Your Guide To Perfect Credit

(second edition updated April 2007)

"Don't be a prisoner of debt! Know the rules before you play the game"

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Introduction

In the following pages you will discover everything that you need to know about credit, debt and debt management. The ***decision*** that you made to obtain this book was one of the most important ***decisions*** that you will make in your life. It is a ***decision*** to become educated in an area of your life where average people have little or no knowledege, yet most are swimming in a sea of debt. Some are drowning! So your ***decision*** to reach out for help, to educate yourself, was truly a wise one.

de·ci·sion [di sízh'n] (*plural* de·ci·sions)

noun

1. **something somebody has chosen:** something that somebody chooses or makes up his or her mind about, after considering it and other possible choices
   - *made a final decision on the guest list*

2. **firmness in choosing something:** the ability to choose or decide about things in a clear and definite way without too much hesitation or delay
   - *a man of decision*

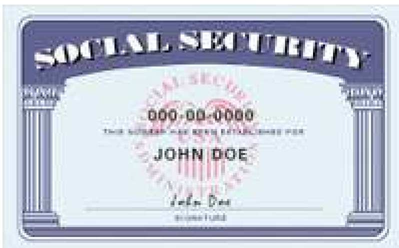
3. **process of choosing:** the process of coming to a conclusion or determination about something

The word decision was used in the above paragraph several times for a reason. It is when you truly decide to take action that good things start to happen. Using the techniques in this book, you will begin to change your financial life and how you perceive credit, credit cards and debt. You will be taken by the hand and shown step by step what you need to know to get out of debt and stay that way. You will have a far better understanding as to what credit and debt are and how they can affect your lives. Good and bad. You will learn how to strategies that will alleviate your bad habits and change the way you deal with credit and debt.

So *CONGRATULATIONS!* on a wise decision.

Dave Capra “The Debtonator”

Chapter 1 - Your Social Security Card



In the United States, the nine digits that make up your **Social Security number** (SSN) may be the most important numbers in your life. You are required to apply for your SSN when you start your first job, and it stays with you from then on! We use our SSNs daily, although many times we don't even know it.

Important as it is, we may not know much about the origin of our specific number and how SSNs generally came to be. We certainly do know we don't want other people using our SSN as their own, especially not 40,000 other people, as happened to one woman we'll discuss a little later!

In this chapter, we'll tell you about about how the **Social Security program** began and answer some common questions regarding SSNs. We'll also tell you what to do if your card is lost or stolen and how you can deal with and prevent Social Security fraud. But first, we'll tell you what your numbers are for, what they mean and how you get the specific number you'll have for the rest of your life.

What is Social Security?

Generally, the term **social security** describes a program that uses public funds to provide a degree of economic security for the public. The specific social security discussed here is the United States government program established in 1935 that provides old age, disability, and survivors insurance, as well as **supplemental security income**, an income for elderly or disabled people.

In the United States, employers and employees are required to pay Social Security taxes. The money raised from these taxes primarily goes to providing benefits for those who have reached retirement age or are otherwise currently eligible. In this way, today's workers provide funds for the people drawing benefits today, and when today's workers retire, the workers of that time will (at least theoretically) provide the funds. You receive Social Security benefits based on the amount of Social Security taxes you have paid, which, up to a certain maximum amount, is based on your income. People who have had greater incomes tend to get greater Social Security benefits. But Social Security also pays a disproportionate amount to people earning low incomes. They need the money more, and a dollar they pay in Social Security taxes provides them higher benefits than a dollar paid by a high-roller. In this way, Social Security in principle provides for those in need.

Social Security reform is in the news pretty consistently If you're counting on Social Security for a portion of your income when you retire . The debate over Social Security reform has generated many competing claims and confusing projections. But the most important issue is this: Will the current Social Security system provide our children and our grandchildren with a secure and comfortable retirement? Since the answer to that simple question is no, there's no denying the need for reform.

This booklet http://www.socialsecurity.org/toolkit/itsyourmoney.pdf explains the state of the Social Security system today and describes how we can fix the flaws in its structure that, if left unchanged, will burden our children and grandchildren with unnecessary debt and taxes.

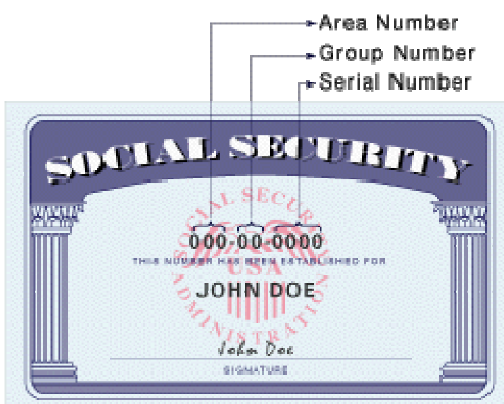
The good news is that, with revisions to the Social Security system, we will be able to provide future generations with a program that actually accomplishes more successfully what the creators of the original Social Security program hoped to achieve real retirement security.

What Do The Numbers Mean?

The original and essential purpose of SSNs is to keep track of the money you put into the Social Security program so that you can get the benefits you're entitled to. The government needs lifelong, unique identity numbers to keep track of people's payments throughout an entire working life, no matter how often we move or change occupations or even change our names.

SSNs are not assigned consecutively; the first was not the lowest number, and the most recent is not the highest. They are assigned regionally and in batches.

The nine-digit SSN, which has been issued in more than 400 million different sequences, is divided into three parts: **area** numbers, **group** numbers and **serial** numbers.



The numbers on your Social Security card actually mean something!

- **Area numbers** - The first three numbers originally represented the state in which a person first applied for a Social Security card. Numbers started in the northeast and moved westward. This meant that people on the east coast had the lowest numbers and those on the west coast had the highest. Since 1972, the SSA has assigned numbers and issued cards based on the ZIP code in the mailing address provided on the original application form. Since the applicant's mailing address doesn't have to be the same as his residence, his area number doesn't necessarily represent the state in which he resides. For many of us who received our SSNs as infants, the area number indicates the state we were born in.

Since 1973, social security numbers have been issued by our central office. The first three (3) digits of a person's social security number are determined by the ZIP Code of the mailing address shown on the application for a social security number. Prior to 1973, social security numbers were assigned by our field offices. The number merely established that his/her card was issued by the SSA offices in that State.

The chart below shows the first 3 digits of the social security numbers assigned throughout the United States and its possessions.

001-003	New Hampshire
004-007	Maine
008-009	Vermont
010-034	Massachusetts
035-039	Rhode Island
040-049	Connecticut
050-134	New York
135-158	New Jersey
159-211	Pennsylvania
212-220	Maryland
221-222	Delaware
223-231	Virginia
691-699	
232-236	West Virginia
232	North Carolina
237-246	
681-690	
247-251	South Carolina
654-658	
252-260	Georgia
667-675	
261-267	Florida
589-595	
766-772	
268-302	Ohio
303-317	Indiana
318-361	Illinois
362-386	Michigan
387-399	Wisconsin
400-407	Kentucky
408-415	Tennessee
756-763	
416-424	Alabama
425-428	Mississippi
587	
588	
752-755	
429-432	Arkansas
676-679	

433-439	Louisiana
659-665	
440-448	Oklahoma
449-467	Texas
627-645	
468-477	Minnesota
478-485	Iowa
486-500	Missouri
501-502	North Dakota
503-504	South Dakota
505-508	Nebraska
509-515	Kansas
516-517	Montana
518-519	Idaho
520	Wyoming
521-524	Colorado
650-653	
525,585	New Mexico
648-649	
526-527	Arizona
600-601	
764-765	
528-529	Utah
646-647	
530	Nevada
680	
531-539	Washington
540-544	Oregon
545-573	California
602-626	
574	Alaska
575-576	Hawaii
750	
751	
577-579	District of Columbia
580	Virgin Islands
580-584	Puerto Rico
596-599	
586	Guam
586	American Samoa
586	Philippine Islands
700-728	Railroad Board**
729-733	Enumeration at Entry

The same area, when shown more than once, means that certain numbers have been transferred from one State to another, or that an area has been divided for use among certain geographic locations. Any number beginning with 000 will NEVER be a valid SSN.

700-728 Issuance of these numbers to railroad employees was discontinued July 1, 1963.

- **Group numbers** - These two middle digits, which range from 01 through 99, are simply used to break all the SSNs with the same area number into smaller blocks, which makes administration easier. (The SSA says that, for administrative reasons, group numbers issued first consist of the odd numbers from 01 through 09, and then even numbers from 10 through 98, within each area number assigned to a state. After all the numbers in group 98 of a specific area have been issued, the even groups 02 through 08 are used, followed by odd groups 11 through 99.)

- **Serial numbers** - Within each group designation, serial numbers -- the last four digits in an SSN -- run consecutively from 0001 through 9999.

Although SSNs are issued in some order, there is no simple way to tell a person's age based on his Social Security number.

The History of Social Security

According to SSA historians, the social security program began with the **Social Security Act of 1935**, originally titled the **Economic Security Act**. The term "Social Security" was coined in the United States by activist **Abraham Epstein**, who led a group called the **American Association for Social Security**.

Social Security taxes and benefit payments began in January 1937. Initially the government paid retirement benefits only to a family's primary worker, but in 1939 it added survivor's benefits and benefits for the retiree's spouse and children. **Disability benefits** began in 1956, and in 1965 Congress signed **Medicare** into law. The Civil Service Commission adopted the SSN as an official federal employee identifier in 1961, and the Internal Revenue Service adopted it as the official taxpayer ID number in 1962.

While the Social Security Act did not specify the use of numbered cards, it did call for the formation of a record-keeping plan. The first group of SSNs were assigned and distributed through 45,000 local post offices across the United States, since the SSA had not yet developed its current network of 1,300 field offices. The cards themselves were made in more than 1,000 post offices designated as "typing centers."

Between November 1936 and June 1937, more than 30 million SSN applications were processed. First, the SSA distributed **SS-4 applications** to employers, asking them to report the number of employees in their businesses. Then, the SSA sent the appropriate number of **SS-5 forms** to employees for them to complete. When the employees returned these forms to the post offices and typing centers, the SSA assigned SSNs and typed them up on the first Social Security cards. **Fred Happel**, the New York artist who had created the Flying Tigers logo used during World War II, provided the design for the cards.

Fred Happel of Albany, N.Y. designed the original Social Security card back in 1936. He was commissioned by the Social Security Board to submit three designs, one of which was ultimately selected. Mr. Happel was paid $60 for his work. (Mr. Happel was a skilled artist who also designed the famous "Flying Tigers" logo used by General Chennault's forces during World War II.)

In 1985, Mr. Happel's surviving niece, Emily Bailey of Greensboro, Maryland, donated the original artwork for the card to SSA's History Room in Baltimore.

Former Commissioner of SSA Martha McSteen (left) and former SSA Historian, Sid Leibovitz (center), receive a donation to the History Room of the original artwork done by Fred Happel, from his niece, Emily Bailey. 1985. *SSA History Archives.*

Happel's original design.

The First Social Security Numbers

So who got that first number? According to government historians, no one knows for sure. The first card was issued sometime in mid-November 1936 at one of the 1,074 typing centers. Officially, no cards should have been issued before November 16, SSA historians say, provided that the 45,000 local post offices followed procedure, which is unlikely. Even if the first issuance date could be determined, it's likely that hundreds of thousands of citizens across the country received their cards on that day.

The First "Official" Record
Once received in Baltimore, SSN records were grouped in sections of 1,000, and master records (on the earnings and Social Security taxes of each individual) were formulated.

When the first block of records was complete, the head of the SSA's Division of Accounting Operations pulled off the top record -- SSN 055-09-0001 -- and designated it as the first official card.

That first Social Security record was assigned to a 23-year-old New York man, **John David Sweeney, Jr.**. Ironically, Sweeney died in 1974 at the age of 61 without ever receiving any Social Security benefits (full retirement age was initially set at 65; today, benefits are reduced by five-ninths of 1 percent for each month you are retired before 65, up to a maximum of 20 percent for people who retire the month they reach 62). Sweeney's widow, however, did receive benefits until she died eight years later.

The Low-Number Holder
Concord, New Hampshire, resident **Grace D. Owen** was issued the first card typed in Concord, which because of the numbering scheme happened to be the card with the lowest possible number -- 001-01-0001. Owen received the number after it had been offered (as an honor) and declined by both **John G. Winant**, Social Security board chairman, and **John Campbell**, Federal Bureau of Old Age Benefits' regional representative for the Boston region.

Who was the first to receive Social Security benefits?
During the Social Security program's start-up period between January 1937 and December 1939, the SSA only made one-time, lump-sum payments. According to SSA historians, **Ernest Ackerman** was the first recipient of Social Security benefits -- 17 cents, paid to him in January 1937. The first person to receive monthly benefits was **Ida May Fuller** from Vermont, who retired in November 1939 and started collecting benefits in January 1940 at age 65. In the three years that Fuller worked under the program, she contributed a total of $24.75. Her first benefit check was for $22.54 and she went on collecting benefits for 35 years, until 1975, when she died at age 100. In this time she collected a total of $22,888.92.

Problems With Your SSN

Because SSNs are unique, lifelong identification numbers, they serve many beneficial functions. However, those same qualities can also make SSNs problematic.

Should I Give My SSN To Anyone That Asks?
You are not necessarily required to give your SSN to government agencies asking for it. These agencies must provide you with a Privacy Act of 1974 Disclosure Notice, which explains which law allows them to ask, whether you are required to answer and what penalties you face if you refuse to provide the number.

If a business or private company insists on knowing your SSN (they are not bound by the restrictions mentioned above), you can choose either to provide it or to take your business elsewhere.

Sharing your SSN is a potential problem because of the many secondary ways we now use SSNs. During the first few decades that Social Security cards were issued, they contained the phrase "Not to be used for identification." No reinforcing law was passed, however, and since SSNs never change, many institutions -- including hospitals and some banks and brokerage firms -- have found SSNs to be the perfect form of identification.

Some organizations, primarily banks, then began to use SSNs as secret codes or passwords, assuming only the owner would know them. Unfortunately, this is often not the case. The SSA says that if someone knows your name and your SSN and is a good enough actor to convince a clerk or teller that he has forgotten the account number, he might be allowed to transfer funds or conduct other fraudulent business with your money.

Such inconsistencies in the use of SSNs are at the root of the problem, experts say. Our SSNs might appear on our driver's licenses, on mailing labels and on university reports made available to the public in order to maintain federal funding. As such, they can't safely be used as secret passwords or codes; they're too accessible to too many people.

According to the Privacy Rights Clearing House, identity theft now occurs at a rate of about 400,000 cases a year -- and that number is growing 40 percent annually. Although Internet identity theft is raising a lot of new fears, experts say that low-tech identity theft, often stemming from criminals finding bits of information in stolen mail or garbage, is still the greater threat. (Before you toss that next credit card offer in the trash, shred it so that no one else can apply for credit in your name!)

Social Security Fraud Hotline
P.O. Box 17768 Baltimore, MD 21235 (800) 269-0271 (10 a.m.-4 p.m. EST) Fax: (410) 597-0018 Email: oig.hotline@ssa.gov

Experts suggest you take the following steps to lessen your chances of becoming a victim:

- Don't carry your Social Security card, passport or birth certificate in your purse or wallet.
- Cancel any credit cards you don't use.
- Don't share your SSN when it isn't necessary. (For purchases and business transactions other than banking, trading stock or buying property, it isn't necessary.)
- Remove your name from mailing lists. By calling (888) 5OPT-OUT, you can get your name off the marketing lists of the three primary credit bureaus. (This will, in turn, decrease the number of pre-approved credit offers you receive.)
- Request a copy of your Social Security Personal Earnings and Benefit Estimate Statement at least every three years to make sure the information in your file is correct. (You can do this online through the SSA Web site.)
- Be aware of what's on your credit report -- pull your report once or twice a year to be sure it's correct.
- If your bank uses your SSN as a personal identification number (PIN) or as the identifier for banking by phone, write or call to request a different number. If you use the last four digits of your SSN as your ATM PIN, change it to something less predicable (not your birth date!).
- If your state Department of Motor Vehicles uses SSNs as driver's license numbers, ask for an alternate number. Most will cooperate.

What if I find out someone else is using my SSN?
First, you should call the police and contact the SSA Fraud Hotline, which is operated by the **Office of the Inspector General (OIG)**, an independent law enforcement agency that investigates violations connected with SSA programs. These violations include the following:

- Misuse of an SSN
- False statements on claims
- Misrepresentation or concealment of facts affecting eligibility
- False statements made to obtain an SSN
- Crimes involving SSA employees
- Conflict-of-interest and standards-of-conduct violations
- Mismanagement and/or waste of funds

You will need to provide detailed information about the crime or fraud being committed against you. Investigators at the Fraud Hotline will review this information and determine the best course of action. If you would rather remain anonymous, you can do so, but this can make solving your problem more difficult. After your initial report, you will be contacted by an investigator for additional information.

The SSA and the OIG do not help with credit problems caused by someone misusing your Social Security number. Instead, you will need to work with credit card companies and credit reporting agencies to correct the problem and alert them that someone has been making fraudulent use of your SSN. The three major credit reporting bureaus are:

- **Equifax** - (800) 525-6285
- **TransUnion** - (800) 680-7289
- **Experian** - (888) 524-3666

Can someone who steals my SSN and identity be prosecuted?
In October 1998, President Bill Clinton signed the **Identity Theft and Assumption Deference Act of 1998**. This act makes it a felony to use or transfer the identity (including the SSN) of another person. Last year, the act was used to successfully prosecute a Wisconsin man for stealing the identity of a Chicago man (he used the man's SSN to get a job that enabled him to steal computer equipment and open bank accounts and file income taxes in the victim's name). He pled guilty and faces a maximum penalty of 15 years in jail (followed by three years of probation) and a fine of up to $250,000.

In addition to crimes by U.S. citizens -- crimes that are bilking the government out of millions of dollars each year -- agents in the OIG's **Strategic Enforcement Division** (SED) say they are also targeting scams run by immigrant groups and foreign nationals.

There is a great deal more to learn about the Social Security program, its benefits and what they mean to you.Check out www.ssa.gov for answers to your questions.

More on identity theft later.

Chapter 2 - Your Credit Report

A credit report is a record of your credit activities. It lists any credit-card accounts or loans you may have, the balances, and how regularly you make your payments. It also shows if any action has been taken against you because of unpaid bills.

