medical identity theft, consider the following steps:

- Closely monitor any “Explanation of Benefits” sent by public or private health insurers. If anything appears wrong, raise questions with the insurer or the provider. Do not assume that there are no problems simply because you may not owe any money.
- Once a year (or more often, if you believe there is cause for concern), request a listing of benefits paid in your name by any health insurers that might have made such payments on your behalf.
- Monitor your credit reports with the nationwide credit reporting companies – Equifax, Experian, and TransUnion – to identify reports of medical debts.

You also have rights under federal law that can assist you in correcting inaccurate medical records. These rights are described in greater detail at www.hhs.gov/ocr/hipaa. They include:

- The right to request copies of your current medical files from each health care provider.
- The right to have your medical records amended to remove inaccurate or incomplete information.
- The right to an accounting of disclosures – a record of who has been given access to your medical records – from your health care providers and health insurers. This is very important in tracking down where inaccurate information may have been sent.
- The right to file a complaint with the Office of Civil Rights at the federal Department of Health and Human Services if a health care provider does not comply with these rights. In addition, many hospitals have ombudsmen or patient advocates who may be able to help you obtain medical records or provide access to information.

Please be aware that there may be fees for copying and postage if you request copies of your medical records. Please see www.hhs.gov/ocr/hipaa for more information.

Passport Fraud

If you've lost your passport, or believe it was stolen or is being used fraudulently, contact the United States Department of State (USDS) through www.travel.state.gov/passport/passport_1738.html, or call a local USDS field office. Local field offices are listed in the Blue Pages of your telephone directory.

Phone Fraud

If an identity thief has established phone service in your name, is making unauthorized calls that seem to come from and are billed to your cellular phone, or is using your calling card and PIN, contact your service provider immediately to cancel the account and/or calling card. Open new accounts and choose new PINs. If you're having trouble getting fraudulent phone charges removed from your account or getting an unauthorized account closed, contact the appropriate agency below.

- For local service, contact your state Public Utility Commission.
- For cellular phones and long distance, contact the Federal Communications Commission (FCC) at www.fcc.gov. The FCC regulates interstate and international communications by radio, television, wire, satellite, and cable. Call: 1-888-CALL-FCC; TTY: 1-888-TELL-FCC; or write: Federal Communications Commission, Consumer Information Bureau, 445 12th Street, SW, Room 5A863, Washington, DC 20554. You can file complaints online at www.fcc.gov, or e-mail your questions to fccinfo@fcc.gov.

Social Security Number Misuse

If you have specific information of Social Security number misuse that involves the buying or selling of Social Security cards, may be related to terrorist activity, or is designed to obtain Social Security benefits, contact the Social Security Administration (SSA) Office of the Inspector General. You may file a complaint online at www.socialsecurity.gov/oig, call toll-free: 1-800-269-0271, fax: 410-597-0118, or write: SSA Fraud Hotline, P.O. Box 17768, Baltimore, MD 21235.

You also may call SSA toll-free at 1-800-772-1213 to verify the accuracy of the earnings reported on your Social Security number, request a copy of your Social Security Statement, or get a replacement Social Security number card if yours is lost or stolen. Follow up in writing.

Student Loans

Contact the school or program that opened the student loan to close the loan. At the same time, report the fraudulent loan to the U.S. Department of Education. Call the Inspector General's Hotline toll-free at 1-800-MIS-USED; visit www.ed.gov/about/offices/list/oig/hotline.html?src=rt; or write: Office of Inspector General, U.S. Department of Education, 400 Maryland Avenue, SW, Washington, DC 20202-1510.

Tax Fraud

The Internal Revenue Service (IRS) is responsible for administering and enforcing tax laws. Identity fraud may occur as it relates directly to your tax records. Visit www.irs.gov and type in the IRS key word "Identity Theft" for more information.

If you have an unresolved issue related to identity theft, or you have suffered or are about to suffer a significant hardship as a result of the administration of the tax laws, visit the IRS Taxpayer Advocate Service www.irs.gov/advocate/ or call toll-free: 1-877-777-4778.

If you suspect or know of an individual or company that is not complying with the tax law, report it to the Internal Revenue Service Criminal Investigation Informant Hotline by calling toll-free: 1-800-829-0433 or visit www.irs.gov and type in the IRS key word "Tax Fraud."

What should I do if I've done everything advised, and I'm still having problems?

There are cases where victims do everything right and still spend years dealing with problems related to identity theft. The good news is that most victims can get their cases resolved by being vigilant, assertive and organized. Don't procrastinate on contacting companies to address the problems. Don't be afraid to go up the chain of command or make complaints, if necessary. Keep organized files. If you haven't filed a complaint with the FTC or updated it, you should do so and provide details of the problems that you are having. You also can call our hotline (1-877-ID-THEFT) to talk with one of our counselors or, for individual counseling, contact one of the non-profit victim associations listed under [Resources](#). If your problems are stemming from a failure of a party to perform its legal obligations, you may want to consult an attorney who specializes in such violations. Contact Legal Services in your state or your local bar association for help in finding an attorney.