A company that gathers and sells credit information is called a consumer reporting agency (CRA). These types of companies collect information about your credit activities, store it in giant databases, and charge a fee for supplying the information. The most common type of CRA is the credit bureau.

There are three major credit bureaus that operate nationwide, plus many smaller companies serving local markets.

Your credit rating is drawn from your credit report, which outlines your borrowing, charging, and repayment activities. A good rating helps you reach financial goals; a poor rating limits your financial opportunities.

Since your credit report influences whether you are able to buy a home and even get a job in some cases, it is extremely important to protect your credit rating by making loan and bill payments on time and by not taking on more debt than you can handle.

There are usually four types of information:

1. *Identifying Information:* Your full name, any known aliases, current and previous addresses, social security number, year of birth, current and past employers, and, if applicable, similar information about your spouse.

2. *Credit Information:* The accounts you have with banks, retailers, credit-card issuers, utility companies, and other lenders (accounts are listed by type of loan, such as mortgage, student loan, revolving credit, or installment loan; the date you opened the account; your credit limit or the loan amount; any co-signers of the loan; and your payment pattern over the past two years).

3. *Public Record Information:* State and county court records on bankruptcy, tax liens, or monetary judgments (some consumer reporting agencies list non-monetary judgments as well).

4. *Recent Inquiries:* The names of those who have obtained copies of your credit report within the past year (two years for employment purposes).

Credit bureaus collect information from parties that have previously extended credit to you, such as a department store that issued you a credit card or a bank that granted you a personal loan

The lenders themselves make the decision about whether or not to grant you credit. The credit-reporting companies only supply the information about your credit history.

To avoid any unwelcome surprises, it's important to see a copy of your credit report before you apply for credit such as car loans, mortgages, or credit cards. Errors in credit reports are extremely common. Keep in mind, however, that they are not part of a conspiracy against you. They are simply the result of human error.

Think about how often your mail has a misspelling of your name or a mistake in your street address. Then, imagine the possibility for error in a report that contains much more information about you. Cases of mistaken identity, out-of-date information, and outright errors can easily occur.

Contact the consumer credit reporting agency immediately. The company is then responsible for researching and changing or removing incorrect data. This process may take as long as 45 days. At your request, a corrected report will be sent to those parties that you specify who have received your report within the past six months, or employers who have received it within the last two years.

You have the right to present your side of the story in a brief statement (100 words or less), which the credit bureau must attach to your credit file. Your statement should be used to clarify inaccuracies, not explain reasons for delinquency. Anyone requesting a copy of your credit report would also automatically receive your statement (or a summary of it), unless the credit bureau decides that it is irrelevant or frivolous.

Generally, all your credit history information, good or bad, remains on your report for seven years. If you file for personal bankruptcy, that fact remains on your credit report for 10 years.

You are entitled to receive one free credit report every 12 months from each of the nationwide consumer credit reporting companies—Equifax, Experian and TransUnion. This free credit file can be requested through www.annualcreditreport.com or by contacting the companies directly by phone or by mail as listed below.

To process your request, you will need to provide specific information, such as your name, current and previous addresses, telephone number, social security number, and date of birth. Also, to verify your identity, other information such as a copy of your driver's license, utility bill(s), or bank statement may be required. Keep in mind that the three large bureaus do not necessarily share information with each other. The content of your credit report can be different at each bureau, so it's a good idea to request copies from each one.

To contact the three major credit bureaus:

Equifax
P.O. Box 105873
Atlanta, GA 30348
http://www.equifax.com
(800) 685-1111

Trans Union
Consumer Disclosure Center
P.O. Box 1000
Chester, PA 19022
http://www.transunion.com
(800) 916-8800 or (800) 888-4213

Experian (formerly TRW)
P.O. Box 2104
Allen, TX 75013-2104
http://www.experian.com
(888) 397-3742

A Little Known Secret

http://www.prbc.com

PRBC is America's Alternative Credit Bureau, providing a helpful service to the over 50 million people with limited or no credit history. If you pay your monthly bills on time, PRBC can help you build credit to qualify for a mortgage and better interest rates.

On-time payments for the following bills **are not** reported to the traditional credit bureaus:

- Rent
- Cable
- Phone
- Daycare
- Insurance
- Electric
- Natural Gas
- Cell Phone

The only time your payments for these bills are reported to the other credit bureaus is if they're missing or late.

With PRBC, your on-time payments count. You build credit for paying your monthly bills on time, even if you have no credit history. There are two simple ways to start building credit today.

There is no enrollment cost and what this reporting agency does is figure into what is called a "FICO expansion score." ***INSIST*** that your PRBC bill payment history be counted when you apply for a lease, mortgage, car loan, credit card etc.

What is a FICO expansion score?

- **It helps lenders better serve the "credit-underserved" market.** Because it uses alternative data sources, the Expansion score helps lenders confidently extend credit to consumers that are typically excluded from the traditional credit-granting process due to insufficient credit histories. Expansion Score uses Fair Isaac's ScoreNet® network to access a diverse range of data sources including non-traditional data. ScoreNet network provides a single connection to over 90 commercial databases and data aggregators. For more information, read "Value to Lenders".

- **It helps "new-to-credit" consumers gain access to credit faster.** It can help consumers gain access faster to traditional credit products like credit cards, car loans, or home loans from reputable lenders by evaluating financial relationships that are absent in credit bureau reports. For more information, read "What does it mean for our community?".
- **It's a credit risk score.** It accurately predicts the likelihood that a consumer will become seriously delinquent in the 24 months following scoring.
- **It's part of the FICO score family.** Because it is a FICO® score, it delivers the same accuracy and benefits as our Classic and NextGen scores:

How to Dispute Credit Report Errors

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 creditors, insurers, employers, and other 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.

Some financial advisors and consumer advocates suggest that you review your credit report annually.

Getting Your Credit Report

An amendment to 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.

For details, see *Your Access to Free Credit Reports* at ftc.gov/credit.

How to Order Your Free Report

The three nationwide consumer reporting companies have set up one website, toll-free telephone number, and mailing address through which you can order your free annual report. To order, visit www.annualcreditreport.com, call 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 use the form in this brochure, or you can print it from ftc.gov/credit. Do not contact the three nationwide consumer reporting companies individually. They are providing 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.

You may order your reports from each of the three nationwide 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.

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.

Other situations where you might be eligible for a free report
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, based on information in your report. You must 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.

E-Oscar, the most confusing and diaboilical tool used by the credit bureaus

From the e-Oscar website:

http://www.e-oscar.org/about.htm

> *e-OSCAR is a web-based, Metro 2 compliant, automated system that enables Data Furnishers (DFs), and Credit Reporting Agencies (CRAs) to create and respond to consumer credit history disputes. CRAs include Equifax, Experian, Innovis and TransUnion, their affiliates or Independent Credit Bureaus and Mortgage Reporting Companies. e-OSCAR also provides for DFs to send "out-of-cycle" credit history updates to CRAs.*
>
> *The system primarily supports Automated Credit Dispute Verification (ACDV) and Automated Universal Dataform (AUD) processing as well as a number of related processes that handle registration, subscriber code management and reporting.*
>
> *ACDVs initiated by a CRA on behalf of a consumer are routed to the appropriate Data Furnisher based on the CRA and subscriber code affiliations indicated by the DF. The ACDV is returned to the initiating CRA with updated information (if any) relating to the consumer's credit history. If an account is modified or deleted, carbon copies are sent to*

each CRA with whom the DF has a reporting relationship.

AUDs are initiated by the DF to process out-of-cycle credit history updates. The system is used to create the AUD and route it to the appropriate CRA(s) based on subscriber codes specified by the DF in the AUD record. The e-OSCAR AUD process is intended to provide the CRA with a correction to a consumer's file that must be handled outside of the regular activity reporting cycle process. e-OSCAR may not be used to add or create a record on a consumer's file or as substitute for "in-cycle" reporting to the CRAs.

E-OSCAR help desk: (866) MY OSCAR or (866) 696-7227.

What the heck is all that supposed to mean? I think they are a little acronym-happy in the explanation, what *do* you think? Think they are trying to hide what's really going on? I'm not going to suggest that. But before we move on, let me help you with a few terms.

- **Information furnisher:** the people who put information about your credit accounts on your credit report. They send information about your credit card accounts, the number, when they were opened, and your payment history to the bureaus. Entities who are also considered information furnishers are collection agencies, the courts (judgments and bankruptcies), mortgage companies and any other type of credit companies.
- **Automated Credit Dispute Verification:** This is the what e-Oscar was invented for, a way to cut down on the work the credit bureaus consumer dispute process. Instead of calling the creditors themselves to check on information a consumer is disputed, it's done via a computer.
- **Automated Universal Dataform**

. Here's what the form looks like:

39B

EQUIFAX

COLLECTION DISPUTE VERIFICATION REQUEST

Control#: Investigation review number **Receive Date:** Date the fax was received by the CA/creditor **Date Sent:** the date the CRA sent the fax

To prevent deletion of this item, please mail your response by Date CRA is required to conclude investigation by to:

EQUIFAX CREDIT INFORMATION SERVICES
P.O. BOX 740243 ATLANTA GA 30374-0243

To: The creditor/Collection agent the account is being disputed with

This consumer may also be listed under the names of:

PLEASE CONFIRM OR CORRECT I.D. INFORMATION

		Same:		
Name:	(Equifax's name on file)	☐	Name:	The creditor/CA's "name on file" if it differs from the one the CRA has on file--if it's close, it's considered "yours"
Addr:	The address the CRA shows as the address for the account	☐	Addr:	Address CA/creditor has on file. Doesn't even have to be close for CRA to consider it valid
Prev:	Prior address shown on CRA credit file	☐	Prev:	Prior address correction if the CRA has one on file--same as above
SSN DOB:	Your social security number and date of birth as the CRA has it on file	☐	SSN DOB:	The social security number and date of birth the CA/Creditor has on file. If it's close, the CRA considers it a "match" and calls it valid.

THE CONSUMER STATES (AS A BASIS FOR DISPUTE):

INACCURATE INFORMATION. NEED COMPLETE ID/ACCOUNT INFORMATION

PLEASE FAX THE RESPONSE TO MELODY CRESWELL @ 678-795-7954.

FOLLOWING IS THE MANNER IN WHICH YOUR REPORTED INFORMATION IS REFLECTED:

Account #:	The account number of the collection/credit account on file	**Date Reported:**	Date first reported to CRA
Status Code:	Charged off, Checked, Consumer disputes, collection account, etc. etc.	**Status Date:**	Last time the "debt" was updated
Original Amount:	Original value owed as on account	**Balance:**	Current money "owed"
Client Name:	The original creditor's name	**Balance Date:**	Date of when that money last came to come to that total
ECOA:	I No idea. I've never seen this filled in **DLA:** Date of last activity. Usually left blank	**Date Assigned:**	The date the CA was assigned the debt

PLEASE PROVIDE AN UPDATE FOR THE FOLLOWING ITEMS:

Account #:	Update on the account number if it doesn't match the one on file	**Date Reported:**	
Status Code:	Collection, Charge Off, Paid/Never Late, etc.	**Status Date:**	
Original Amount:	Original amount owed	**Balance:**	
Client Name:	Original creditor	**Balance Date:**	
ECOA:	**DLA:** Update on Date of last activity. CA's will routinely "update" this to show a more recent date to spite you for disputing	**Date Assigned:**	

SPECIAL INSTRUCTIONS TO ECIS: NAME: CA contact name PHONE: __ __ CA contact information should the CRA need more info (they never do)

It bothers me that (if you can actually get through all of those acromyns) the description on the website makes it sound as if the companies supplying the information to the credit bureaus (the credit card companies, mortgage companies and collection agencies, for example) original creditor (or data furnisher). From the testimony of Leonard Bennett with the employees of Trans Union, this is not what really happens. Every dispute is reduced to a 2 character code and supporting documentation is NEVER sent to the information furnisher.

The "investigators" at the credit bureaus have a maximum of 4 minutes to determine what 2-digit code to reduce the dispute to send to e-oscar and through e-oscar, the information furnishers.

The Automated Universal Dataform (AUD) form we included above is the form Equifax sends out for EVERY investigation, not just some of them. Trans Union and Experian send out forms that look basically the same. I'm personally surprised that not many more people have initiated a class-action lawsuit over the way that the bureaus investigate. In Cushman v TransUnion, Stevenson v. TRW (Experian), and Richardson v. Fleet, Equifax, the courts ruled each and every time that the CRA couldn't merely "parrot" information from the creditors and collection agencies, that they have to conduct an independant REASONABLE investigation to ensure the validity of the debt and the honesty/integrity of the creditor in question.

Please note that name/address/prev/SSN all appear TWICE on this form. In the left hand versions of those, the CRA (EQ in this instance) fills in the information they have on file. The check boxes are there for the Creditors to mark if their computers match that information. If it DOESN'T match that information, they fill in what their computers have on the right hand version and then check the box.

If the information is even CLOSE, the CRA will consider it "valid" and verify the debt--yes, even social security numbers and dates of birth ("Close enough for government work" would be the phrase that comes to mind). Addresses do not need to match AT ALL. EQ will simply update their files with the address the Creditor provides if they fill in a different address, and THAT address, valid or not, will magically become your CURRENT address on your credit file (making it insanely difficult to get correspondance going with the CRA).

As for the rest of the information? If 3 portions of the form are listed as "match"...your debt has just been verified. That's ALL these CRA's do in order to "ensure" that your financial future isn't jeopardized.

Analyzing your credit report

This information is reprinted with permission of Lexington Law firms

When you first receive your Trans Union and Equifax credit reports, you will be totally lost. The information is coded in a way that is not immediately readable by the average consumer.

Each credit report should arrive with a key that interprets the codes and indicators on the credit report. Sit down with the credit report and the key and study it until you understand what each number and code means.

Don't write on your original credit report. Make all of your notes on a copy of the report. You will be sending your original report with your dispute letter, so you should make at least two copies of each new report. The original goes with the dispute, one copy is for notes, and the other copy is what you will send in to the credit agency.

Gather a yellow and orange highlighter pen. Whenever you identify a negative listing, mark the listing in yellow on your scratch copy of the credit report.

Very often, it is difficult to tell if an item on the credit report is negative or positive. The following table will help you identify every negative listing on your credit reports.

Negative Credit Indicators
If the listing contains one or more of these indicators, then the listing is negative. If the listing contains none of these indicators, then the listing is positive.

Experian (formerly TRW) Credit Report

- any item marked with an asterisk any inquiry

Trans Union Credit Report

- any item rated higher than I1, M1, or R1.
- any item listed as repossession, foreclosure, profit and loss charge off, write off,
- paid profit and loss
- write-off, paid charge off, settled, settled for less than full balance, or included in bankruptcy
- any collection amount, whether paid or not.
- any court account, including a lien, judgment, bankruptcy chapters 11, 7, or 13, divorce, satisfied lien, or satisfied judgment.
- any item showing one or more thirty, sixty, or ninety day late payments in the column to the far right.
- any inquiry.

Equifax Credit Report

- any item rated higher than I1, M1, or R1 (such as R2 or I9).
- any item proceeded by a ">>>>" icon.
- any item listed as repossession, foreclosure, profit and loss write-off charge-off, paid profit and loss write-off, paid charge off, settled, settled for less than full balance, or included in bankruptcy.
- any collection amount, whether paid or not.

- any court account, including a lien, judgment, bankruptcy chapters 11, 7, or 13, divorce, satisfied lien, or satisfied judgment.
- any item showing one or more thirty, sixty, or ninety day late payments in the column to the far right.
- any inquiry.

Those I2 and R9 codes - what do they mean?

R- Revolving (usually a credit card)
I - installment (like home or auto loan)

R1 or I1 = pays as agreed never late
R2 or I2 = 30 days late
R3 or I3 = 60 days late
R4 or I4 = 90 days late
R5 or I5 = 120 days late
R7 or I7 = making regular payments under wage earner plan
R8 or I8 = repossession
R9 or I9 = charge off

Generic FICO Scores

It's more common nowadays to use a shared scoring system. The "branded" name is FICO and it's quickly becoming the "generic" term (much like Band-Aid and Q-Tip respectively). This scoring system allows lenders to see your "big picture" without needing to look line by line to see if you've been naughty or nice. Some lenders will have automatic disqualifiers such as Bankruptcies, Charge Off's or simply from being late in the last 6 months etc. regardless of your score.

What it means:

O = Open (entire amount due each month i.e. AMEX)
R = Revolving (payment amount variable i.e. VISA)
I = Installment (fixed number of payments i.e. Auto loans)

0 = Approved, no rating
1 = Paid as agreed
2 = 30+ days late
3 = 60+ days late
4 = 90+ days late
5 = 120+ days late or collection
7 = Making regular payments under wage earner or similar plan
8 = Repossession
9 = Charged off to bad debt

J = Joint

I = Individual
U = Undesignated
A = Authorized User
T = Terminated
M = Maker
C = Co-Maker/Co-Signer
B = On behalf of another person
S = Shared

Correcting Errors
Under 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 take advantage of all your rights under this law, contact the consumer reporting company and the information provider.

Step One
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 you dispute, state the facts and explain why you dispute the information, and request that it be removed or corrected. You may want to enclose a copy of your report with the items in question circled. 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 results in writing 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. 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 it is 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 ask, the consumer reporting company must send notices of any corrections to anyone who received your report in the past six months. You can have a corrected copy of your report 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. You can expect to pay a fee for this service.

Step Two
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.

Adding Accounts to Your File
Your credit file may not reflect all your credit accounts. Although most national department store and all-purpose bank credit card accounts will be included in your file, not all creditors supply information to consumer reporting companies: some travel, entertainment, gasoline card companies, local retailers, and credit unions are among the creditors that don't.

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, understand that if these creditors do not report to the consumer reporting company on a regular basis, the added items will not be updated in your file.

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.

For more information, see *Building a Better Credit Report* at ftc.gov/credit.

Sample Dispute Letter

Date Your Name Your Address, 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. I have circled the items I dispute 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 removed (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 reinvestigate 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.)

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).

The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinal, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

Your Credit Score

What is a credit score?

A credit score is a number that lenders use to estimate risk. Experience has shown them that borrowers with higher credit scores are less likely to default on a loan.

How are credit scores calculated?

Credit scores are generated by plugging the data from your credit report into software that analyzes it and cranks out a number. The three major credit reporting agencies don't necessarily use the same scoring software, so don't be surprised if you discover that the credit scores they generate for you are different.

Why are credit scores sometimes called FICO scores?

The software used to calculate a great number of credit scores was created by Fair Isaac Corporation--FICO.

Which parts of a credit history are most important?

The figures below show a breakdown of the *approximate* value that each aspect of your credit report adds to a credit score calculation. Use these percentages as a guide:

35% - Your Payment History
30% - Amounts You Owe
15% - Length of Your Credit History
10% - Types of Credit Used
10% - New Credit

Your Payment History Includes:

- Number of accounts paid as agreed
- Negative public records or collections
- Delinquent accounts:
    1. total number of past due items
    2. how long you've been past due
    3. how long it's been since you had a past due payment

What You Owe:

- How much you owe on accounts and the types of accounts with balances
- How much of your revolving credit lines you've used--looking for indications you are over-extended
- Amounts you owe on installment loan accounts vs. their original balances--to make sure you are you paying them down consistently
- Number of zero balance accounts

Length of Credit History:

- Total length of time tracked by your credit report
- Length of time since accounts were opened
- Time that's passed since the last activity
- The longer your (good) history, the better your scores

Types of Credit:

- Total number of accounts and types of accounts (installment, revolving, mortgage, etc.)
- A mixture of account types usually generates better scores than reports with only numerous revolving accounts (credit cards)

Your New Credit:

- Number of accounts you've recently opened and the proportion of new accounts to total accounts
- Number of recent credit inquiries
- The time that's passed since recent inquiries or newly-opened accounts
- If you've re-established a positive credit history after encountering payment problems
- In general, checking to make sure you aren't attempting to open numerous new accounts

Credit scoring software *only* considers items on your credit report. Lenders typically look at other factors that aren't included in the report, such as income, employment history and the type of credit you are seeking.

What's a *Good* Credit Score?

Credit scores (usually) range from 340 to 850. The higher your score, the less risk a lender believes you will be. As your score climbs, the interest rate you are offered will probably decline.

Borrowers with a credit score over 700 are typically offered more financing options and better interest rates, but don't be discouraged if your scores are lower, because there's a mortgage product for nearly everyone.

Here's an look at credit scores among the US population in 2003:

Up to 499: 1%
500 - 549: 5%
550 - 599: 7%
600 - 649: 11%
650 - 699: 16%
700 - 749: 20%

750 - 799: 29%
Over 800: 11%

Multiple Credit Scores

Your bank will pull credit reports and scores from all three major credit reporting agencies: Transunion, Equifax and Experian. They'll probably use the middle score to work your loan application. Ask your lender to explain which credit scores will be used and how they affect your loan application.

5 factors that influence your FICO score

- **Payment history: 35 percent.** The bad news: While regular, on-time payments will keep your score high in this category, just one slip-up can undo a lot of your hard work. "Being 30 days or later on one account can cause your score to dip as much as 100 points," Cunningham says.
- **Amounts owed: 30 percent.** Surprisingly, your income amount does not affect the typical FICO score, though some creditors will ask for the information for their own models. Instead, the formula looks at how much you owe and compares that with your credit limits, Watts says. Want a better score? Keep that number at or below 25 percent, says Janet Garkey, editor with the Credit Union National Association's Center for Personal Finance. Have you ever heard the rumor that lenders will be upset if you have a lot of credit that you can tap? It's not entirely false, Watts says. While your FICO score won't be affected if you have large amounts of credit available, "some lenders may raise their eyebrows," he says.
- **Length of credit history: 15 percent.** This is the one category over which you really have no control. Lenders want to know how long you've been playing the credit game -- and as far as they're concerned, the longer the better. For creditors, time equals stability. So if you have a good long-term history with a credit card and you're not using it, this could be another good reason to keep it open and active.
- **Interest in obtaining new credit: 10 percent.** So how do they know that you're looking for credit? They keep a record of every time someone looks at your credit report. These requests to see your history are known as "inquiries." But there are two kinds, and it pays to know the difference. A hard inquiry is when you actually apply for credit and the potential lender pulls your report. That actually will lower your score. While there seems to be no hard or fast rules for just how much it could hurt you, it's best to avoid hard inquiries if you're about to go shopping for a home or auto loan. (Fun fact: If you're shopping for a mortgage, all the mortgage-related hard inquiries within a two-week period will be treated as one, allowing you to shop around for the best deal.) The same is true if you're hunting for a car loan or home equity loan. If you're not actually asking someone to consider you for a loan, that's called a "soft inquiry." Some examples are when a current creditor wants to look at your report, you ask to see your own credit history, or a potential creditor wants to scope you out without your permission. Soft inquiries don't affect your score because they do not indicate that you're out shopping for more debt. To keep your score high, apply only for credit when you need it. And if you're getting ready to buy something big, like a home or a car, hold off on applying for other types of credit. "You don't want to have lots of activity before you make a major life purchase," says Steven Katz, spokesman for TransUnion, one of the three major credit bureaus.

Chapter 3 - Credit Repair

You see the advertisements 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!”

The Scam

Everyday, companies nationwide appeal to consumers with poor credit histories. They promise to clean up your credit report so you can get a car loan, a home mortgage, insurance, or even a job. The truth is, they can’t deliver. After you pay them hundreds or thousands of dollars in fees, these companies do nothing to improve your credit report; most simply vanish with your money. But there are good,honest and reputable companies out there that are not scams and offer you an honest and ethical service. Use your common sense. If you are promised something that sounds too good to be true or unethical, look for a different company. Do your due dilligence.

The Warning Signs

If you decide to respond to a credit repair offer, look for these tell-tale signs of a scam:

- companies that want you to pay for credit repair services before they provide any services.
- companies that do not tell you your legal rights and what you can do for yourself for free.
- companies that recommend that you not contact a credit reporting company directly.
- companies that suggest that you try to invent a “new” credit identity — and then, a new credit report — by applying for an Employer Identification Number to use instead of your Social Security number.
- companies that advise you to dispute all information in your credit report or take any action that seems illegal, like 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 lie 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.
Under the Credit Repair Organizations Act, credit repair companies cannot require you to pay until they have completed the services they have promised.

The Truth

No one can legally remove ***accurate and timely negative*** information from a credit report. The law allows you to ask for an investigation of information in your file that you dispute as inaccurate or incomplete. There is no charge for this. Everything a credit repair clinic can do for you legally, you can do for yourself at little or no cost. According to the Fair Credit Reporting Act (FCRA):

- You're 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.
- 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 three companies have set up a central website, a toll-free telephone number, and a mailing address through which you can order your free annual report. To order, click on 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. You can print the form from ftc.gov/credit. Do not contact the three nationwide consumer reporting companies individually. They are providing free annual credit reports only through annualcreditreport.com, 1-877-322-8228, and Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. You may order your reports from each of the three nationwide consumer reporting companies at the same time, or you can order your report from each of the companies one at a time. For more information, see Your Access to Free Credit Reports at ftc.gov/credit.
  Otherwise, a consumer reporting company may charge you up to $9.50 for another copy of your report within a 12-month period.
- You can dispute mistakes or outdated items for free. Under 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 take advantage of all your rights under this law, contact the consumer reporting company and the information provider.

STEP ONE

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 you dispute, state the facts and explain why you dispute the information, and request that it be removed 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 6. 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 results in writing and a free copy of your report if the dispute results in a change. 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 it is 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. You can have a corrected copy of your report 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. You can expect to pay a fee for this service.

STEP TWO
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.

For more information, see How to Dispute Credit Report Errors at ftc.gov/credit.

Reporting 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.

For more information, see Building a Better Credit Report at ftc.gov/credit.

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 you sign anything. The law contains specific protections for you. 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 payment terms for services, including their total cost
- 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

Are you a 768? An 820? A 362 (gasp!)? A short time ago, you would have had no way to answer the ever-elusive question (and painfully unpopular pick-up line): "So, what's your credit score?"

Your credit score used to be a top-secret number known only to lending professionals. In March of 2001, the veil of credit-scoring secrecy was lifted. Now with just a click, you can see the three magic digits -- based on a formula developed by Fair, Isaac & Co. (FICO) or a handful of other credit reporting agencies -- that define your credit-worthiness. In FICOland, your number can range from 300 to 850. Anything above 720 is considered average.

Ho-hum. Big deal.

Well, it might be a big deal for you. The lending industry uses your credit score for a quick, objective assessment of consumer credit risk. In some instances, this single measure can determine your fate in important matters -- whether you get a loan for that new home or car and at what interest rate, or if you qualify for the Puppy Palace Angora Visa for 10% off your first Bijon Frisse

The higher the score, the better the chance your request will be approved. According to Fair, Isaac, the FICO score is used in 75% of residential mortgage applications.

Credit score vs. credit report

Your credit *score* is simply a snapshot of your credit use -- it's the Cliffs Notes version of seven years of your borrowing history. In many lending situations (such as when you apply for that Angora Visa card), the lender bases its decision almost solely on your credit score. (Most use the score calculated by Fair, Isaac, the most popular of the credit scorers.) Consider your credit score the overall GPA of your borrowing history.

Your credit *report* is the detailed rundown of your borrowing habits. Credit reports are provided by three major credit bureaus: Equifax, Experian, and TransUnion. The information in each is used to calculate your overall credit GPA (credit score). Most lenders don't care about the details of your credit report. They just want your overall score. However, you should care about your report. If you want to raise your overall credit GPA, you'll need to use your credit reports (all three) to get to the bottom of the problem.

Your credit report card

Credit-reporting agencies keep tabs on various accounts -- past and present -- opened in your name, including credit cards, bank credit lines, mortgages, department store charge cards, and other bills (though usually not rent payments or utilities).

Your credit report also includes any collection actions taken against you and any public-record information that may exist, such as liens or bankruptcy proceedings, or how often you floss and if you returned that book of Poe poems you checked out in the third grade

In general, reported data falls into four categories:

- **Personal information** -- Past home addresses and some employment history, in addition to the obvious stuff like name, address, and Social Security number.
- **Credit history** -- Open credit lines and installment loans, plus a record of all late payments (30 days or more) to anyone -- from phone company to mortgage holder.
- **Public records** -- Bankruptcies and other court judgments, like alimony agreements and tax liens.
- **Inquiries** -- A dated listing of all recent business requests to see your file. Requests by you to see your own credit file are not recorded or counted.

Whenever you apply for a loan, or even at other times, the lender requests a copy of your credit report from one of the three major credit-reporting agencies. Based on that, your credit score is calculated. Again, your overall score weighs heavily in a lender's decision. Though depending on the type of credit you are requesting, the lender may also look at your income, length of employment, and if your shoes match.

To make things confusing (shocker, we know), the three credit bureaus don't necessarily have the same information (and don't necessarily all use the FICO method). So depending on which reporting agency your lender uses, your credit score might be different.

Whatever judgment is passed down upon you by The Great and Wise Credit Scorers, take comfort in the fact that you have unprecedented access to their oracle and have the power to change your score.

Six Tips for Establishing Good Credit

Even if you're a confirmed rebel, try to be as "normal" as possible in your consumer credit habits, especially if you expect to borrow for a house some day. Instead, channel all your anti-establishment efforts towards clothes, music, and body piercings. Here are six small ways to keep your credit record clean:

1. **Pay your bills on time**, especially mortgage or rent payments. Apart from extreme circumstances like bankruptcy or tax liens, nothing has as big of an impact on your credit history as late payments.
2. **Establish credit early.** Having clean, active charge accounts established many years ago will boost your score. If you are averse to credit, on principle, consider setting up automatic monthly payments for, say, utilities and phone on a credit card account and locking the card away where it's not a temptation.
3. **Don't max out available credit on credit card accounts.** Lenders won't be impressed. Instead, they are much more likely to assume that you have trouble managing your finances. Beyond one or two credit cards, it starts to get complicated.
4. **Don't apply for too much credit in a short amount of time**. Multiple requests for your credit history (*not* including requests by you to check your file) will reduce your score. If you are hunting around for good loan rates, assume that every time you give your Social Security number to a lender or credit card company, they will order a credit history.
5. **Be neat and consistent when filling out credit applications.** This will insure that all your good deeds get recorded in a single file, as opposed to multiple files or, worse, someone else's file. Watch out for inconsistencies in use of "Jr." and "Sr." If it gets ugly, remind dad that he already has his house.
6. **Check your credit history for errors**, especially if you will soon be requesting a time-dependent loan, like a mortgage.

If you want to dig in right now, you can order a 3 in 1 report at: Credit Reports

It gives you a side-by-side comparison of the information the three national credit agencies have on you. Keep on reading to see how exactly lenders come up with this stuff.

Chapter 4 - Your Credit Card

Credit was first used in Assyria, Babylon and Egypt 3000 years ago. The bill of exchange, the forerunner of banknotes, was established in the 14th century. Debts were settled by one-third cash and two-thirds bill of exchange. Paper money followed only in the 17th century.

The first advertisement for credit was placed in 1730 by Christopher Thornton, who offered furniture that could be paid off weekly.

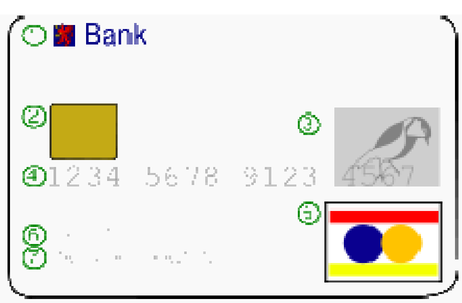
From the 18th century until the early part of the 20th, tallymen sold clothes in return for small weekly payments. They were called "tallymen" because they kept a record or tally of what people had bought on a wooden stick. One side of the stick was marked with notches to represent the amount of debt and the other side was a record of payments. In the 1920s, a shopper's plate, a buy now pay later system was introduced in the USA. It could only be used in the shops which issued it.

In 1950, Diners Club and American Express launched their charge cards in the USA, the first "plastic money". In 1951, **Diners Club issued the first credit card** to 200 customers who could use it at 27 restaurants in New York. But it was only until the establishment of standards for the magnetic strip in 1970 that the credit card became part of the information age.

The first use of magnetic stripes on cards was in the early 1960's, when the London Transit Authority installed a magnetic stripe system. San Francisco Bay Area Rapid Transit installed a paper based ticket the same size as the credit cards in the late 1960's.

The word credit comes from Latin, meaning "trust".

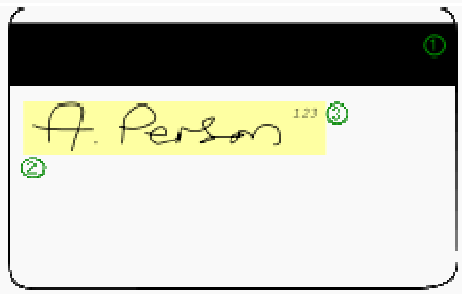
A **credit card** is a system of payment named after the small plastic card issued to users of the system. A credit card is different from a debit card in that it does not remove money from the user's account after every transaction. In the case of credit cards, the issuer lends money to the consumer. It is also different from a charge card (though this name is sometimes used by the public to describe credit cards), which requires the balance to be paid in full each month. In contrast, a credit card allows the consumer to 'revolve' their balance, at the cost of having interest charged. Most credit cards are the same shape and size, as specified by standard the ISO780.



An example of the front of a typical credit card

The standard format for the front side of a credit card is:

1. Issuing bank logo
2. EVM Chip
3. Hologram
4. Card Number
5. Card brand logo
6. Expiry Date
7. Cardholder's name



An example of the reverse side of a typical credit card:

1. Magneetic Stripe
2. Signature Strip
3. Card Security Code

A user is issued credit after an account has been approved by the credit provider (often a general bank but sometimes a captive bank created to issue a particular brand of credit card, such as Wells Fargo or American Express Centurion Bank), with which the user will be able to make purchases from merchants accepting that credit card up to a pre-established credit limit.

When a purchase is made, the credit card user agrees to pay the card issuer. The cardholder indicates their consent to pay, by signing a receipt with a record of the card details and indicating the amount to be paid or by entering a pin. Also, many merchants now accept verbal authorizations via telephone and electronic authorization using the Internet, known as a customer not present. (CNP) transaction.

An Electronic Verification system allow merchants to verify that the card is valid and the credit card customer has sufficient credit to cover the purchase in a few seconds, allowing the verification to happen at time of purchase. The verification is performed using a credit card payment system or Point Of Sale (POS) system with a communications link to the merchant's acquiring bank. Data from the card is obtained using from a magnetic stripe or chip on the card; the later system is commonly known as Chip and PIN but is more technically an EMV card.

Other variations of verification systems are used by eCommerce merchants to determine if the user's account is valid and able to accept the charge. These will typically involve the cardholder providing additional information, such as the security code printed on the back of the card, or the address of the cardholder.

Each month, the credit card user is sent a statement indicating the purchases undertaken with the card, any outstanding fees, and the total amount owed. After receiving the statement, the cardholder may dispute any charges that he or she thinks are incorrect. Otherwise, the cardholder must pay a defined minimum proportion of the bill by a due date or may choose to pay a higher amount up to the entire amount owed. The credit provider charges interest on the amount owed (typically at a much higher rate than most other forms of debt). Some financial institutions can arrange for automatic payments to be deducted from the user's accounts.

Credit card issuers usually waive interest charges if the balance is paid in full each month, but typically will charge full interest on the entire outstanding balance from the date of each purchase if the total balance is not paid.

For example, if a user had a $1,000 outstanding balance and pays it in full, there would be no interest charged. If, however, even $1.00 of the total balance remained unpaid, interest would be charged on the full $1,000 from the date of purchase until the payment is received. The precise manner in which interest is charged is usually detailed in a cardholder agreement which may be summarized on the back of the monthly statement. The general calculation formula most financial institutions use to determine the amount of interest to be charged is APR/100xADB/365xnumber of days revolved. Take the Annual percentage rate (APR) and divide by 100 then multiply to the amount of the average daily balance divided by 365 and then take this total and multiply by the total number of days the amount revolved before payment was made on the account. Financial institutions refer to interest charged back to the original time of the transaction and up to the time a payment was made, if not in full, as RRFC or residual retail finance charge. Thus after an amount has revolved and a payment has been made that the user of the card will still receive interest charges on their statement after paying the next statement in full, in fact the statement may only have a charge for interest that collected up until the date the full balance was paid...i.e. when the balance stopped revolving.