TOOLS FOR VICTIMS

While dealing with problems resulting from identity theft can be time-consuming and frustrating, most victims can resolve their cases by being assertive, organized, and knowledgeable about their legal rights. These tools are designed to assist you in resolving disputes related to identity theft and in asserting your legal rights.

ID Theft Complaint Form:

The FTC is the federal clearinghouse for identity theft complaints. The complaints we receive from victims are available to other federal, state and local law enforcement officials nationwide. The standardized printed [ID Theft Complaint](#) can be used in conjunction with a police report to create an [Identity Theft Report](#) that will help victims recover more quickly.

Specifically, an Identity Theft Report can be used to permanently [block fraudulent information](#) from appearing on your credit report and also make sure that these [debts do not reappear](#) on your credit report. An Identity Theft Report can prevent a company from continuing to [collect debts](#) that result from identity theft, or selling them to others for collection. It's also needed to place an [extended fraud alert](#) on your credit report.

ID Theft Affidavit:

The [ID Theft Affidavit](#) may be required for a variety of purposes, including to absolve you of the debt when an identity thief opens a new account in your name, or to obtain application or transaction records from a company the identity thief dealt with. If you do not need to obtain any application or transaction records, and need only to have a specific debt absolved, you may want to ask the company whether they will accept the Identity Theft Report alone. The Identity Theft Report is a more detailed version of the ID Theft affidavit, and as discussed above, entitles you to additional protections.

Sample Letter to Request Fraudulent Transaction or Account Information:

You can use this [sample letter](#) to request information from businesses the identity thief dealt with. This information can be useful to you to show that the thief, rather than you, made the transaction, and to law enforcement by providing information about the thief such as his or her address.

Chart Your Course of Action: Use this form to record the steps you've taken to report the fraudulent use of your identity. Keep this list in a safe place for reference.

Sample Letter to Credit Reporting Company:

Use this [sample letter](#) to request that the consumer reporting companies block fraudulent information from appearing on your credit report. Click [here](#) for additional information.

Sample Letter to Company Disputing Charge on Existing Account:

Use this [sample letter](#) to dispute charges on an existing account that are the result of identity theft. Click [here](#) for additional information.

Sample Letter to Company Disputing Charge on Fraudulently Opened Account:

Use this [sample letter](#) to dispute charges on an account opened in your name by an identity thief. Click [here](#) for additional information.

Sample Law Enforcement Cover Letter:

Use this [cover letter](#) when you go to the police with a printed copy of the Identity Theft Complaint that you filed with the FTC. This letter explains your rights under the law, and

explains the importance of having an Identity Theft Report. Click [here](#) for additional information.

Victims' Statement of Rights:

This [statement](#) summarizes the ID theft victim's legal rights under federal law.

CONSUMER PUBLICATIONS

The FTC publications listed below can help consumers learn about various aspects of identity theft. If you want to learn the basics, we recommend our "Deter, Detect, Defend" brochure. If an identity thief has opened accounts in your name, changed the mailing address on your accounts, or given your name to creditors or the police, we recommend reading "Take Charge: Fighting Back Against Identity Theft." If you need a large quantity of ID Theft publications, visit the [FTC's Bulk Order website](#).

Learn about ID Theft

[Deter, Detect, Defend Brochure](#)

A tri-fold brochure with easy-to-read tips

[PDF](#) (207KB)

Deter, Detect, Defend Video

Ten-minute educational video provides identity theft overview and steps you should take.

[Video](#)

Talking About Identity Theft: A How-To Guide

A guide with tips and tools to help you educate others about identity theft

[PDF](#) (6.25MB)

[PowerPoint Presentation](#) (893KB)

['Active Duty' Alerts Help Protect Military Personnel from Identity Theft](#)

[PDF](#) (140 KB)

[ID Theft: What It's All About](#)

The FTC's primer on identity theft. Includes how to minimize the risk of identity theft and basics on what to do if you are a victim.

[PDF](#) (240 KB)

[How Not to Get Hooked by a Phishing Scam](#)

How to avoid online scammers who want to steal your personal information.

[PDF](#) (160 KB)

[Your Access to Free Credit Reports](#)

Educates consumers about their right to a free copy of their credit reports. The brochure outlines the nine-month roll-out period that began on December 1, 2004; explains the ordering process by Web, toll-free telephone number, and postal address; and includes a copy of the standard credit report request form.