The credit card may simply serve as a form of revolving credit or it may become a complicated financial instrument with multiple balance segments each at a different interest rate, possibly with a single umbrella credit limit, or with separate credit limits applicable to the various balance segments. Usually this compartmentalization is the result of special incentive offers from the issuing bank, either to encourage balance transfers from cards of other issuers, or to encourage more spending on the part of the customer. In the event that several interest rates apply to various balance segments, payment allocation is generally at the discretion of the issuing bank, and payments will therefore usually be allocated towards the lowest rate balances until paid in full before any money is paid towards higher rate balances

Interest rates can vary considerably from card to card, and the interest rate on a particular card may jump dramatically if the card user is late with a payment on that card *or any other credit instrument*, or even if the issueing bank decides to raise its revenue. As the rates and terms vary, services have been set up allowing users to calculate savings available by switching cards, which can be considerable if there is a large outstanding balance.

Because of intense competition in the credit card industry, credit providers often offer incentives such as frequent flier points, gift certificates or cash back typically up to 1 percent based on total purchases, to try to attract customers to their program.

Low interest credit cards or even 0% interest credit cards are available. The only downside to consumers is that the period of low interest credit cards is limited to a fixed term, usually between 6 and 12 months after which a higher rate is charged. However, services are available which alert credit card holders when their low interest period is due to expire. Most such services charge a monthly or annual fee.

Grace Period

A credit card's grace period is the time the customer has to pay the balance, before interest is charged to the balance. Grace periods vary, but usually range from 20 to 55 days depending on the type of credit card and the issuing bank.

Merchants

For merchants, a credit card transaction is often more secure than other forms of payment, such as cheques, because the issuing bank commits to pay the merchant the moment the transaction is verified. The bank charges a commission (discount fee), to the merchant for this service and there may be a certain delay before the agreed payment is received by the merchant. In addition, a merchant may be penalized or have their ability to receive payment using that credit card restricted if there are too many cancellations or reversals of charges.

In some countries, like the Nordic Countries, banks guarantee payment on stolen cards only if an ID is checked. In these countries merchants therefore usually ask for ID.

Who The Process Involves

Cardholder: the owner of the card used to make a purchase

Merchant: the business accepting credit card payments for products or services sold to the cardholder

Acquirer: the financial institution or other organization that provides card processing services to the merchant

Card association: a network such as VISA® or MasterCard® (and others) that acts as a gateway between the acquirer and issuer for authorizing and funding transactions

Issuer: the financial institution or other organization that issued the credit card to the cardholder

The flow of information and money between these parties—always through the card associations—is known as the interchange, and it consists of a few steps:

Authorization

When the cardholder pays for the purchase the merchant performs some risk assessment and may submit the transaction to the acquirer for authorization. The acquirer verifies with the issuer—almost instantly—that the card number and transaction amount are both valid, and informs the merchant on how to proceed. The issuer may provisionally debit the funds from the cardholder's credit account at this stage.

Batching

After the transaction is authorized it is then stored in a batch, which the merchant sends to the acquirer later to receive payment (usually at the end of the day).

Clearing or Settlement

The acquirer sends the transactions in the batch through the card association, which debits the issuers for payment and credits the acquirer. In effect, the issuers pay the acquirer for the transactions.

Funding

Once the acquirer has been paid, the merchant receives payment. The amount the merchant receives is equal to the transaction amount minus the discount rate, which is the fee the merchant pays the acquirer for processing the transaction.

The entire process, from authorization to funding, usually takes about 3 days. However, Merchant Card Processing from Clearpay Processing offers next-day deposits to customers subject to type of banking account, e.g. with Clearpay Processing business checking account this would be the case.

In the event of a chargeback (when there's an error in processing the transaction or the cardholder disputes the transaction), the issuer returns the transaction to the acquirer for resolution. The acquirer then forwards the chargeback to the merchant, who must either accept the chargeback or contest it.

Secured Credit Cards

A secured credit card is a type of credit card secured by a deposit account owned by the cardholder. Typically, the cardholder must deposit between 100% and 200% of the total amount of credit desired. Thus if the cardholder puts down $1000, he or she will be given credit in the range of $500–$1000. In some cases, credit card issuers will offer incentives even on their secured card portfolios. In these cases, the deposit required may be significantly less than the required credit limit, and can be as low as 10% of the desired credit limit. This deposit is held in a special savings account.

The cardholder of a secured credit card is still expected to make regular payments, as he or she would with a regular credit card, but should he or she default on a payment, the card issuer has the option of recovering the cost of the purchases paid to the merchants out of the deposit. The advantage of the secured card for an individual with negative or no credit history is that most companies report regularly to the major credit bureaus. This allows for rebuilding of positive credit history.

Although the deposit is in the hands of the credit card issuer as security in the event of default by the consumer, the deposit will not be credited simply for missing one or two payments. Usually the deposit is only used as an offset when the account is closed, either at the request of the customer or due to severe delinquency (150 to 180 days). This means that an account which is less than 150 days delinquent will continue to accrue interest and fees, and could result in a balance which is much higher than the actual credit limit on the card. In these cases the total debt may far exceed the original deposit and the cardholder not only forfeits their deposit but is left with an additional debt.

Most of these conditions are usually described in a cardholder agreement which the cardholder signs when their account is opened.

Secured credit cards are an option to allow a person with a poor credit history or no credit history to have a credit card which might not otherwise be available. They are often offered as a means of rebuilding one's credit. Secured credit cards are available with both Visa and Mastercard logos on them. Fees and service charges for secured credit cards often exceed those charged for ordinary non-secured credit cards, however, for people in certain situations, (for example, after charging off on other credit cards, or people with a long history of delinquency on various forms of debt), secured cards can often be less expensive in total cost than unsecured credit cards, even including the security deposit.

Features

As well as convenient, accessible credit, the cards offer consumers an easy way to track expenses which is necessary for both monitoring personal expenditures and the tracking of work-related expenses for taxation and reimbursement purposes. Credit cards are accepted worldwide, and are available with a large variety of credit limits, repayment arrangement, and other perks, such as rewards schemes in which points earned by purchasing goods with the card can be redeemed for further goods and services or cash back.

Some countries such as the United States limit the amount for which a consumer can be held liable due to fraudulent transactions as a result of a consumer's credit card being lost or stolen.

Security

A Smart Card, combining credit card and debit card properties. The 3 by 5 mm security chip embedded in the card is shown enlarged in the inset. The gold contact pads on the card enable electronic access to the chip.

The low security of the credit card system presents countless opportunities for fraud.. This opportunity has created a huge black market in credit card numbers which are generally used quickly before the cards are reported stolen.

The goal of the credit card companies is not to eliminate fraud, but to "reduce it to manageable levels", such that the total cost of both fraud and fraud prevention is minimized. This implies that high-cost low-return fraud prevention measures will not be used if their cost exceeds the potential gains from fraud reduction.

Most Internet fraud is done through the use of stolen credit card information which is obtained in many ways, the simplest being copying information from retailers, either online or offline. There have been many cases of crackers obtaining huge quantities of credit card information from company databases.. It is not unusual for employees of companies that deal with millions of customers to sell credit card information to criminals.

Despite efforts to improve security for remote purchases using credit cards, systems with security holes are usually the result of poor implementations of card acquisition by merchants. For example, a website that uses SSL to encrypt card numbers from a client may simply email the number from the webserver to someone who manually processes the card details at a card terminal. Naturally, anywhere card details become human-readable before being processed at the acquiring bank is a security risk. However, many banks offer systems such as Clear Commerce where encrypted card details captured on a merchant's webserver can be sent directly to the payment processor.

Controlled Payment Numbers are another option for protecting one's credit card number: they are "alias" numbers linked to one's actual card number, generated as needed, valid for a relatively short time, with a very low limit, and typically only valid with a single merchant.

The FBI is the agency responsible for prosecuting criminals who engage in Credit Card Fraud in the United States, but they do not have the resources to pursue all criminals. In general, they only prosecute in cases exceeding US$5,000 in value. Three improvements to card security have been introduced to the more common credit card networks but none has proven to help reduce credit card fraud so far. First, the on-line verification system used by merchants is being enhanced to require a 4 digit Personal Identification Number (PIN) known only to the card holder.

Second, the cards themselves are being replaced with similar-looking tamper-resistant Smart Cards which are intended to make forgery more difficult. The majority of smartcard (IC card) based credit cards comply with the EMV (Europay MasterCard Visa) standard. Third, an additional 3 or 4 digit code is now present on the back of most cards, for use in "card not present" transactions.

The way a credit card-owner pays off his/her balances has a tremendous effect on his/her credit history. All the information is collected by credit bureaus. The credit information stays on the credit report for 7 years and for bankruptcies for 10 years. There are no legal ways to change credit information to improve credit history. Bad credit score might question your trustworthiness for employers, landlords and banks.

Charge Offs

When a consumer becomes severely delinquent on a debt, often at the point of six months without payment, the creditor may declare the debt to be a charge-off. It will then be listed as such on the debtor's credit bureau reports (Equifax lists "R9" in the "Status" column.) It is one of the worst possible items to have on your file. The item will include relevant dates, and the amount of the bad debt.

A charge-off is considered to be "written off as uncollectable." A major reason for this involves taxes. Every year, corporations file a Profit And Loss Statement with the Internal Revenue Service. It is also made available to federal and state regulators, and to shareholders. All of the year's bad debts (individual charged-off accounts) are added together as an item in the "Loss" section of the P & L Statement, and are deducted from the corporation's tax return, much like other business expenses. To banks, bad debts and even fraud are simply part of the cost of doing business.

However, the debt is still legally valid, and the creditor can attempt to collect the full amount. This includes contacts from internal collections staff, or more likely, an outside collection agency. If the amount is large (generally over $1500 - $2000), there is the possibility of a lawsuit or arbitration.

In the US, as the charge off number climbs or becomes erratic, officials from the Federal Reserve take a close look at the finances of the bank and may impose various operating strictures on the bank, and in the most extreme cases, may close the bank entirely.

The Disclosure

Credit card issuers reserve the right to change the terms of the contract at any time, even for customers who maintain a perfect payment record. Customers who do not pay in full the amount owed on their monthly statement (the "balance") by the due date (that is, at the end of the "grace period") and are not in a promotional period owe interest ("finance charges") are known in the industry as "revolvers". Those who pay in full (pay the entire balance) are known in the industry as "transactors", "convenience users" or "deadbeats". Those that shift usage of their credit cards or transfer balances frequently are known in the industry as "rate surfers" or "gamers".

Interest On Outstanding Balances

Interest charges vary widely from card issuer to card issuer. Often, there are "teaser" rates in effect for initial periods of time (as low as zero percent for, say, six months), whereas regular rates can be as high as 40 percent. In the U.S. there's no federal limit on the interest or late fees credit card issuers can charge; the interest rates are set by the states, with some states like South Dakota having no ceiling on interest rates and fees, inviting some banks to establish their credit card operations there. Other states like Delaware have very weak usury laws.

Usury Laws

Usury is defined as the act of lending money at an unreasonably high interest rate, which is defined at the state level. This makes repayment excessively difficult to impossible for borrowers. This is also called "loan sharking" or "predatory lending".

These rules apply more to local banks. Since the passing of a federal law stating that the state usury laws do not apply to banks that label themselves with the words "national", these banks have been able to offer loans above the state usury limit. These "national" banks are allowed to apply interest rates a number of points higher than the Federal Reserve Discount Rate. The Federal Reserve Discount Rate is the rate banks get when borrowing directly from the Federal Reserve Bank for short term funds.

However, at the Federal level, there is a criminal limit, as defined by Congress, for interest rates. This rate is twice the amount of the particular state's usury limit.

For hundreds of years, societies all over the world have protected borrowers by limiting interest rates charged by lenders. But in today's credit card market, American borrowers are on their own.

Less than half of all U.S. states bother to cap credit card interest rates, and few credit card issuers are based in these states anyway. Most major credit card issuers are based in states without usury laws and without interest rate caps on credit cards. Banks and credit card issuers based in these states can charge any interest rate they wish, as long as the rate is listed in the cardholder agreement and the borrower agrees. Thanks to a 1978 U.S. Supreme Court decision, these the-sky's-the-limit rate policies dominate the credit card business.

Universal Default

The term for a practice in the financial services industry for a particular lender to change the terms of a loan from the normal terms to the *default* terms (i.e. the terms and rates given to those who have missed payments on a loan) when that lender is informed that their customer has defaulted with another lender, even though the customer has not defaulted with the first lender.

The growing use of this technique is one of the most controversial trends in the financial services industry.

State of interest rates

In *Marquette vs. First Omaha Service Corp.*, the Supreme Court ruled that a national bank could charge the highest interest rate allowed in their home state to customers living anywhere in the United States, including states with restrictive interest caps.

"It's whatever is agreed to in the contract," says Michael Donovan, a consumer attorney and partner at Donovan Searles in Philadelphia.

"They can export rates to other states and override state law limits."

When it comes to credit card interest rates, the law in a lender's home state rules. It doesn't matter what kind of rate cap exists in a customer's state.

A funny thing happened after the Marquette ruling. Major credit card companies began relocating to states with liberal or no usury laws. New York-based powerhouse Citibank moved its credit card business to South Dakota in 1981.

"Citibank went to South Dakota, not because South Dakota was a banking center but because it had that particular law," Donovan says.

In 1982, the four largest banks in Maryland relocated their credit card operations to Delaware because of that state's lender-friendly credit card laws. Other states with lender-friendly credit laws include Georgia, Illinois, Nebraska, Nevada, Rhode Island and Utah.

To hang on to the credit card business, many other states loosened state usury limits.

In the early '80s, most states capped credit card interest rates between 12 percent and 18 percent. Today's caps are in the 18-percent to 24-percent range.

Hawaii and the District of Columbia cap credit card interest rates at 24 percent, which isn't much of a cap at all. Missouri caps card rates at 22 percent. And Colorado, Indiana, Kentucky, Oklahoma, Tennessee and Wyoming allow credit card interest rates up to 21 percent.

"The unmistakable dynamic is in the direction of deregulation," says Mathew Street, associate general counsel at the American Bankers Association. "The states have moved in the direction of raising the caps or removing the caps."

The low-rate state

One exception is the state of Arkansas. Arkansas' state constitution has kept a tight lid on interest rates for more than 125 years. Amendment 60 to the constitution, approved in 1982, caps interest rates at 5 percent above the federal discount rate. Because of this, Arkansas banks offer some of the lowest credit card rates in the country.

"It's a wonderful thing for our consumers," says Todd Turner, a consumer attorney based in Arkadelphia, Ark.

Every time banks and businesses tried to change the amendment, consumers voted them down.

"The banks and the chambers of commerce wanted it changed," Turner says. "The common folk in Arkansas don't want it changed because it protects them."

But all that may be changing, thanks to the Gramm-Leach-Bliley Financial Modernization Act, which the U.S. Congress passed in 1999. A section of the act allows state-chartered banks to charge interest rates equal to those charged by other banks operating in their state.

Needless to say, out-of-state lenders with branches in Arkansas charge interest rates beyond the state's interest rate limit. So much for that 128-year-old constitutional cap.

"The banks are going to be increasing interest rates because they are going to be able to offer the prevailing rate of their competitors," Turner says.

So far, only a handful of Arkansas banks have increased credit card rates. Simmons First National bumped up the interest rate on its variable rate card from 7 percent to 8.95 percent in December 2001, according to Bankrate.com research. Pulaski Bank and Metropolitan National Bank have kept their rates as low as ever.

So, is there an upside to the deregulation of the credit card industry for consumers? You bet -- more credit choices. The lifting of state-imposed interest rate limits made it easier for credit card issuers to offer cards to customers from all over the country. And that's what has been happening.

"The bottom line is it's become a competitive marketplace," Street says. "Issuers have customers everywhere, and customers can choose cards from issuers everywhere."

Caveat cardholder

With this increased choice in credit cards comes increased consumer responsibility. In many cases, there's no law stopping an issuer from charging you a super-high interest rate or an interest rate higher than you deserve.

The only person who can insure that you get a good card rate is you. The best advice is to build a strong payment history and keep your credit as clean as possible.

"The main thing is to keep your nose extremely clean no matter what," says Linda Sherry, editorial director at Consumer Action, a consumer advocacy organization based in San Francisco, Calif. "Avoid late payments."

You can bet a credit card issuer will up your interest rate if they see something on your credit report they don't like. Don't give them a reason. Pay your credit and other bills on time, every month. Here are some tips on avoiding credit card late fees:

- Follow payment guidelines as outlined by the issuer on the back of each credit card bill.
- Use the preprinted envelope provided by the credit card company.
- Include the billing coupon, and be sure to write the amount being paid in the box provided.
- Make sure checks are legible and the payment amount is correct.
- Sign the check. Write the credit card account number on the check.
- Send payment with proper postage at least one week in advance of the due date to the payment address requested by the issuer.
- Consider online bill paying. Issuers, including Discover, American Express and First USA, accept online payments.
- If the due date is looming, consider sending the payment by express mail or wiring the payment with Western Union. These express services may prove cheaper than paying a late fee.

Let's say your credit record has improved since you applied for your card. There's a good chance you qualify for a lower rate. But no card issuer in the world is going to knock down your rate unless you ask. So call and ask. Have other lower rate credit card offers in hand when you call.

If your issuer won't lower your rate, transfer your balance to a lower rate card.

Fees Charged To Customers

The major fees are for:

Late payments

Charges that result in exceeding the credit limit on the card (whether done deliberately or by mistake)

Returned check fees or payment processing fees (eg phone payment fee)

Cash advances and convenience checks (often 3% of the amount)

Transactions in a foreign currency (as much as 3% of the amount). A few financial institutions do not charge a fee for this.

Membership fees (annual or monthly), sometimes a percentage of the credit limit.

Chapter 5 - Types Of Debt

Home mortgage

Banks and other lenders will lend you money to buy a home whether it is a house, townhouse, unit or apartment. They will only lend a proportion of the property value and will hold a mortgage over the property. This means if you do not make the repayments, they can repossess the property and sell it to get their money back.

Home loans are usually repayable over a long period (for example, 25 years) and the interest rate can be fixed, variable or a mixture of both. Rates are usually lower than other personal loans.