[PDF](#) (288 KB)

[Privacy Choices for Your Personal Financial Information](#)

Explains that federal law gives you the right to stop (opt out of) some sharing of your personal financial information, that you will receive privacy notices from financial institutions you do business with, and what to do when you receive the notices.

[PDF](#) (132 KB)

If You're a Victim

[Take Charge: Fighting Back Against Identity Theft](#)

The FTC's comprehensive guide for victims of identity theft. Includes the ID Theft Affidavit.
[PDF](#) (4.9 MB)

ID Theft Affidavit

This form helps you report an identity theft to your creditors.
[PDF](#) (56 KB)

[What To Do If Your Personal Information Has Been Compromised](#)

How to respond if your personal information is compromised when an organization's security is breached.
[PDF](#) (152 KB)

[Identity Crisis... What to Do If Your Identity Is Stolen](#)

Four pages of advice on dealing with identity theft.
[PDF](#) (96 KB)

Remedying the Effects of Identity Theft

Summarizes your rights as a victim of identity theft.
[PDF](#) (24 KB)

Other FTC Websites

[The FTC's Credit Website](#)

The FTC has information on a range of credit issues at www.ftc.gov/credit, whether you're shopping for a mortgage or auto loan, ordering a free credit report, dealing with debt collectors, or looking for ways to protect your personal financial information.

[OnGuard Online](#)

OnGuardOnline.gov provides practical tips from the federal government and the technology industry to help you be on guard against Internet fraud, secure your computer, and protect your personal information. Includes tips, articles, links to further resources, and fun and informative interactive activities.

[National Do Not Call Registry](#)

The National Do Not Call Registry gives you a choice about whether to receive telemarketing calls at home.

CLASSIC CONS

ATM Theft

How it works: Automated teller machine (ATM) crimes can take several forms. Thugs may simply approach someone using an ATM and demand money. Or, more sophisticated thieves will watch the victim use the card (perhaps even with high-powered binoculars) and learn his or her card number and personal identification number (PIN). Later they'll steal the card or make their own and go back to ATMs for cash.

Warning signs: One or more persons loitering around the ATM, often in a car, behind bushes or otherwise nearby. You spot unauthorized ATM withdrawals on your bank statement.

Best defense: Use only ATMs in well-lit, busy areas where unusual activity would be noticed. For after hours or late night use, the best choice may be an ATM in a supermarket, convenience store, gas station or other protected area. When in doubt about a particular location, go on to another ATM where you'd feel safer.

Check Fraud

How it works: Someone steals checks from your home, office or mailbox and forges your signature. Crooks don't need blank checks to pull off a check fraud. Many know how to easily remove the ink on checks, often by "washing" them with a cleaning solvent. They also will alter what's already been written, such as by changing a check payable to the I.R.S. to one payable to J.R. Smith. A counterfeiter also can make new checks in your name using a home computer and a printer.

Warning signs: You notice that checks are missing from your checkbook or your reserve supply of checks. Mail containing checks or bank account information is "lost" or appears to have been tampered with. You spot unauthorized transactions on your bank statement.

Best defense: Don't carry more checks than you need. Keep extra checks in a secure place. Write checks using a pen with thick, dark ink. Draw lines to fill in gaps in the spaces where you designate to whom a check is payable and the amount. John Brugger, a U.S. Postal Inspector in Washington, adds that consumers should "insist that their checks have built-in security features that help make them tamper-resistant to check washing or counterfeiting." Also immediately report to your bank any irregularities in your bank statements. Report mail theft or tampering to the U.S. Postal Inspection Service, which is listed in your phone book.

Credit Card Fraud

How it works: There are hundreds of ways. Here are just a few. A thief may steal your credit card. Someone may order a new credit card in your name by stealing a pre-approved application from your mail and having the card sent to a different address. An unscrupulous sales clerk can make a duplicate copy of your credit card receipt or use a special device to capture data from the magnetic stripe on your card. One way or another, the thief using phony ID can make or order a credit card, in your name, and use it to obtain merchandise or cash advances.

Warning signs: Unauthorized charges appear on your credit card statement or you get a statement for a credit card you didn't request. Your mail appears to have been tampered with. Mail containing a new credit card or a credit card statement doesn't arrive as expected.

Best defense: Promptly report to the card issuer any unusual activity on your statement. If you receive a card you never asked for, or if you don't get a card you're expecting, promptly report that to the issuer. Protect your credit cards and card numbers, and don't keep PIN numbers near the cards. Properly destroy all credit card receipts and statements when no longer needed. Limit the number of credit cards by canceling those you don't use. Cut up old cards after they expire.