Line of Credit Loan (or home equity loan)

Over time, the amount outstanding on a home loan will reduce and the value of the property will probably increase. The difference between the two is your "equity" in the property – how much you "own". Banks and other lenders will allow you to borrow against the equity in your home for personal or investment spending. Interest rates for this type of loan are often slightly higher than basic mortgage rates.

If you use a line of credit loan it is important to keep the personal and investment loans separate so you can clearly identify the interest that is tax deductible. You may wish to get your accountant or planner to help you with this.

Personal Loans

These loans are usually taken for a one-off purpose such as buying a car or taking a holiday. The term of the loan is usually short (for example, 3 years) and interest rates are fixed. Rates will be higher than home loans but lower than credit cards. There may be restrictions on repaying the loan early.

Credit Card Debt

Credit cards allow you to make multiple purchases up to a pre-approved limit. Most accounts have an interest-free period provided the balance is paid off within a time limit. If you fail to pay the balance on time, interest is added to your card. Interest rates are variable and generally much higher than personal loans. There will usually be penalties for late payment.

If you use your credit card to draw out cash (called a cash advance), there is no interest-free period. Interest is added to the cash advance immediately.

Student Loans

These loans are provided to pay for tertiary education expenses. Instead of interest on the loans, they are indexed with inflation on 1 June each year so their real value does not fall. There are significant discounts available for making lump sum repayments to these loans. Once your annual income passes a threshold, extra tax will be deducted from your salary to pay off the loan.

Loans With An Interest Free Period

Many retail stores allow you to buy goods like computers, whitegoods and home entertainment systems today and make no repayments or pay no interest for a period (for example, 12 months). If you are able to pay the loan off by the end of the period, these arrangements can work well. However, if you do not – high interest rates apply once the "honeymoon" period is over.

Family Loans

Money can be a source of much disharmony and arguments between family members. If someone has been good enough to lend you money, it will save a lot of heartache to repay the loan as agreed or at least keep them informed about what you plan to do about the loan.

Investment loans

Property Loans

Banks and other lenders will lend you money to buy a property to rent. They will only lend a proportion of the property value and will hold a mortgage over the investment property (and maybe also over your own home). This means if you do not make the repayments, they can repossess the properties and sell them to get their money back.

Property loans are usually repayable over a long period (for example, 25 years) and the interest rate can be fixed, variable or a mixture of both. Rates are usually lower than personal loans. Sometimes these loans are set up as "interest only" meaning you pay the interest but do not repay the capital. The capital would only be repaid if the home was sold.

Line of Credit Loans

These are loans secured against the equity in your home or other property and can be used for investment purposes. Often investors use them to invest in shares or managed funds and claim the interest on the loan as a tax deduction. Interest rates for this type of loan are often slightly higher than basic mortgage rates.

Margin Loan

Some banks and other lenders will provide money to invest in shares or managed funds. The value of the investments will be security for the loan. They will only lend a proportion of the value of the investments (ranging from 30% to 70%) depending on their views on the riskiness of the assets.

They require the investor to ensure that the “margin” between the value of the investment and the amount borrowed is maintained. If the value of the investment falls, you may have to repay part of the loan (known as a margin call). This may mean needing to use spare cash or being prepared to sell some of the investments.

Reducing Your Debt

The second step to reducing debt is to examine your choices.

- How long will it take to pay off the loans if you carry on repayments as you are now?
- Do some loans have conditions that lock you in?
- Which debts have the highest interest rates?
- Do some loans provide flexibility in the amount you can repay?
- On which loans can you claim a tax deduction for the interest?

Armed with this information you can set up a budget and a plan to pay off the loans. The priority order should be

1. Loans for personal use, where you can not claim the interest as a tax deduction.
2. Loans with the highest interest rates

If your income is limited, paying the day-to-day bills and repaying debts may seem impossible. It may need courage and a bit of creative thinking. For instance,

- Ask your lender if you can change the repayment schedule or swap to a loan with a lower interest rate. They may surprise you and say “yes”.
- Sell some unwanted assets. Are you ever going to use that treadmill or bicycle?
- Make your own lunch instead of buying it near your workplace.
- Give up (or cut down) on smoking, gambling or drinking. Focus on your goals – being debt free is probably one of them.
- Take out a personal loan to pay off other more expensive loans – then focus on paying off the new loan.
- Ask your family for help – but be clear about their repayment expectations. A formal loan agreement is a good idea.
- Consolidate your debts – this is covered in more detail on the next page.

Nobody said paying off debts was easy but having gone this far, the secret is to stick at it. Here are some tips to help you stay on track.

- Tell a supportive friend what you are doing and tell them about your progress. Ask them to remind you to stick to the plan and help celebrate your successes.
- Divide your “get out of debt” goal into smaller bite sized chunks. Stick these goals up in a prominent place (like on the fridge) so you can cross them off as they are achieved.
- Look for opportunities to pay more off your debts – like using your tax refund, a pay increase or your leave loading.

- Even the smallest amounts can make a difference. Controlling your spending and having one less coffee per day, buying one less CD or take-away meal per month or getting a video instead of going to the movies can really add up over a year and help you get in control of your debt.

Chapter 6 - Options For Debt Relief

Fair Credit Reporting Act

> A United States federal law designed to help ensure that consumer reporting agencies act fairly, impartially, and with respect for the consumer's right to privacy when preparing consumer reports on individuals. See also consumer reporting agency.
>
> A federal law passed in 1971 that regulates the activity of credit bureaus. It is designed to prevent inaccurate or obsolete information from staying in a consumer's credit file and requires credit bureaus to have reasonable procedures for gathering, maintaining and disseminating credit information. The act also requires credit bureaus to show a consumer their credit file if the consumer presents proper identification, although the bureau reserves the right to charge a fee for doing so. New laws are changing this and mandating that credit bureaus will have to provide a certain number of credit reports for free each year.
>
> Under the FCRA, consumers who are the subject of consumer reports have specific rights, including the right to learn what information about them is in credit bureau files and the right to dispute inaccurate or incomplete information. In a number of circumstances, including after denial of credit, consumers have a right to a free copy of their credit reports. The summary of consumer rights that the Commission is publishing discusses the major rights that consumers have under the FCRA.

It began in 1997 as a company that sold credit data to the insurance industry. But over the next seven years, as it acquired dozens of other companies, Alpharetta, Ga.-based ChoicePoint Inc. became an all-purpose commercial source of personal information about Americans, with billions of details about their homes, cars, relatives, criminal records and other aspects of their lives.

As its dossier grew, so did the number of ChoicePoint's government and corporate clients, jumping from 1,000 to more than 50,000 today. Company stock once worth about $500 million ballooned to $4.1 billion.

Now the little-known information industry giant is transforming itself into a private intelligence service for national security and law enforcement tasks. It is snapping up a host of companies, some of them in the Washington area, that produce sophisticated computer tools for analyzing and sharing records in ChoicePoint's immense storehouses. In financial papers, the company itself says it provides "actionable intelligence."

Consumer Reporting Agencies (CRAs) are entities that collect and disseminate information about consumers to be used for credit evaluation and certain other purposes. They hold the databases which are the origins of a consumers credit report. CRAs have a number of responsibilities under FCRA, including the following:

1. Provide a consumer with information about him or her in the agency's files and to take steps to verify the accuracy of information disputed by a consumer. Under the Fair and Accurate Transactions Act (FACTA), an amendment to the FCRA passed in 2003, consumers are now able to receive one free credit report a year.
2. If negative information is removed as a result of a consumer's dispute, it may not be reinserted without notifying the consumer within 5 days, in writing.
3. CRAs may not retain negative information for an excessive period of time. The FCRA spells out how long negative information, such as late payments, bankruptcies, tax liens and judgments may stay on a consumer's credit report - typically 7 years from the date of the delinquency. The exceptions: bankruptcies (10 years) and tax liens (7 years from the time they are paid).

The 3 big CRAs TransUnion, Experian and Equifax, do not interact with information furnishers directly as a result of consumer disputes.

Information Furnishers

An information furnisher, as defined by the FCRA, is a company that provides information to consumer reporting agencies. Typically, these are creditors, with which a consumer has some sort of credit agreement. However, other information furnishers are collection agencies (third-party collectors), state or municipal courts reporting a judgment of some kind, past and present employers and bonders.

Under the FCRA, these information furnishers may only report to a consumer's credit report under the following guidelines:

1. They must provide complete and accurate information to the credit reporting agencies
2. The duty to investigate disputed information from consumers falls on them.
3. They must inform consumers about negative information which has been or is about to be placed on a consumer's credit report within 30 days.

(This notice doesn't have to be sent as a separate notice, but may be placed on a consumer's monthly statement. If sent as part as the monthly statement, it needs to be conspicuous, but need not be in bold type. Required wording (developed by the US Federal Treasury Department):

Notice before negative information is reported: *We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.*

Notice after negative information is reported: *We have told a credit bureau about a late payment, missed payment or other default on your account. This information may be reflected in your credit report.*)

Users of the information for credit, insurance or employment purposes have the following responsibilities under the FCRA:

1. They must notify the consumer when an adverse action is taken on the basis of such reports.
2. Users must identify the company that provided the report, so that the accuracy and completeness of the report may be verified or contested by the consumer.

Likelihood of errors on a credit report

Some fraction of consumer credit reports contain errors. A study released by the U.S. Public Interest Research Group in June 2004 found that 79% of the consumer credit reports surveyed contained some kind of error or mistake. As a result, many consumers frequently invoke their rights under the FCRA to review and correct their credit reports.

The Fair and Accurate Credit Transactions Act ("FACTA") of 2003 has allowed easier access to consumers wishing to view their reports and dispute items.

Fines for violations of the FCRA

Under section 15 U.S.C. 1681s of the FCRA, a wronged party may collect $1000 for each willful or negligent act which results in the violation of the FCRA. Any person may file suit in local court to enforce the FCRA.

Which companies are regulated by the FCRA?

While putative database companies like Lexis, Westlaw, ChoicePoint, and eFunds (owner of ChexSystems) do **not** create credit reports, they may gather the same types of information and as a result may subject some of their actions to FCRA.

An entity that meets the definitional requirement for a "consumer reporting agency" (CRA) in Section 603(f) of the FCRA is covered by the law even if the only information it collects, maintains, and disseminates is obtained from "public record" sources.

Section 603(f) defines a "consumer reporting agency" as any person "which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice *of assembling or evaluating consumer credit information or other information ... for the purpose of furnishing consumer reports to third parties ...". In turn, Section 603(d) defines a "consumer report" as the communication of "any information" by a CRA that bears on a consumer's "credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living" that is "used or expected to be used or collected in whole or in part" for the purpose of serving as a factor in establishing eligibility for credit or insurance to be used primarily for personal, family, or household purposes, employment purposes, or any other purpose authorized under Section 604.*

If you're living paycheck to paycheck, struggling each month to pay your bills, and feel like you're drowning in a sea of debt, perhaps it's time to examine your options for debt relief. So, you do a google search and are more confused than ever because of the various options available, each promising that *their* option is the best one for you. You try to do your due diligence but are just getting more and more frustrated *and* deeper in debt.

What *is* a consumer to do?

The best way, *obviously*, to get rid of debt is to attack the balance with the highest annual percentage rate first. When that one is paid off, move onto the debt with the next-highest interest rate. Always attack that high-interest debt first. On that debt, you want to double, triple, or even quadruple minimum payments. When you're done with that one, move on to the next one. But what if you're falling behind more every month, which is what the debt relief options are *really* designed for.

Debt relief *is* possible, but it requires **determination** and research on your part. Once you feel comfortable and sign on with a program, stick with it. If you are using the services of another company to help you obtain debt relief, make sure you read the small print and check out their references. Ultimately, your credit standing is in your hands. Do not trust it to those who are not actively working on your behalf.

So what *are* the debt relief options available to consumers?

1. **Declare bankruptcy.** Not as easy as it used to be especially since the president signed into law legislation to toughen personal bankruptcy laws. Still, it is an option for some. Just remember: depending on which course of action you take, Chapter 7 or Chapter 13, it can have a lasting impact on your credit.
2. **Credit Counseling Services.** You know, those "non-profit" guys. Be careful as often all these companies do is get your interest rates reduced for a period of time, earn money off of your payments, and cause more damage your credit rating.
3. **Get a consolidation loan.** Watch out as this means borrowing from the equity you have in your house (secured credit) to pay off debt that is unsecured. Be sure of your future if you chose this option.

4. **Debt settlement.** With the services of a company who would arbitrate on your behalf, you *can* get real debt relief without the stigma of bankruptcy. Yes, your credit would take a bit of a hit but it isn't the same as bankruptcy.
5. **Do Nothing.** Sure, it is an appealing option for *some.* You just have to screen all of your phone calls and dodge the collectors. But you cannot run and you cannot hide. Better to choose one of the first four options than this one!

When you're drowning in credit card or other unsecured debts, these are really the only debt elimination methods to choose from. Of the five options outlined above (each has their own pro's and con's) there is only one viable option that gets you out of debt in the shortest amount of time, for the least amount of money spent and with minimal damage to your credit standing.

That option is Debt Settlement, or as it is also called Debt Negotiation.

This is the option where your total (unsecured) debt balance is negotiated with your creditors and a lump sum settlement is made. On average, the settlement is 40 – 60 percent of the balance owed, including any settlement fees. Program length is normally between 12 and 36 months and is the only option where your credit rating takes the least amount of damage.

Which is *exactly* what you want!

Consolidation Loans

You see them all the time. Ads for debt consolidation loans are everywhere. On TV, the radio, in magazines, and even in your mail. It seems like the answer to all your problems, but you should really think twice before you act impulsively.

Look at the facts. You are swimming in debt. You have 4 credit cards maxed out, a car loan, a consumer loan, and a house payment. Simply making the minimum payments is causing you distress and does it make ***any sense*** to try to ***borrow*** your way out of debt?

What should you do?

I'm sure you've seen the advertisements of smiling people who have chosen to take a consolidation loan. They seem to have had the weight of the world lifted off their shoulders.

1. The average citizen of the USA pays 11 different creditors every month. Making one single payment seems much easier than figuring out who should get paid how much and when.
2. Since the most common type of debt consolidation loan is the home equity loan, also called a second mortgage, the interest rates will be lower than most consumer debt interest rates. Your mortgage is a **secured** debt. This means that they have something they can take from you if you do not make your payment. Credit cards are **unsecured** loans.
3. Since the interest rate is lower and because you have one payment vs many, the amount you have to pay per month is typically decreased significantly.

4. With a consolidated loan, you only have one creditor to deal with. If there are any problems or issues, you will only have to make one call instead of several. Once again, this simply makes controlling your finances much easier.
5. Interest paid to a credit card is money down the drain. Interest paid to a mortgage can be used as a tax write-off.

Sounds great, doesn't it? Before you run out and get a debt consolidation loan, let's look at the other side of the coin.

With an easier load to bear and more money left over at the end of the month, it might be easy to start using your credit cards again or continuing spending habits that got you into such credit card debt in the first place. Now your home is on the line. You can't pay, the bank forecloses on your property.

Most mortgages are the 10 to 30 year variety. This means that rather than spend a couple of years getting out of credit card debt, you will be spending the length of your mortgage getting out of debt. Even though the interest rate is less, if you take the loan out over a 30 year period, you may end up spending more than you would have if you had kept each individual loan.

And, most important of all, and it bears repeating!

You can lose everything!

Again, Consolidation loans are secured loans. **If you didn't pay an unsecured credit card loan, it would give you a bad rating but your home would still be secure. If you do not pay a secured loan, they will take away whatever secured the loan. In most cases, this is your home.**

As you can see, consolidated loans are not for everyone. Before you make a decision, you must realistically look at the pros and cons to determine if this is the right decision for you.

Consumer Credit Counseling is a debt advice "charity", and is funded entirely by the credit industry. The stated purpose of the organization is to assist people who are in financial difficulty by providing a free consultation (sales pitch) and debt management plans to assist individuals with managing unsecured debts.

Credit counseling often involves negotiating with creditors to establish a debt management plan (DMP) for a consumer. A DMP may help the debtor repay his or her debt by working out a repayment plan with the creditor. DMPs, set up by credit counselors, usually offer reduced payments, fees and interest rates to the client. Credit counselors refer to the terms dictated by the *creditors* to determine payments or interest reductions offered to consumers in a debt management plan. The "non-profit" company receives around 10% voluntary monthly contributions from creditors for the debt recovery services provided.

Does this sound like a program that has *your* best interests in mind?

After joining a DMP, the creditors will close the customer's accounts and restrict the accounts to future charges. The most common "*benefit"* of a DMP as advertised by most agencies is the consolidation of multiple monthly payments into one monthly payment, which is usually less than the sum of the individual payments previously paid by the customer. This is because credit cards banks will usually accept a lower monthly payment from a customer in a DMP than if the customer were paying the account on their own. Some DMPs advertise that payments can be cut by 50%, although a reduction of 10-20% is the actual reality.

The second feature of a DMP is a reduction in interest rates charged by creditors. A customer with a defaulted credit card account will often be paying an interest rate approaching 30%. Upon joining a DMP, credit card banks sometimes lower the annual percentage rates charged to 5-10%, and a few eliminate interest altogether. This reduction in interest allows the counseling agencies to advertise that their customers will be debt free in periods of 3-6 years, rather than the 20+ years that it would take to pay off a large amount of debt at high interest rates.

A third "benefit" offered by credit counseling agencies is the process of bringing delinquent accounts current. This is often called "reaging" an account. This usually occurs after making a series of on-time payments through the debt management program as a show of good faith and commitment to completion of the program. After joining the DMP and making three consecutive monthly payments, the creditor could reage the account to reflect a current status. Thereafter the monthly payment due on the statements would be the monthly payment negotiated by the DMP, and the account report as current to the credit bureaus. It should be noted that this process does ***not*** eliminate the prior delinquencies from the credit bureau reports. It should also be considered that an enrollment into a CCC program appears as a managed account on a consumers credit report, having the negative impact of financial irresponsibility.

In the late 1980s and early 1990s, the number of credit and debt counseling agencies in America increased significantly. This sharp increase of credit counseling activity created serious issues in the industry. By the early 1990s, abuses by certain credit counseling organizations were so significant, it led to criticism of the entire industry.

A credit counseling agency typically receives most of its compensation from the creditors to whom the debt payments are distributed. This funding relationship has led many to believe that credit counseling agencies are merely a collections wing of the creditors. This fee income, known as *"Fair Share"* are contributions from the creditors that earn the agency up to 15% of the amount recovered.

The Federal Trade Commission has filed lawsuits against several credit counseling agencies, and continues to urge caution in choosing a credit counseling agency. The FTC has received more than 8,000 complaints from consumers about credit counselors, many concerning high or hidden fees and the inability to opt out of so-called "voluntary" contributions. The Better Business Bureau also reports high complaint levels about credit counseling.

The IRS also has weighed in on the subject of credit counseling, and has denied nonprofit 501(c)(3) tax-exempt status to around 30 of the nation's 1000 credit counseling agencies. Those 30 credit counseling agencies account for more than half of the industry's revenue. Audits of non-profit credit counseling agencies by the IRS are ongoing.

The lobby against credit counselors arises from the belief by the collection industry that the not-for-profit status of the credit counselors gives them an unfair financial and market advantage over them. The IRS apparently agrees. The tax exempt revocations seem to be centered around whether a tax exempt credit counselor actually performed their mandated mission by assisting the community at large, other than their whole attention to their own DMP customers in a "collection practice" (no one knows for sure however).

Congress has also investigated the credit counseling industry, and issued a report that said while some agencies are ethical, others charge excessive fees and provide poor service to consumers.

Check out these links for further details about fraudulent CCC practices:

http://www.ftc.gov/opa/2004/03/credittestimony.htm

http://www.consumeraffairs.com/debt_counsel/

http://www.cbsnews.com/stories/2002/12/19/eveningnews/main533702.shtml

http://www.consumerfed.org/releases2.cfm?filename=040903ccreport.txt

I would like to say: BUYER BEWARE! When seeking a company for debt relief, find one that is going to fight for you and have your best interests at heart.

NOT a company whose roots come from the people you're in debt to.

Debt Settlement is an agreement between a debtor and a creditor to fully satisfy a debt for a reduced payoff amount. A debt settlement is usually reached when a debtor is unable to fully meet their debt obligations due to financial hardships and attempts by the creditor to collect on the debt have failed.

The creditor agrees to cancel part of the debt and accept the remaining sum as full repayment. Debt settlement is also called debt negotiation. Technically speaking, a debt settlement is the agreement while debt negotiation is the process through which both parties reach that agreement.

Consumers who use debt settlement are those who are experiencing legitimate financial hardships. Normally, only unsecured debts, like credit card and medical debts, can be negotiated for settlement. Secured debts, like home and car loans, cannot be negotiated because the creditor usually can repossess the item purchased with the credit issued to the borrower.

Debt settlement programs are provided by third party debt resolution firms who set up payment plans, and then negotiate settlements on behalf of the consumer. As a concept, lenders have been practicing debt settlement thousands of years. However, the business of debt settlement became prominent in America during the late 1980s and early 1990s when bank deregulation, which loosened consumer lending practices, followed by an economic recession placed consumers in financial hardships.

With charge-offs increasing, banks established debt settlement departments staffed with personnel who were authorized to negotiate with defaulted cardholders to reduce the outstanding balances in hopes to recover funds that would otherwise be lost if the cardholder filed for Chapter 7 bankruptcy.

In the 1990s, companies were established to negotiate debt settlements with creditors on the debtors behalf. Unlike the ***creditor supported*** consumer credit counseling industry, debt settlement companies are usually companies that charge fees for their debt settlement related services. Another stark difference is that debt settlement companies do not negotiate reduction in interest rates, distribute monthly payments to creditors or report enrollment to credit bureaus (as a managed account). Instead, debt settlement companies negotiate reduction of the **total outstanding balance** of each debt in exchange for a lump-sum payoff and the account is reported as "settled in full".

To support the debt settlement industry and develop standards and best practices, practitioners established the United States Organization for Bankruptcy Alternatives (USOBA) in 2004 and in 2005, industry leaders established The Association of Settlement Companies. (TASC) TASC's goals are to promote good practice in the debt settlement industry, protect the interests of consumer debtors, and lobby on behalf of debt settlement companies on the federal and state level.

For the average consumer, it can be a rather daunting task of sorting through the numerous settlement and negotiation services companies nationwide. While there are many reputable companies offering settlement services, there are questions you should consider when choosing a company that meets your needs. (from the TASC website)

Company Credentials
Are they a member of a national industry trade association or other accreditation agency? This is one of the most important items to consider when choosing a company to work on your behalf. Many settlement companies today operate independently and without a system of checks and balances. Since many states have few requirements for settlement companies to follow, be certain to look for a company who holds themselves accountable to industry standards maintained through an industry accreditation process.

Holding Accounts
Does the debt settlement company hold client settlement monies? Debt settlement companies should never offer to hold your money in a trust account controlled by the company. Instead, the monies saved for future negotiation should either be in the consumer's own private savings account or in a third party bank FDIC insured account. You should always maintain direct control of the money

Customer Service

What can you tell me about the quality of your customer service? The settlement process can take between two to four years to be completed. This is a trying period for the consumer faced with aggressive creditors. A solid relationship with clear communications directly with the company is instrumental to completing the program successfully and stress free. Ask about customer service training, hours of operation and any affiliation or awards the company might have earned.

Creditor Management

What do you do to help with aggressive creditors? Debt Negotiation clients are likely to experience aggressive creditors using threatening collections tactics. Consumers should require that either the creditors be notified through a "ceased and desist" letter or that a creditor harassment service be included with their debt settlement program.

Consumer Education

Do you provide any educational services or materials?

Debt Negotiation is not just about saving money and becoming debt free. It is about learning proper financial management so that the consumer is not faced with the same financial situation in the future. Debt Settlement Companies should be offering financial education services either through online education, print or in class training.

Bankruptcy

In 2001 and 2002, Wes Wannemacher charged $3,200 on a new Chase credit card to pay for expenses related to his wedding. Over the next six years, he paid about $6,300 dollars toward that debt, yet in February 2007 he still owed $4,400.

How could he pay nearly double his original debt and still owe more than $4,000?

As he explained in testimony before the Senate Permanent Subcommittee on Investigations, Wannemacher was socked with $4,900 in interest charges, $1,100 in late fees, and 47 over-limit fees totaling $1,500, despite going over his $3,000 credit limit by a total of $200 on just three occasions.

Credit cards have become a fixture of U.S. economic life, with the average American household owning five different cards. While the credit card industry has provided many consumers with easy access to credit, it has also created enormous problems and contributed to record levels of personal bankruptcy filings.

The number of bankruptcy cases filed in federal courts rose 12.8 percent in the 12-month period ending March 31, 2006, according to statistics released by the Administrative Office of the U.S. Courts. Bankruptcy cases totaled 1,794,795 for that period, compared to 1,590,975 bankruptcy cases filed in the 12-month period ending March 2005.

But what exactly is bankruptcy?

Bankruptcy is a federal court process designed to help consumers and businesses eliminate their debts or repay them under the protection of the bankruptcy court. Bankruptcies can generally be described as "liquidations" or "reorganizations."

Chapter 7 bankruptcy is the liquidation variety where property is sold (liquidated) to pay off as much of your debt as possible, while leaving you with enough property to make a fresh start.

Chapter 13 is the most common type of "reorganization" bankruptcy for consumers where you repay your debts over a period of years.

Both kinds of bankruptcy have numerous rules, and exceptions to those rules, about what kinds of debts are covered, who can file, and what property you can and cannot keep.

There are several key changes to the new bankruptcy law, called the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA). The three major changes to the law that will affect the most people are the ticket in, the means test, and the ticket out.

The "ticket in" is simple a credit counseling session that the person wishing to file bankruptcy must attend. You must attend this credit counseling session six months prior to applying for bankruptcy.

The bankruptcy court determines whether or not you can qualify for chapter 7 bankruptcy. Under the new law, your income will be tested by a two-part “means test”. The first test is a formula that exempts certain expenses (rent, food, etc.) to determine if you can afford to pay 25 percent of your unsecured debt, such as credit card bills. Next, your income will be compared to your state's average income.

The court will not allow you to file chapter 7 bankruptcy if your income is above average for your state and you are able to pay 25 percent of your unsecured debt. Under the new bankruptcy law, the court may allow you to file under chapter 13, though.

If your income falls below your state's average but you are able to pay 25 percent of your unsecured debt, you may be able to file chapter 7, but the bankruptcy court will still have the authority to require you to file chapter 13 instead if the court believes you would be abusing the system by filing under chapter 7.

The "ticket out" for the new bankruptcy law is attending a financial education class from an approved provider before your bankruptcy can be finalized. The United States Trustees Office approves the class providers.

Also under the new law, the court will apply living standards derived by the IRS to determine what is reasonable to pay for food, rent, and other expenses to determine how much you have available to pay on your debts.

So, your life will be dictated by standards that may be unrealistic for your family by the state standards and the laws lobbied for by the credit card companies. Not to mention the long term damage a bankruptcy does to your credit rating and future lend ability. So bankruptcy should only be considered as a last ditch effort of debt relief, left only for the desperate.

Do Nothing

A wise man has said that if you continue to act as you always have, you will continue to receive what you always had. You need to change your method of doing things to achieve a different result.

The seemingly most easiest thing you can do when in debt is to do nothing, but this is *hardly* the best choice.

People choose this option for a variety of reasons. Some people are so overwhelmed by their debt that they are unable to do anything proactive to remedy their situation. Others procrastinate dealing with their debt because they expect a financial turn-around or miracle in the near future. Perhaps a promotion in your company is on the way, or a new job is right around the corner, or you might be walking down the street one day and you'll trip over a bag of money.

Some may not be very worried about their debt and are content with making their minimum payments each month. Still others do nothing about their debt because they have no idea what to do or where to start. While these may seem like valid excuses, there is no good reason to avoid your debt.

Understanding debt and learning about the available options help to lessen the stress of debt. If you are unable to take action to reduce your debt, seek professional help with managing your debt. Remember that it is unwise to base financial decisions today on future expectations. If the hoped for bonus does not happen, you could be stuck financially. It is best to plan ahead and attack your debt now, without gambling on what the future will hold.

There is a chance that your debt will eventually disappear as you struggle to make your monthly payments, but it won't be easy or very likely. Interest rates for credit cards average about 18% and are subject to change by your creditors at any time, at their will. At these rates, it is difficult, if not almost impossible, to get out of debt by making just the minimum payments on your accounts. If you pay only the minimums each month on a $5,000 credit card balance, it will take you 27 years to eliminate that debt and you will have paid for everything you bought at least twice over.

From this example, you can see how much money you will waste on interest by paying your minimums and waiting years to get out of debt. Also, having long-term outstanding debt of this kind hurts your credit score. If you decide to do nothing about your debt, you ruin your credit score without eliminating the debt.

Rather than doing nothing about your debt, explore the other options and see which one best fits your situation and makes the most sense to you.

When you are in a struggle to make minimum payments on your unsecured debt, you must look at all your options to determine which option is going to free up your cash flow problem.

Debt Amount	Pay Back (Including Principle & Interest)	How Long Will It Take
$10,000	$26,276.59	42 yrs 9 mos
$15,000	$55,370.41	48 yrs 11 mos
$20,000	$74,464.22	53 yrs 3 mos
$25,000	$93,557.98	56 yrs 7 mos
$30,000	$112,651.77	59 yrs 4 mos
$35,000	$131,745.58	61 yrs 8 mos
$40,000	$150,839.39	63 yrs 9 mos
$45,000	$169,933.22	65 yrs 6 mos
$50,000	$189,027.02	67 yrs 1 mos
$60,000	$227,214.61	69 yrs 10 mos
$70,000	$265,402.22	72 yrs 2 mos
$80,000	$303,589.81	74 yrs 2 mos
$90,000	$341,777.43	76 yrs
$100,000	$379,965.06	77 yrs 7 mos
$110,000	$418,152.62	79 yrs
$120,000	$456,340.27	80 yrs 4 mos
$130,000	$494,527.82	81 yrs 6 mos
$140,000	$532,712.48	82 yrs 8 mos
$150,000	$570,903.04	83 yrs 8 mos

Number of years to pay off a credit card balance based on 19% interest and a minimum monthly of 2.1% of the outstanding balance. Most cards require a minimum monthly payment between 2.0% and 2.4% of the outstanding balance.
Source: CNN Money

If there is no way that you can afford to repay the debt and you have no property that could be sold to repay the debt, or your income is too low to be garnished you *may* opt to do nothing.

But in reality, that would ***not*** be the wisest choice.

Chapter 8 - Identity Theft

Identity taker is a term first appearing in U.S. literature in the 1990s, leading to the drafting of the Identity Theft and Assumption Deterrence Act.

In 1998,The Federal Trade Commission appeared before the Subcommittee on Technology, Terrorism and Government Information of the Committee of the Judiciary, United States Senate. The FTC highlighted the concerns of consumers for financial crimes exploiting their credit worthiness to commit loan fraud, mortgage fraud, lines-of-credit fraud, credit card fraud, commodities and services frauds.

With the rising awareness of consumers to an international problem, in particular through a proliferation of web sites and the media, the term "identity theft" has since morphed to encompass a much broader range of identification-based crimes. The more traditional crimes range from dead beat dads avoiding their financial obligations, to providing the police with stolen or forged documents thereby avoiding detection, money laundering, trafficking in human beings, stock market manipulation and even to terrorism.

Identity theft is sub-divided into four categories: Financial Identity Theft (using another's name and SSN to obtain goods and services), Criminal Identity Theft (posing as another when apprehended for a crime), Identity Cloning (using another's information to assume his or her identity in daily life) and Business/Commercial Identity Theft (using another's business name to obtain credit).

The Identity Theft and Assumption Deterrence Act (2003)[ITADA] amended the U.S. Code, s. 1028 - "Fraud related to activity in connection with identification documents, authentication features, and information". The Code now makes possession of any "means of identification" to "knowingly transfer, possess, or use without lawful authority" a federal crime, alongside unlawful possession of identification documents.

Some people prefer the term "identity fraud" to describe when their means of identification has been exploited for an unlawful purpose. Others believe the thief *does* deprive the owner of his identity by replacing his reputation with the thief's. Both uses of the term focus on the act of acquiring the legally attributed personal identifiers and other personal information necessary to perpetrate the impersonation

A classic example of consumer-dependent financial crime occurs when Bob obtains a loan from a financial institution impersonating Peter. Bob uses Peter's personal identifiers that he has somehow acquired. These personal identifiers conform with the data retained on Peter by national credit-rating services. The identifiers include surname, given names, date of birth, Social Security number (U.S.), Social Insurance Number (Cda), current and former addresses etc. These data are all part of credit header information retained by credit-rating services. The crimes are self-revealing. When Peter defaults on payments the lenders become aware. With consumers being credit-dependent, the onus shifts to them to re-establish their credit-worthiness with the lending institutions and credit-rating services.

Less commonly understood outside criminal intelligence and law enforcement circles is the impact of identification-based concealment crimes. As with credit-dependent consumer financial crimes, criminals acquire legally attributed personal identifiers and then clone someone to them for concealment from authorities. Unlike credit-dependent financial crimes, they are non self-revealing, continuing for an indeterminate amount of time without being detected.

The crimes include illegal immigration, terrorism and espionage, to mention a few. It may also be a means of blackmail if activities undertaken by the thief in the name of the victim would have serious consequences for the victim. There are cases of identity cloning to attack payment systems, such as obtaining medical treatment.

Techniques for obtaining information

Stealing mail or rummaging through rubbish (dumpster diving)

Eavesdropping on public transactions to obtain personal data (shoulder surfing)

Stealing personal information in computer databases [Trojan horses, hacking]

Infiltration of organizations that store large amounts of personal information
impersonating a trusted organization in an electronic communication (phishing)
Spam (electronic): Some, if not all spam requires you to respond to alleged contests, enter into "Good Deals", etc.

Using another arguably illegal reason to victimize individuals who display their personal information in good faith, such as landlord-related fraud, where the Patriot Act is used to create suspicion on prospective tenants, and then using their personal information to commit fraud. This is a very common practice among slumlords, who violate civil rights and use the right to request background checks to defend their legal policies, which are later used to commit crimes; the laws themselves create this conflict and is a type of identity theft created and enforced by federal law.

Spread and impact of consumer-based "identity theft"

Surveys in the USA from 2003 to 2006 showed a decrease in the total number of victims but an increase in the total value of identity fraud to US$56.6 billion in 2006. The average fraud per person rose from $5,249 in 2003 to $6,383 in 2006.

The 2003 survey from the Identity Theft Resource Centre found that :

Only 15% of victims find out about the theft through proactive action taken by a business

The average time spent by victims resolving the problem is about 600 hours

73% of respondents indicated the crime involved the thief acquiring a credit card

The emotional impact is similar to that of victims of violent crimes

In a widely publicized account, Michelle Brown, a victim of identity fraud, testified before a U.S. Senate Committee Hearing on Identity Theft. Ms. Brown testified that: "over a year and a half from January 1998 through July 1999, one individual impersonated me to procure over $50,000 in goods and services. Not only did she damage my credit, but she escalated her crimes to a level that I never truly expected: she engaged in drug trafficking. The crime resulted in my erroneous arrest record, a warrant out for my arrest, and eventually, a prison record when she was booked under my name as an inmate in the Chicago Federal Prison."

STARTLING FACTS ABOUT IDENTITY THEFT

- Identity theft is "an absolute epidemic," states Robert Ellis Smith, a respected privacy author and advocate. "It's certainly picked up in the last four or five years. It is nationwide. It affects everybody, and there is very little you can do to prevent it and, I think, worst of all—you can't detect it until it's probably too late."
- Some law-enforcement authorities call identity theft "the fastest growing crime across the country right now". In fact, identity theft is the most called-about subject on the Privacy Rights Clearinghouse's telephone hotline. "Most victims don't even know how the perpetrators got their identity numbers," says director Beth Givens. Such fraud may account for as much as 25% of all credit card-fraud losses each year.
- For the criminal, identity theft is a relatively low-risk, high-reward endeavor. Credit card issuers often don't prosecute thieves who are apprehended. Why? The firms figure it's not cost efficient. They can afford to write off a certain amount of fraud as a cost of doing business.

IN MANY STATES, IDENTITY THEFT IS NOT AGAINST THE LAW!!