Debt Relief Fraud

How it works: Several frauds and rip-offs are targeting people having debt problems. Some ads declare that a bad credit history can be "erased" or that "debt consolidation" can quickly cure credit problems. Most often, the consumer will pay exorbitant fees or interest rates for unnecessary services. Other ads tout easy ways consumers and small businesses can get low-cost loans, often even without a credit check or collateral. But in many cases the up-front fees are excessive or never lead to a loan being given. Some unscrupulous lenders also may offer to "consolidate" your loans into one loan with no credit check. These may turn out to be home equity loans that carry exorbitant interest rates, onerous payment terms, and the risk of foreclosure on the consumer's home.

Warning signs: Many legitimate lenders provide debt consolidation loans, but you should shy away from offers that promise to erase a bad credit record if you simply pay a fee and combine different debts into one new loan. Only years of steady performance in paying debts can repair a credit history. Be wary of anyone offering to erase your bad credit record by creating a new identity for you, perhaps by ordering a new Social Security number. That's illegal. Beware of anyone who asks for money up-front to "guarantee" approval of a loan. "Advance fees" should not be confused with application fees charged by many legitimate lenders, who do not "guarantee" approval of loans after receiving an application fee. Also beware of people who hold seminars to sell kits they say can be used to pay off your mortgage or other debts. The kits, which typically cost \$300 to \$500, contain items that look like checks but have names like "certified drafts." Purchasers are told the drafts can be issued in any amount. In reality, these items are worthless, and anyone who pays bills with them risks being prosecuted for using a fraudulent instrument.

Best defense: If you have credit problems, immediately contact your banker and other creditors. Don't wait until your accounts are turned over to a debt collector. Most of the time, creditors will work with you on a solution, especially if you've had a good record in the past. If you can't solve your debt problems on your own or with the help of lenders, there are other reliable sources of help, including state and local agencies that also offer credit-counseling services for little or no charge. One way to re-establish credit is by obtaining a "secured" credit card (you post a deposit that's usually equal to or greater than your credit limit) and make your payments on time for a year or so. Not all secured credit cards carry the same interest rates and terms, so shop around. Before agreeing to any loan, deal only with reputable lenders, read the fine print, compare interest rates and question any unusual fees.

Fraudulent CDs

How it works: You see a newspaper or Internet advertisement by an unknown bank, probably one far away, claiming to offer insured certificates of deposit (CDs) at unusually high interest

rates. The ad also may say the funds will be held in accounts in “tax haven” countries where the interest will be free from U.S. taxes and protected from scrutiny by U.S. authorities. You send in your money only to learn later that the bank is bogus and the CD is not federally insured. Chances are you won’t see your money again.

Warning signs: The most obvious sign is an extremely high interest rate compared to market rates for CDs advertised by reputable institutions. To fool unsuspecting investors, many successful scams also have involved so-called banks with names very similar to large, well-known U.S. banks. Some foreign entities also say they have “private” insurance for your investment, but this may just be a false claim made only to soothe the fears of potential depositors.

Best defense: As with any deposit or investment, check things out and know who you’re dealing with before sending money. Crooks can counterfeit CDs as easily as checks, so if you want the security of a federally insured CD, only buy from a federally insured financial institution or a reputable broker. Some con artists call themselves banks and falsely advertise FDIC membership to fool unsuspecting depositors. You can find out if an institution is FDIC-insured by contacting the [FDIC’s Division of Compliance and Consumer Affairs](#) or doing research on the FDIC’s Internet site (www.fdic.gov). Also [check out the article](#) about the new FDIC program aimed at fraudulent Internet banks. And remember that deposit brokers may sell FDIC-insured CDs, but the brokers themselves are not insured by the FDIC. If you’re not familiar with the broker, contact the Securities and Exchange Commission (SEC) or your state securities regulator.

Identity Theft

How it works: By trickery or using publicly available information, someone obtains personal information about you, assumes your identity and applies for credit cards or checking accounts. The crook has become “you.” He or she then can go on a spending spree.

Warning signs: You get bills, credit card statements, calls from businesses or collection agencies, or other notices for debts and purchases you know nothing about.

Best defense: Don’t give credit card numbers, Social Security numbers or other personal identifying information to anyone over the phone unless you initiate the call. Legitimate banks and others who offer credit cards, such as telephone companies, *never* call customers asking for information such as PIN numbers. Don’t include your Social Security number on your checks. Protect your [mail](#) and your [trash](#) from financial thieves (see Pages 2 and 3). If you become aware of anyone using your identity, immediately notify the creditor, law enforcement authorities and the major credit bureaus.

Internet Fraud

How it works: Unusual or inexpensive goods and services are offered over the Internet. The consumer typically pays for something that doesn’t arrive, or the goods and services are not as advertised.