In Identity-theft cases, the victim often has to prove his or her innocence. This shocks most new identity-theft victims. They naturally expect the police, the credit grantors, the credit-reporting agencies and others in high places to help them. Maybe it should be that way…but often it isn't.

What is Identity Theft?

Identity theft or identity fraud (true name fraud) is the taking of the victim’s identity to obtain credit, credit cards from banks and retailers, steal money from the victim’s existing accounts, apply for loans, establish accounts with utility companies, rent an apartment, file bankruptcy or obtain a job using the victim’s name. The Impersonator steals thousands of dollars in the victim’s name without the victim even knowing about it for months or even years. Recently criminals have been using the victim’s identity to commit crimes ranging form traffic infractions to felonies.

How does the imposter take your identity?
It is easy. All that is needed is your social security number, your birth date and other identifying information such as your address and phone number and whatever else they can find out about you. With this information, and a false driver's license with their own picture, they can begin the crime. They apply in person for instant credit, or through the mail by posing as you. They often provide an address of their own, claiming to have moved. Negligent credit grantors in their rush to issue credit do not verify information or addresses. So once the imposter opens the first account, they use this new account along with the other identifiers to add to their credibility. This facilitates the proliferation of the fraud. Now the thief is well on his/her way to getting rich and ruining your credit and good name.

Where does the impersonator get information about you?
Lots of places- your doctor, accountant, lawyer, dentist, school, place of work, health insurance carrier, and many others have your identifying information. If some criminally minded person is working at the office (or just visiting) decides to use this information to assume your identity, you would not know it. Also if this information is not disposed of with a shredder, a "dumpster-diver" could pick up the information and begin the crime against you. You do not need to lose your wallet or have anything tangible stolen from you for someone to take your identity. If you do not shred your confidential information, utility bills, credit card slips and other documents, it is easy to "*dumpster dive"* your garbage. Much of your information is readily available on the internet, at courts, and accessible from public documents. Additionally, if someone obtains your credit report illegally, they have all the information necessary to become you.

How can you stop the fraud?
As soon as you are made aware of the fraud (usually a creditor will contact you or you will be denied credit, or you will see charges that are not yours on bills) you must immediately contact the three major credit ***reporting agencies*** by phone and letter to put a **fraud alert** on your credit profile. Get copies of the reports so that you will know which are the fraud accounts, and call the police in the county where the fraud occurs. You may not be able to stop the fraud immediately. It is very complex. But this will get you started. Once you have learned all the facts of your case, write a 100-word statement explaining the situation and have that paragraph added to your credit profile.

What if the police won't take a report?
Many police departments are reluctant to write a report on this type of crime. First of all, they may tell you that *you* are not the victim, because the credit grantor, who lost the money, is the victim. They often want the report to come from the creditor who many times will not cooperate because it is not cost effective for them to spend the time and energy to assist the police. They may have already lost thousands of dollars. This fraud loss (to them!) is viewed as a cost of doing business. It is not fair to you as the victim, and things have to change, but that is the situation in many places.

Even if the creditor won't prosecute, you <u>must</u> insist that the police take a report. Speak to the head of the fraud unit, (or white-collar crime unit) of the police department in the county(s) or cities where the fraud accounts were opened. (If accounts were opened all over the nation, you may be able to get the secret service involved) You will need a report to clean up the credit mess.

If you still have trouble, call and write to the Chief of Police. You may need to call the Mayor of the City Council. If you get stuck, contact The **California Public Interest Research Group (PIRG,) or The Privacy Rights Clearinghouse** or call an attorney for assistance.

Should you change your social security number if you are a victim of identity-theft?
In most cases this is a bad idea. You have had that number for many years and it is attached to many documents, including your credit report and various other private and governmental documents. If you must change your social security number (this will be an incredible hassle with the Social Security Administration), your credit reports with your old social security number will be attached to the reports with the new number. This will look very suspicious to creditors and employers, and cause further problems in proving yourself to be the victim instead of the imposter.

Should you cancel all your credit cards even if they have not been invaded by the imposter-just to be safe?
No. Since your credit worthiness is shaky due to the fraud, you will probably have a hard time getting new credit in the near future. If you have stopped your credit, you may have trouble getting loans, a rental car, or even a job. Instead, for those accounts that have not be touched by the impersonator, immediately notify each credit grantor of your true accounts, that you are a victim of identity fraud. Set up a new password Put a fraud alert on these accounts and tell the bank that they are not to change your address without verification from you in writing from your present address. Do not use a password with your birth date, mother's maiden name, or any of your present identifiers-not even your pet's name. Make up a strange name and use the same one for all accounts so you do not get confused.

What to Do First

- Your first order of business is damage control!
- Ask each of the big three credit bureaus (CRA's) for a copy of your credit report and go over it very closely.

- Contact all credit grantors: department stores, utility companies, credit-card issuers, etc. with whom you believe your name may have been used fraudulently. Again, contact them by phone and by letter.(
- Carefully monitor your mail and credit-card bills for evidence of new fraudulent activity.

- Start a log of all your contacts with authorities and financial institutions, including those you've already contacted in Steps 1-4.

- Report the incident to the police or sheriff in the area where the crime was committed.

  <u>DON'T BE INTIMIDATED</u>! You are not alone. Not only are there plenty of fellow victims (about 500,000 per year!) but you can fight back without an expensive lawyer!

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.

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.

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. .

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.
  - 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; online or by calling 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.

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.

Request for Fraudulent Transaction/Account Information

Made pursuant to Section 609(e) of the Fair Credit Reporting Act

(15 U.S.C. § 1681(g))

To:

Account Number:

Description of fraudulent transaction/account:

From: [Name]

[Address]

[Telephone Number]

As we discussed on the phone, I am a victim of identity theft. The thief made a fraudulent transaction or opened a fraudulent account with your company. Pursuant to federal law, I am requesting that you provide me, at no charge, copies of application and business records in your control relating to the fraudulent transaction. A copy of the relevant federal law is enclosed.

Pursuant to the law, I am providing you with the following documentation, so that you can verify my identity:

(A) A copy of my driver's license or other government-issued identification card; and

(B) A copy of the police report about the identity theft; and

(C) A copy of the identity theft affidavit, on the form made available by the Federal Trade Commission.

Please provide all information relating to the fraudulent transaction, including:

- Application records or screen prints of Internet/phone applications
- Statements
- Payment/charge slips
- Investigator's summary
- Delivery addresses
- All records of phone numbers used to activate the account or used to access the account
- Any other documents associated with the account.

Please send the information to me at the above address. In addition, I am designating a law enforcement officer to receive the information from you. This officer is investigating my case.

The law enforcement officer's name, address and telephone number is: [insert]. Please also send all documents and information to this officer.

Enclosure: Section 609(e) of the Fair Credit Reporting Act (15 U.S.C. § 1681(g))

ENCLOSURE:

FCRA 609(e) (15 U.S.C. § 1681g(e)) Disclosures to Consumers –

Information Available to Victims

(e) Information available to victims

(1) In general

For the purpose of documenting fraudulent transactions resulting from identity theft, not later than 30 days after the date of receipt of a request from a victim in accordance with paragraph (3), and subject to verification of the identity of the victim and the claim of identity theft in accordance with paragraph (2), a business entity that has provided credit to, provided for consideration products, goods, or services to, accepted payment from, or otherwise entered into a commercial transaction for consideration with, a person who has allegedly made unauthorized use of the means of identification of the victim, shall provide a copy of application and business transaction records in the control of the business entity, whether maintained by the business entity or by another person on behalf of the business entity, evidencing any transaction alleged to be a result of identity theft to--

(A) the victim;

(B) any Federal, State, or local government law enforcement agency or officer specified by the victim in such a request; or

(C) any law enforcement agency investigating the identity theft and authorized by the victim to take receipt of records provided under this subsection.

(2) Verification of identity and claim

Before a business entity provides any information under paragraph (1), unless the business entity, at its discretion, otherwise has a high degree of confidence that it knows the identity of the victim making a request under paragraph (1), the victim shall provide to the business entity--

(A) as proof of positive identification of the victim, at the election of the business entity--

(i) the presentation of a government-issued identification card;

(ii) personally identifying information of the same type as was provided to the business entity by the unauthorized person; or

(iii) personally identifying information that the business entity typically requests from new applicants or for new transactions, at the time of the victim's request for information, including any documentation described in clauses (i) and (ii); and

(B) as proof of a claim of identity theft, at the election of the business entity--

(i) a copy of a police report evidencing the claim of the victim of identity theft; and

(ii) a properly completed--

(I) copy of a standardized affidavit of identity theft developed and made available by the Commission; or

(II) an [FN1] affidavit of fact that is acceptable to the business entity for that purpose.

(3) Procedures

The request of a victim under paragraph (1) shall--

(A) be in writing;

(B) be mailed to an address specified by the business entity, if any; and

(C) if asked by the business entity, include relevant information about any transaction alleged to be a result of identity theft to facilitate compliance with this section including--

(i) if known by the victim (or if readily obtainable by the victim), the date of the application or transaction; and

(ii) if known by the victim (or if readily obtainable by the victim), any other identifying information such as an account or transaction number.

(4) No charge to victim

Information required to be provided under paragraph (1) shall be so provided without charge.

(5) Authority to decline to provide information

A business entity may decline to provide information under paragraph (1) if, in the exercise of good faith, the business entity determines that--

(A) this subsection does not require disclosure of the information;

(B) after reviewing the information provided pursuant to paragraph (2), the business entity does not have a high degree of confidence in knowing the true identity of the individual requesting the information;

(C) the request for the information is based on a misrepresentation of fact by the individual requesting the information relevant to the request for information; or

(D) the information requested is Internet navigational data or similar information about a person's visit to a website or online service.

(6) Limitation on liability

Except as provided in section 1681s of this title, sections 1681n and 1681o of this title do not apply to any violation of this subsection.

(7) Limitation on civil liability

No business entity may be held civilly liable under any provision of Federal, State, or other law for disclosure, made in good faith pursuant to this subsection.

(8) No new recordkeeping obligation

Nothing in this subsection creates an obligation on the part of a business entity to obtain, retain, or maintain information or records that are not otherwise required to be obtained, retained, or maintained in the ordinary course of its business or under other applicable law.

(9) Rule of construction

(A) In general

No provision of subtitle A of title V of Public Law 106-102, prohibiting the disclosure of financial information by a business entity to third parties shall be used to deny disclosure of information to the victim under this subsection.

(B) Limitation

Except as provided in subparagraph (A), nothing in this subsection permits a business entity to disclose information, including information to law enforcement under subparagraphs (B) and (C) of paragraph (1), that the business entity is otherwise prohibited from disclosing under any other applicable provision of Federal or State law.

(10) Affirmative defense

In any civil action brought to enforce this subsection, it is an affirmative defense (which the defendant must establish by a preponderance of the evidence) for a business entity to file an affidavit or answer stating that--

(A) the business entity has made a reasonably diligent search of its available business records; and

(B) the records requested under this subsection do not exist or are not reasonably available.

(11) Definition of victim

For purposes of this subsection, the term "victim" means a consumer whose means of identification or financial information has been used or transferred (or has been alleged to have been used or transferred) without the authority of that consumer, with the intent to commit, or to aid or abet, an identity theft or a similar crime.

(12) Effective date

This subsection shall become effective 180 days after December 4, 2003.

(13) Effectiveness study

Not later than 18 months after December 4, 2003, the Comptroller General of the United States shall submit a report to Congress assessing the effectiveness of this provision.

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?

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.

The President of the United States has formed an Identity Theft Task Force. Below is the bill:

It is the policy of the United States to use Federal resources effectively to deter, prevent, detect, investigate, proceed against, and prosecute unlawful use by persons of the identifying information of other persons, including through:

(a) increased aggressive law enforcement actions designed to prevent, investigate, and prosecute identity theft crimes, recover the proceeds of such crimes, and ensure just and effective punishment of those who perpetrate identity theft;

(b) improved public outreach by the Federal Government to better (i) educate the public about identity theft and protective measures against identity theft, and (ii) address how the private sector can take appropriate steps to protect personal data and educate the public about identity theft; and

(c) increased safeguards that Federal departments, agencies, and instrumentalities can implement to better secure government-held personal data.

Sec. 2. Establishment of the Identity Theft Task Force.

(a) There is hereby established the Identity Theft Task Force.

(b) The Task Force shall consist exclusively of:

(i) the Attorney General, who shall serve as Chairman of the Task Force;

(ii) the Chairman of the Federal Trade Commission, who shall serve as Co-Chairman of the Task Force;

(iii) the Secretary of the Treasury;

(iv) the Secretary of Commerce;

(v) the Secretary of Health and Human Services;

(vi) the Secretary of Veterans Affairs;

(vii) the Secretary of Homeland Security;

(viii) the Director of the Office of Management and Budget;

(ix) the Commissioner of Social Security;

(x) the following officers of the United States:

(A) the Chairman of the Board of Governors of the Federal Reserve System;

(B) the Chairperson of the Board of Directors of the Federal Deposit Insurance Corporation;

(C) the Comptroller of the Currency;

(D) the Director of the Office of Thrift Supervision;

(E) the Chairman of the National Credit Union Administration Board; and

(F) the Postmaster General; and

(xi) such other officers of the United States as the Attorney General may designate from time to time, with the concurrence of the respective heads of departments and agencies concerned.

(c) The Chairman and Co-Chairman shall convene and preside at the meetings of the Task Force, determine its agenda, direct its work and, as appropriate, establish and direct subgroups of the Task Force that shall consist exclusively of members of the Task Force. Such subgroups may address particular subject matters, such as criminal law enforcement or private sector education and outreach. The Chairman and Co-Chairman may also designate, with the concurrence of the head of department, agency, or instrumentality of which the official is part, such other Federal officials as they deem appropriate for participation in the Task Force subgroups.

(d) A member of the Task Force, including the Chairman and Co-Chairman, may designate, to perform the Task Force or Task Force subgroup functions of the member, any person who is a part of the member's department, agency, or instrumentality and who has high-level policy or operational duties or responsibilities related to the mission of the Task Force.

Sec. 3. Functions of the Task Force. The Task Force, in implementing the policy set forth in section 1 of this order, shall:

(a) review the activities of executive branch departments, agencies, and instrumentalities relating to the policy set forth in section 1, and building upon these prior activities, prepare and submit in writing to the President within 180 days after the date of this order a coordinated strategic plan to further improve the effectiveness and efficiency of the Federal Government's activities in the areas of identity theft awareness, prevention, detection, and prosecution;

(b) coordinate, as appropriate and subject to section 5(a) of this order, Federal Government efforts related to implementation of the policy set forth in section 1 of this order;

(c) obtain information and advice relating to the policy set forth in section 1 from representatives of State, local, and tribal governments, private sector entities, and individuals, in a manner that seeks their individual advice and does not involve collective judgment or consensus advice and deliberation and without giving any such person a vote or a veto over the activities or advice of the Task Force;

(d) promote enhanced cooperation by Federal departments and agencies with State and local authorities responsible for the prevention, investigation, and prosecution of significant identity theft crimes, including through avoiding unnecessary duplication of effort and expenditure of resources; and

(e) provide advice on the establishment, execution, and efficiency of policies and activities to implement the policy set forth in section 1:

(i) to the President in written reports from time to time, including recommendations for administrative action or proposals for legislation; and

(ii) to the heads of departments, agencies, and instrumentalities as appropriate from time to time within the discretion of the Chairman and the Co Chairman.

Sec. 4. Cooperation. (a) To the extent permitted by law and applicable presidential guidance, executive departments, agencies, and instrumentalities shall provide to the Task Force such information, support, and assistance as the Task Force, through its Chairman and Co-Chairman, may request to implement this order.

(b) The Task Force shall be located in the Department of Justice for administrative purposes, and to the extent permitted by law, the Department of Justice shall provide the funding and administrative support the Task Force needs to implement this order, as determined by the Attorney General.

Sec. 5. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) authority granted by law to an executive department, agency, or instrumentality or the head thereof; and

(ii) functions of the Director of the Office of Management and Budget relating to budget, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is intended only to improve the internal management of the Federal Government and is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by a party against the United States, its departments, agencies, instrumentalities, or entities, its officers or employees, or any other person.

Sec. 6. Termination. Unless the Task Force is sooner terminated by the President, the Attorney General may terminate the Task Force by a written notice of its termination published in the Federal Register.

GEORGE W. BUSH

THE WHITE HOUSE,

May 10, 2006.

Chapter 7 – The Debt Collector

If your credit problems have progressed to the point where your creditors have turned your case over to collection agencies, it is important to know your legal rights.

Collection agencies are not allowed to:

- Call your office;
- Call your home before 8 a.m. or after 9 p.m.;
- Address you in an abusive manner;
- Call family or friends in an attempt to collect your debt;
- Harass you;
- Make false or misleading statements; or
- Add unauthorized charges.

If any of the above is happening to you, tell the collection agency to stop harassing you. If it continues, ask for its name and address and report it to the Better Business Bureau, the Federal Trade Commission (see below), or your state's attorney general's office. The federal Fair Debt Collection Practices Act also states that you can demand that the collection agency stop contacting you, except to tell you that collection efforts have ended or that the creditor or collection agency will sue you. However, you must put your request in writing.

Please note: The FDCPA applies only to bill collectors who work for collection agencies, not the original creditors, so you will not be able to get the collection deptment your credit card company to stop calling you with a letter. Only New York City has a local consumer protection law that requires the original creditor to stop calling you after a written request to do so.

What happens if the collector breaks the law?

If a bill collector violates the FDCPA, try and see if you can get the illegal behavior on tape. Taping is permitted without the collector's knowledge in all states except CA, CT, DE, FL, IL, MD, MA, MI, MT, NH, PA, and WA. At the very least, record everything the bill collector says in some form of a written log. Be sure to include the dates of the conversations. The next step is to file a complaint in writing. You can even file a complaint if you don't have a witness to any of these conversations, but a witness helps. The correct agency to file your complaint with is the FTC. You can even file a complaint online:

Federal Trade Commission
6th Street & Pennsylvania Avenue NW
Washington, DC 20850
202-326-2222
http://www.ftc.gov

Next, complain to your state consumer protection agency. Then send a copy of your complaint to the creditor who hired the collection agency. If the violations are severe enough, the creditor may stop the collection efforts.