Warning signs: Exaggerated claims often aren’t easy to spot, but if something sounds too good to be true, it probably is a scam. Although people selling goods and services over the Internet may claim lower overhead by selling directly to the public, you should use common sense in determining whether their claims are reasonable. For instance, if a bank doing business over

the Internet offers 20 percent interest on deposits, is their cost of business so much less that they can quadruple the interest rate paid by traditional banks? Most likely, it isn't.

Best defense: When banking or buying over the Internet, only give credit card or other personal information to companies you know and trust. If you don't know anything about the company, contact your local Better Business Bureau to find out if any complaints have been filed. Your Internet service provider also can provide useful advice about safely using the 'Net. Also see our warning about fraudulent CDs on the previous page. For more tips for avoiding online problems and scams, see the fall 1997 issue of FDIC Consumer News.

Investment Fraud

How it works: You get or see an offer of "guaranteed" big returns (up to 100 percent or more) on investments, business opportunities and other "no-risk" deals. Many of these deals involve pyramid schemes where funds received from new investors are used to pay earlier investors, thus lending credibility to scam artists who may boast of returns paid to investors. At some point, though, the crook takes the money, flees the area, and leaves the latest investors with nothing but worthless paper. A related scam involves "prime bank" instruments. These are nonexistent investments that scam artists advertise as returning 100 to 1,000 percent of the investor's original investment.

Warning signs: Avoid investments that defy logic and offer unrealistic returns. Again, if it sounds too good to be true, it probably is a scam. Avoid high-pressure sales pitches. "If these supposedly high-return, no-risk investments were legitimate, nobody would have to contact you or pay to advertise them," says Gene Seitz, an FDIC fraud investigator based in Washington. "They wouldn't even have time to call you because they'd be too busy answering incoming calls."

Best defense: Deal only with reputable investment firms. Ask the SEC or your state securities regulator about the legitimacy of a broker or an investment opportunity. Check out business opportunities with places such as your state corporation licensing division and/or the Better Business Bureau.

Nigerian Scam

How it works: You receive an official-looking letter from someone claiming to be a Nigerian who, because of Nigerian government rules, needs help transferring money out of that country. Perhaps you're asked to deposit the funds into your bank account for a "reward" of 20 to 30 percent of the funds, which usually are in the millions of dollars. To do your part, you're simply asked to supply your bank account number and some money supposedly to cover "expenses." But the crooks behind these scams simply keep your money and use the account information to steal more money. Another variation involves a request that you act as a "front" in a real estate purchase so the true identity of the Nigerian can be kept secret. You're offered a hefty fee for your services but you'll have to provide "good faith" money and help pay certain expenses. Then the only funds exchanged go from the unsuspecting victim to the con artist.

Warning signs: Nobody is going to give you a percentage of millions of dollars simply for the privilege of using your bank account or your name to transfer money to the U S. Some people have lost their lives trying to collect their money lost in this scheme.

Best defense: If you receive a letter or fax containing promises of instant wealth, don't respond. Promptly take it to your nearest U.S. Postal Inspection Office.

The Phony Investigator

How it works: A consumer, often an elderly person, is approached by someone claiming to be a bank examiner, bank security officer, police officer, Internal Revenue Service (IRS) auditor or some other "agent" involved in an "official" review or investigation. For example, the consumer may be asked to withdraw cash from his or her bank account, or to let the investigator review personal account records, supposedly to aid in an investigation of a possible fraud at the bank. The successful con artist walks away with the cash or the confidential information that can be used to raid the consumer's bank account.

Warning signs: Be wary of anyone who approaches you claiming to be a government employee investigating a bank, a bank employee, or otherwise asking for access to your cash or bank records. Government agencies do not turn to bank customers to withdraw personal funds or give account information as part of an investigation. Also, in cases such as IRS audits, you'll be notified in advance by mail.

Best defense: Decline any requests to give cash or confidential information to anyone who approaches you claiming to be a police officer or government investigator. Promptly report the matter to your bank's security officer and/or local law enforcement authorities.

Telemarketing Fraud

How it works: You get an unsolicited phone call or mailing with an offer of prizes, a vacation package, merchandise or other opportunities that are said to be "too good to miss" and "available only if you act now." You agree over the phone to give cash or bank account information up-front to take care of a supposedly minor fee or tax. Later you discover that the con artists have taken your money and you have little or nothing to show for it.

Warning signs: High-pressure sales people offer prizes, goods or services that can only be delivered upon receipt of cash, a credit card number or checking account number. While prizes are usually subject to federal income taxes, this money is only payable to the IRS when you complete your income tax returns. Taxes never are collected up-front when legitimate prizes are awarded. Be wary if the caller says merchandise is "unique" and available only at a special price if purchased now.

Best defense: Buy only from a reputable telemarketing firm. Never pay a fee to receive something "free." If you have doubts about a particular firm, contact the Better Business Bureau and/or the Federal Trade Commission to see if complaints have been registered against the firm. Also keep in mind that seemingly innocent "telephone surveys" may be used by scam artists to collect information that can be used in future telemarketing frauds.

A Crook Has Drained Your Account: Who Pays?

Federal laws and other protections may limit your losses if you fall victim to a bank fraud or theft. A swindler runs up a big bill on your credit card or steals hundreds of dollars from your bank account. Do you suffer the loss? In many cases of bank crimes, your liability is limited by law or industry practices to the first \$50 of loss, but that depends on the type of account and how quickly you report the problem.

Suppose a thief obtains your **ATM card** and uses it at an automated teller machine to withdraw money from your bank account. Under the Electronic Funds Transfer Act, your losses are limited to \$50 if you report your ATM card lost or stolen within two business days of discovering the loss. If you wait between two and 60 days of discovering the loss, you can be liable for up to \$500 of what a thief withdraws. If you wait more than 60 days after receiving a bank statement that includes an unauthorized transfer, the law doesn't require your bank to reimburse you for any losses. You're not responsible, however, for any funds withdrawn after you notify your bank that the ATM card is lost or stolen.

What if your **credit card** is lost or stolen and gets used by a thief? Under the Fair Credit Billing Act, your losses are limited to \$50 per card. As with ATM cards, you're not responsible for charges made after you report the card lost or stolen.

More and more people are using **debit cards** (or "check cards") to pay for purchases from a checking account without writing a check. By law, a consumer's liability for an unauthorized use of a debit card is comparable to that for an ATM card, which may be far higher than that for a credit card (\$50 maximum loss). However, it's easier for a thief to deplete an account with a debit card than with an ATM card, because some debit cards require only a signature, not a personal identification number (PIN). Fortunately for consumers, though, VISA and MasterCard have voluntarily limited debit card liability to the same \$50 limit that exists for credit cards.

The **stored-value card** has emerged in recent years as another way to purchase items. These cards are purchased with cash and have a fixed value that gets reduced as purchases are made at merchants that accept the card. If a stored-value card is lost or stolen, it's like losing cash, and no federal law protects you.

While no federal law limits your losses if someone steals your **checks** and forges your signature, you do have protections under state law. Most states hold the bank responsible for losses from a forged check. However, most states also require the customer to take reasonable care of his or her account. You may be held liable for the forgery if you don't notify the bank in a timely manner that a check was lost or stolen, or if you don't monitor your account statements and promptly report an unauthorized transaction. Pay attention to your accounts. Contact your state's consumer protection office to learn more about your rights.

Many banks also purchase a form of insurance called a banker's blanket bond that may protect them from robbery, burglary, embezzlement and other causes of disappearing funds. The banker's blanket bond would cover the bank and, most likely, ensure that funds taken from your account would be covered.

Finally, your credit history can receive unfair blemishes when a thief uses your credit card, debit card or checking account. But under the Fair Credit Reporting Act, if you think your file contains incorrect information you're entitled to an investigation by the credit bureau. If you

disagree with the results, you have the right to include in your credit file a brief statement giving your side of the story.

What is FDIC-Insured?

Many consumers mistakenly assume that FDIC insurance must protect them from a fraud or theft if the funds were taken from an insured account. But by law, deposit insurance only protects your accounts up to \$100,000 if your insured bank or savings institution fails. To learn more about what is and is not protected by FDIC insurance, read our brochure "Insured Or Not Insured," which is available free of charge from our [Public Information Center](#) or on the Internet (www.fdic.gov/news/publications/index.html).

Your Wallet: A Loser's Manual

A thief who takes your wallet can steal your identity, too, and use your good name to run up big bills. Here's how to protect your money and your credit record and your sanity if your wallet is lost or stolen.

Consider this: Your wallet is stolen. You immediately call your bank and credit card company to report the problem, close old accounts and open new ones. You feel fairly confident that the incident is behind you.

But a few weeks later you receive a threatening notice to pay a "past-due" bill for some merchandise you know you never purchased. Next, your application for an auto loan gets rejected because of a poor credit history, when you know you never missed a loan payment or bounced a check in your life. Shocked, you immediately call one of the major credit bureaus (also called a credit reporting agency), which informs you that numerous accounts have been opened, using your name and Social Security number, and with thousands of dollars in debts to stores, credit cards, utilities and other companies. The good news: Your actual liability for these unauthorized purchases is limited by law or industry standards. The bad news: You still spend many frustrating hours trying to clear your name and straighten out your credit history.

Sound like fiction? It's not. It could happen to you any time, anywhere. We're talking about "identity theft"- situations where a con artist obtains charge cards or enough personal information to establish new accounts in your name.

"Most of us assume that thieves are interested in cash when they steal a wallet, but in many cases the cash may be the least valuable item," says Pete Hirsch, a fraud examiner with the FDIC's Division of Supervision in Washington. "Your wallet can provide a criminal with ready access to sensitive information that can be used to steal your identity, drain bank accounts and make it difficult for you to obtain credit in the future."

Identity theft is on the rise in the United States and, unfortunately, many consumers don't know how to adequately protect themselves or the contents of their wallets. People too often assume that when a wallet is lost or stolen they simply need to cancel their "plastic" (credit, debit, and ATM cards) and replace lost identification. But there are other steps, including some preventive measures, that you can take to greatly reduce your chances of becoming a victim.

Here's a collection of tips and information from FDIC Consumer News that we think can help you protect against all kinds of financial fraud, even if you never lose your wallet. Remember: A con artist doesn't need to steal your wallet to steal your money and your identity. A sophisticated thief simply needs a little information about you - perhaps one of your credit card numbers or your Social Security number - to make purchases or obtain new accounts in your name. So some of the suggestions in this report can help.

Preventive Measures

One simple way to protect yourself against identity theft is to limit the amount of confidential information you carry in your wallet. Experts recommend that you not carry around bank account numbers, personal identification numbers (PINs), passports, birth certificates, and most importantly, Social Security cards. (Although many states continue to use Social Security numbers on drivers' licenses, this practice is changing.)

Avoid carrying more blank checks than you really need. Not only can a thief cash checks or use them for purchases, but a crook also can make use of the sensitive information often pre-printed on your checks (your address, bank account number, even your telephone number). Many consumers even print their driver's license number or Social Security number on their checks. That's a definite no-no, because either number could help a thief apply for a loan, credit card or bank account in your name.

Keep good backup information about your accounts, just in case your wallet is lost or stolen. You'll want account numbers and phone numbers that can be used to report your losses or request new cards or emergency cash. Some people recommend photocopying your credit, debit, and ATM cards, as well as your driver's license and passport information. Another approach is to simply list key numbers on a handy sheet of paper, and we've given you a start with [our checklist](#).

"Keep these numbers in safekeeping or else they can become tools for someone with criminal intent," says Deirdre Foley of the FDIC's Division of Compliance and Consumer Affairs in Washington. You'll also want ready access to these papers, too. That's why a safe deposit box or other restricted area might not be a good storage place for these numbers in case you need immediate access at night or on a weekend or holiday.

If you're going on vacation, Ken Baebel, also from the Division of Compliance and Consumer Affairs, recommends taking along a list of the toll-free telephone numbers for your banking and credit card companies not your card numbers and keeping the list in a safe place other than your wallet. "If you lose your wallet while you're away from home, having those phone numbers will help you quickly report the problem and get replacement cash or cards," he says.

Why not take a list of card numbers with you on your trip? "The card numbers alone can be just as valuable to a thief as the actual cards themselves, if not more valuable," explains Gene Seitz, a fraud investigator in the FDIC's Division of Supervision in Washington. "If someone steals your wallet, you'll probably notice that right away. But if someone steals a list of card numbers from your suitcase, you might not be so quick to realize that, and that just gives the thief more time to run up fraudulent charges."

Consider canceling any credit cards you don't really need or use. Among the reasons: A thief can dust off a "dormant" card and use card numbers and other personal information to make purchases or get a new card. You'll only find out about the problem when the collection notices arrive at your address.

Never give out personal information (such as your Social Security number, credit card numbers or your address) over the telephone unless you initiate the call, and it's to a well-known and trusted outfit. Also try not to provide personal information when using a check or plastic for purchases at a cash register. Many states even prohibit merchants from requiring personal details.

Don't just toss away those credit card applications you receive in the mail and don't intend to apply for. Shred them as best you can. Crooks can easily use these applications to establish accounts in your name and then change the mailing address so you're unaware of the fraud until it's too late. Also, if you don't want to receive unsolicited credit card applications in the mail, by law you can demand that your name be removed from the marketing lists that credit bureaus sell to credit grantors looking for new customers. To "opt out" of these mailings, call any one of the following credit bureaus at these toll-free numbers specifically established for this purpose:

Equifax at (800) 556-4711, Experian at (800) 353-0809, or Trans Union at either (800) 241-2858 or (800) 680-7293.

Review your credit card bills and your checking account statements as soon as they arrive, to ensure that no fraudulent activity is taking place. Also make sure you get a statement from your creditors every month. If no statement arrives, that could be a sign that someone has changed your billing address for fraudulent purposes. And, finally, periodically request a copy of your credit report and check for signs that someone has opened accounts in your name. The three major credit bureaus and their toll-free numbers for requesting copies of your credit report are: Equifax at (800) 685-1111, Experian at (800) 682-7654, and Trans Union at (800) 888-4213. If you've been denied credit, you may be entitled to a free copy of your report. If you haven't been denied credit, the most you can be charged is \$8.

While it may seem obvious, it can't hurt to mention a few basic words about protecting your wallet: Don't take out your wallet until you actually need it, and don't forget your wallet before leaving a restaurant, store or any public place. And never put your wallet down alongside a cash register, in a phone booth or even on top of your car. A good rule of thumb, as we've noted previously in FDIC Consumer News, is this: Never set down your wallet unless your hand is attached to it.

[Know Your \(Liability\) Limits](#)

A brief overview of your potential liability when victimized by credit card or banking fraud.

If You've Already Been Victimized

If your wallet disappears, there are limits to how much you will have to pay for the charges made by a thief (see the article [Know Your \(Liability\) Limits](#)). In some cases you may owe nothing. But you can help limit your liability and reduce potential losses for merchants and banks (which often get passed on to consumers in the form of higher costs for goods and services) by doing the following.

First, immediately call your credit and charge card companies on their toll-free numbers and explain the situation. You may not have to pay for fraudulent charges if you notify the card issuer quickly (usually within two business days of discovering the loss or theft).

Instruct your card companies to close your accounts. Why close them instead of just asking for fraudulent charges to be removed? For one thing, it'll be difficult for the card issuer to identify and prevent all fraudulent purchases. Also, it's good to have your credit reports show that an account was "closed at customer's request" instead of "lost or stolen." The latter could indicate that you somehow were at fault. And follow up your phone conversations with letters to the card companies - to ensure an adequate "paper trail." It may help to keep a detailed log of phone calls and letters to avoid confusion and to prove that you made the required notifications.

After you've closed your credit card accounts, open new ones with new account numbers and PINs. Replace your old ATM card with a new one, and change your existing PIN to one that cannot be easily guessed by a thief. Your birth date and portions of your Social Security number, telephone number or street address usually are poor choices for PINs.

Canceling your credit card may not be enough to stop crooks from applying for new accounts. That's why you also should contact the three big credit bureaus and have them "flag" your file as one belonging to a possible fraud victim. (See the guide on the previous page.) This warning will caution credit grantors to check with you before approving new loans or cards in your name. Experts say you should take the time to call all three credit bureaus, and perhaps even follow up in writing.

Immediately notify local police where the wallet was lost or stolen. Hugh Eagleton of the FDIC's Division of Compliance and Consumer Affairs recommends that you fill out a police report and ask about signing a written affidavit verifying that unauthorized transactions in your name are fraudulent. "These documents will help you when dealing with your bank or credit card company or removing clouds from your credit record," he says. "They give you more credibility when you say that you had no part in any fraud."

Also worth calling: the Social Security Administration (for replacement of Social Security and Medicaid cards), the Department of Motor Vehicles (to get a new driver's license), and your telephone and utility companies (to prevent a con artist from using a utility bill as proof of residence when applying for new credit cards).

Final Thoughts

There's no doubt about it: Our recommendations are time-consuming. But victims of lost wallets and identity theft can tell you that the extra efforts we've described would be far preferable to the many hours you would spend trying to erase a criminal's fingerprints from your credit record. Remember: Your name and good credit history are among your most valuable assets. Protect them.

Dear Reader,

Thank you for taking the time to read this e-book. I sincerely hope you found what information you needed and that you have a satisfactory resolution to your problem.

I wanted to take a moment and mention that you have probably seen the advertisement in this text for my "32 Ways to Quickly Stop Foreclosure" that I wrote in 2007. It has had outstanding acceptance by homeowners and investors contemplating or in foreclosure.

Because of changes by the Federal government in December 2007, and more recent changes in the foreclosure market, I significantly revised the material and added to Bonus Reports. The first report is entitled "How to Live in Your Home that's in Foreclosure Without Fear of Being Evicted for Three Years or Longer and Never Make a Mortgage Payment!". This is a documentation of exactly how thousands of average homeowners in foreclosure have "beat the system" and stayed mortgage-free in their homes for up to seven years. Additionally, the report goes on to explain how to LEGALLY get all your mortgage payments refunded by the bank – Legally and Ethically. The bank will beg you to buy your home when this process is over. See more at www.stopmyforeclosuremess.com

The second report is called "Discover How to Buy Another Home After Foreclosure, With No Money and No Credit within Two Weeks of Losing Your Home!". Here I disclose how real estate investors have been doing this for years and how you can use 100% legal techniques to do the same thing. This is a way to over-come the heartache and anguish you suffered when you lost your home. Again, this is also a free report as part of my 2008 revised book. "32 Ways to Quickly Stop Foreclosure" at www.stopmyforeclosuremess.com

To your future success,
Dave Dinkel