If the violations are ongoing, you can sue the collection agency (and the creditor that hired the agency) for up to $1,000.00 in small claims court for violating the FTC regulations (note: you probably won't win if you can prove only a few minor violations). If the violations are outrageous, you can sue the collection agency and creditor in regular civil or small claims court.

Common Collections Tactics and Rebuttals

Some collection agencies do employ collection methods involving the use of false and misleading statements. Just like any other high pressure salesman, these guys will make lots of "helpful" suggestions to get you to close the deal NOW. They will always try to get you to pay up right then and there. Some examples:

- insist you FedEx or Express your check to them (Can you really afford to add $12 to the debt you already can't pay?)
- Charge it on your credit card. (Sure, charge up the old card - isn't this how you got into trouble in the first place?)
- They will try to get you to pay by "telecheck". This means you give them your checking account number, and they deduct the amount electronically. Are you crazy? NEVER give out your checking account and check routing numbers.

While the FDCPA allows a collector to add interest if your original agreement calls for the addition of interest during collection proceedings, or the addition of such interest is allowed under state law, it is not necessary to spend the money or risk your checking account for any of the above methods. The three or four days it may take to mail a payment with a first class stamp, if they do decide to come after you for interest, won't break the bank.

What if I can't pay?

It is generally in your best interest to settle your debts as quickly as possible, or use the debt validation techniques outlined here, or by settling your debts. Before obtaining a court judgment, a bill collector generally has only one way of getting paid: Demand payment by calling you and sending you threatening letters. If you refuse, the collector can't do much else short of suing you. Once the collector (or creditor) does sue and gets a judgment, however, you can expect more aggressive collections actions:

- If you have a job, the collector will try to garnish up to 25% of your net wages.
- The collector also may try to seize any bank or other deposit accounts you have.
- If you own real property (real estate), the collector will probably record a lien, which will have to be paid when you sell or refinance your property.

Some collection agencies will agree to settle with you for far less than you owe and then turn around and hire another collection agency to collect the difference. However, in many states this is illegal. Once a creditor deposits or cashes a full payment check, even if she strikes out the words "payment in full," or writes "I don't agree" on the check, she can't come after you for the balance. The states in which this law is enforced include:

Arkansas	Colorado	Connecticut	Georgia
Kansas	Louisiana	Maine	Michigan
Nebraska	New Jersey	North Carolina	Oregon
Pennsylvania	Texas	Utah	Vermont
Virginia	Washington	Wyoming	

Some states have modified this rule. In the following states, if a creditor cashes a full payment check and explicitly retains his right to sue you by writing "under protest or without prejudice" with his endorsement, then he can come after you for the balance. But those exact words must be used. If he writes "without recourse," communicates with you separately, notifies you verbally, or writes on the check that it is partial payment, it is not enough.

Alabama	Delaware	Massachusetts	Minnesota
Missouri	New Hampshire	New York	Ohio
Rhode Island	South Carolina	South Dakota	West Virginia
Wisconsin			

Statute of Limitations on Debts

Below are the State Statutes of Limitations for various kinds of agreements. All figures are in years.

Oral Contract: You agree to pay money loaned to you by someone, but this contract or agreement is verbal (i.e., no written contract, "handshake agreement"). Remember a verbal contract is legal, if tougher to prove in court.

Written Contract: You agree to pay on a loan under the terms written in a document, which you and your debtor have signed.

Promissory Note: You agree to pay on a loan via a written contract, just like the written contract. The big difference between a promissory note and a regular written contract is that the scheduled payments and interest on the loan also is spelled out in the promissory note. A mortgage is an example of a promissory note.

Open-ended Accounts: These are revolving lines of credit with varying balances. The best example is a credit card account. Please note: a credit card is ALWAYS an open account. This is established under the Truth-in-Lending Act:

Every day, consumers pay off collection accounts and charge-offs which they do not have to pay off because the Statute of Limitations has already expired for the open account. Consumers pay off these accounts because the accounts still appear on their credit reports.

This information can be a powerful weapon in unburdening yourself of old debts, as creditors have a limited time in which to sue you. Remember: the Statute of Limitations begins to run from the day the debt - or payment on an open-ended account - was due. Also, this has nothing to do with how long an negative credit item can remain on your credit report.

Consumers also pay off these accounts when they are not on their credit reports. Even though an account was removed from their credit file, a collector watched their credit report for any activity (actually the computer was watching any credit activity). When the collector spotted the activity, he called the consumer for payment. All the consumer needed to say to the collector was, "I have an absolute defense--the Statute of Limitations has expired."

The Statute of Limitations does not cause your debt to go away after it expires. If the creditor files suit, the consumer has an absolute defense. The consumer must offer the new evidence to avoid a judgement. The evidence will consist of papers the consumer files to support his claim. If the creditor sues you, and you do not prove to the court that the Statute of Limitations expired, you will have a lost lawsuit and a judgment against you.

You might be asking yourself, "It has been such a long time since my "open account" has had any activity. When does my Statute of Limitations started ticking." Use your credit report as a reference. Your credit report will tell you the date of last activity for your account. You will have your credit report with the date of last activity and a certified letter stating that the statute of limitations expired.

Depending on what state you live in, if you make a partial payment, you could be postponing the Statute of Limitations' taking effect on your collection account or charge-off. A collector might call you one day and say you waived your rights when you made a deal with the collection agency. Do not take anything a collector tells you for granted. Make them prove it to you, in or out of court. For about half the population, the Statute of Limitations started ticking the day they made the last payment for their account.

What state should I use in figuring out the Statute of Limitations?

According to Ron Opher, of www.ron4law.com: In my opinion, the FDCPA applies, and so the only relevant jurisdictions are where the consumer signed the loan application and where the consumer currently lives (bank location is irrelevant). If those states are different, I believe the creditor has the choice of where to sue and can select the state with the longer SOL. There may also be an argument that the contract was signed "under seal" which might lead to a longer Statute of Limitations than an ordinary contract.

Even though a debt is an absolute promise to pay, if the Statute of Limitations expiring is in force and the creditor tries to force you to pay the debt, you have the right not to fulfill the promise (debt).

Agency Collector

Agency collectors have correctly been deemed the worst-type of collection agents! They operate from a computer database containing all your personal information, provided to them by the original creditor. When an outside agency gets your account, it has been 'charged-off' for non-payment. They make calls as fast as the auto-dialer can picking up the first one that hits a live voice and letting the rest go as annoyance calls. That's why sometimes you get only a recorded message telling you to call about a very important matter. Commission is their livelihood; they don't have time for pleasantries or obeying the law.

An agency collector's commission ranges from 15-25% of what they can extract from you. Most are paid bonuses if they hit a quota and steady, hard-working collectors can make $40-60K per year. The majority will bring in much less because they routinely step over the line to increase their take.

***Who* Seeks a Career as a Debt Collector?**

In a industry where deception, craftiness, and deceit are rampant, you might imagine most honest people would seek work elsewhere. And you're right. My experience says the average debt collector is male, has a large ego, bounces from job to job, suffers low self-esteem and enjoys using the telephone as an instrument of empowerment. You shouldn't be surprised to find most of them have great debt problems themselves.

The debt collection business is plagued with high employee turnover. Constant training of new collectors puts great strain on the agencies and the employees. Every moment someone is in training is time lost on the phone. You can imagine the shortcuts that are taken to get a new caller on the floor as soon as possible.

Collectors see themselves in a position to take advantage of those they deem weaker, in an effort to overcome their own insecurities. They normally will talk-over any issues you may have, threaten and intimidate you, lie, misrepresent themselves, abuse, annoy and attempt to push you as far as they can. After all, a portion of what they collect from you becomes theirs. Unfortunately, far too few consumers complain about debt collectors overstepping their bounds, because they are intimidated or embarrassed about their dilemma. Over the years I've dealt with literally thousands of collectors and suggest that only 2 out of 10 are honest and hard working. The greater percentage are deadbeat scum either just out of, or heading back into a jail cell.

Collecting is a male dominated business and because of the shortage of skilled workers, agencies are hiring anyone who can walk and chew gum to make their calls. Social skills, education and career orientation are NOT normally the prerequisites for a debt collector – money beggar position.

What Techniques Do They Employ?

You'll hear standard phrases such as: "*what is your intent*" or "*I'm going to recommend that our client take immediate legal action against you.*" The innocent unsuspecting consumer feels threatened, even terrorized by the antics of unscrupulous debt collectors. The really bad ones will call you at work, violate third party disclosure, or worse, threaten you with arrest or wage garnishment if they don't have the money today! They'll try to persuade you to pay off old debts using your new credit card, via Western Union wire transfers, bank drafting, debit checks and cash. They will tell you your credit report will be clean if you just send them the**$ MONEY$.**

The National Consumer Law League, (NCLC) and the National Association of Consumer Advocates, (NACA) assist attorneys across the country in pursuing agencies and collectors who violate the law and your rights. Collectors are learning that the phone name they use and the perceived anonymity of hiding behind a telephone can easily be overcome with today's modern technology and investigative techniques. Some collectors are learning first-hand that they too, can be charged with making threats over the phone and that their employers don't provide bail money or legal representation. Creditors are increasingly becoming less tolerant of agencies that allow abuse and will drop those that don't comply.

I urge you to complain about collector abuse by contacting the FTC, the American Collectors Association, the original creditor and your state bar association (against attorneys), or me if you feel your rights are being violated. There is a nationwide group of professional consumer attorneys, skilled in debt collection laws that passionately defend the rights of consumers against these illegal collectors. No consumer should ever suffer abuse from a debt collector. The laws WILL protect you!

ATTORNEY/LAWYER DEBT COLLECTORS

The law binds attorneys who engage in the collection of debts and the collectors that work for them. One of the worst attorney collection networks I have ever encountered is the Collect America/Refinance America franchise founded by Attorney P. Scott Lowery, of Denver CO. This is abuse at its absolute worst. The worst Collect America/Refinance America office that I have encountered appears to be Attorney James Anthony (Tony) Cambece, of Peabody MA. This group of misfits, brain dead, egotistical punks think collection laws don't apply to them. Their ring-leader, Tony Cambece, a Massachusetts Attorney can be dealt with legally if consumers will file a bona-fide, written complaint about him and his thugs with the Massachusetts Bar Association, Boston, Mass at: (617) 542-3602. Many other law firms that engage in the collection of debts. One recent scam I've encountered is Attorney A. C. Donahue, of Somerset, KY. It appears that Attorney Donahue is NOT really an attorney in states that he is sending mail from, such as Oklahoma. When I tracked Attorney A. C. Donahue to his KY address, he told me over the phone that he would not speak to me and to contact his attorney. Would you feel comfortable sending money to the Donahue Law Group of OK, (oh), and KY? I certainly would recommend that you DO NOT! (At least until it can be determined just where Mr. A. C. Donahue is legally allowed to practice law. He seems a bit confused about this.)

A majority of law firm collectors I have dealt with in my business are usually the ones with the "big head" syndrome. They try to impress you with titles such as 'Head Legal Assistant to Attorney Smith', or use the most intimidation to force payment with such classics as, *"the paperwork is ready to send to the courthouse for suit."* One of my favorites: "*We don't have time to play games with you. Are you sending the money today or not?"* These jerks seem to get their kicks convincing debtors that they have life and death power over them. They love to use the phone as a weapon of terror.

You almost never are allowed to speak with the attorney who sent you the letter because he is always "in court." You are told that they never take calls from debtors. Well that's not correct. The law states that if an attorney places their name and/or letterhead on a collection notice, they MUST make themselves available to talk with you and they MUST have some knowledge of the debt. Don't be intimidated by these over-bearing jerks. THEY CAN BE HELD ACCOUNTABLE UNDER THE LAW! If you feel that your rights are being abused by a debt collection attorney/law office, file a complaint with your State Bar Association, the Attorney General, or the Federal Trade Commission, or contact me for a confidential referral to a consumer law professional in your area.

Chapter 8 - Rebuilding Your Credit

If you've taken on more debt than you can handle, don’t be discouraged. You’re not alone. Thousands of Americans are in the same boat, with many of them carrying huge debt loads. It doesn’t matter how much money you make. If you can’t live within your means, you become a slave to your creditors.

This chapter is by no means a comprehensive treatise on financial planning. Nonetheless, what follows are a few strategies to regain your financial freedom.

Ask Yourself Why?

Money is a powerful force that can destroy you if you let it. You must learn to master your money instead of letting it master you. If you don’t do this, you’ll never get out of debt. I’ll say it once more. If you do not learn to control your spending you’ll never get out of debt. Be brutally honest with yourself. Examine your internal reasons about why you are in debt. I’m not referring to financial blows beyond your control, but about the times when you let the power of money control you.

Here are some questions to consider: Do you buy stuff to mask your own insecurities? Are you using money as a drug to comfort yourself? Do you feel you have to compete financially with your friends, coworkers, neighbors, and family members? Are you trying to impress someone? Your parents? Who is telling you that you have to live high on the hog? What is it that compels you to buy that item right now? Why don’t you have enough self-control to buy later or never?

These are serious questions which must be answered before you attempt to control your money with any kind of budget or financial system. Otherwise, it’s like treating cancer with a Band-Aid. You might even consider psychological counseling for your money difficulties.

Assess the Damage

It is important you be fully aware of how much debt you are actually carrying no matter how painful it is. Take a sheet of paper, write down the amounts of all your debts, and total them. Keep this amount fixed in your mind. It has been said that pain and pleasure are powerful motivators. If the pain of carrying your debt is acute enough, you will take aggressive measures to change your behavior.

Attack Your Debt Right Now

- Tear up your credit cards. Literally take a pair of scissors and cut them up. Call the credit card companies and tell them to close your accounts. You might keep one card with a low limit set by you, not the credit card company. Simply call the company and tell them to place a limit on your credit.

- Pay off your highest interest rate card first, paying a little more than the minimum. This will shave months off your debt. With your other debts, continue paying just the minimum. After you finish paying off your highest interest rate card, move on to the 2nd highest interest rate card. Roll over the amount you paid each month from your first card to pay off this one. Don't be tempted to use the money elsewhere! You must stay disciplined. You'll pay off the second card even more quickly. Continue this strategy until all your debts are paid.

- If you find yourself unable to pay your bills, communicate with your creditors! Be honest, and explain your financial situation. Ask them to reduce your payments or the interest rate. Tell them you plan to pay off the debt. The worst thing you can do is not communicate. They may assume you are unwilling to pay your bills and get nasty.

- Apply for a low interest rate credit card and transfer your balances. There are several excellent sites on the World Wide Web to find low interest rate credit cards. Check out http://www.bankrate.com and http://www.primerate.com. A word of caution: Don't get lured into those introductory, low-interest rate cards which are so popular right now. Read the fine print before you apply. What they don't tell you is that most of these cards jump back up to a high interest rate after 4 to 6 months. Then you're back to where you started or even worse! If you do get a card with a low, introductory rate, have a financial plan about what to do when the rate and your payments increase so you won't be caught off guard.

- If you own your home, you might consider a debt consolidation loan. This kind of loan is a 2nd mortgage on your property which allows you to consolidate your debts into one payment. Some loan programs require no equity or appraisal. You can use this loan to consolidate credit card bills, car payments, or any other bills. Interest on this loan may be fully tax deductible depending upon your situation. Consult your tax advisor. As with any home loan, this is a lien on your property. If you sell your home, you must pay off both your 1st and 2nd mortgages. In addition, although you may be making lower monthly payments, you may be paying for a longer time period than if you paid off each individual debt. However this is extremely risky as your once unsecured credit card debt will now be secured with your life's most valuable asset – ***your home.***

How to Live Debt Free Forever

Now that you've reviewed some of the personal reasons you've found yourself in debt, and taken some drastic measures to attack your debt, it's time to develop a plan to determine where all your money is going, and develop a healthy financial strategy. You must be able to account for every penny you spend each month. Wait! Don't worry. You won't have to cut your spending yet. Here's a simple method to develop a plan which fits your comfort zone:

Step 1

Take a sheet of paper, and write "Master Budget" at the top. On one side, list all your relatively fixed expenses (mortgage/rent, telephone, electric, water, gas, car, credit card minimums, etc.)

Step 2

Now comes the tough part. You must estimate how much you spend on variable expenses like food, eating out, entertainment, etc. To do this, I recommend what I call the ***thirty day challenge.***

This is a system where you get a receipt for every penny you spend in a thirty day period. I mean ***every*** penny. At the end of the month take a hard look at exactly where your money is going.

Are there some area's where you think you can cut back or eliminate altogether? You will be amazed with this little exercise.

This format allows you to see exactly where all your money is going. If you don't know where your money is going, how can you expect to control it?

Step 3

Now that you're tracking all your expenditures for the month, total each category, and you'll know exactly how much you spend on everything. You may be shocked to realize how much you spend on little things. For example, if you spend $2.00 per day on gourmet coffee, you spend $40 per month just on coffee. Why not buy a nice coffee maker, and make your own, or at least have coffee out only once or twice a week?

After you've totaled your categories, transfer them and their respective expense totals to your "Master Budget" sheet of paper.

Step 4

List your take-home income after taxes on your "Master Budget." You might want to develop two different budgets based on your two pay periods. Should you pay the phone bill on the 1st, or would it be better to pay it on the 15th? What I find is that one pay period usually has a tighter budget than the other because you have to pay the bigger bills like your mortgage, rent, car payments, etc.

Step 5

Now the challenge begins. Balance your income and expense categories, so you stay within your budget. Leave yourself a $100 cushion in your account. Take a long hard look at your variable expenses and see how you can reduce them. Let's look at the category of "Entertainment." which may include dinners out, movies, movie rentals, plays, etc. Let's say you're currently spending $75 per weekend on eating out and entertainment. That's $300 per month. Why not only spend $100 and take $200 to make a larger payment on one of your high-interest credit card bills?

You'll have to play around with the amounts you set for your variable expenses categories. You don't want to completely cut out your fun. Otherwise, you'll give up on your budget completely. Cut back a fair amount, and see how it feels. Adjust as you go. Ask yourself questions like: Could we sell our home and buy or even rent a smaller place until we get back on our feet financially? Should we move to a different area where housing is less expensive? Do I really need to buy premium gas? Why not wait and rent a movie, instead of paying $10-$12 to go to the theater? Do I really need all those magazine subscriptions? Do I really need those movie channels? Could I live without cable TV? Do I really use my bottled water service? What are some cheaper alternatives? Do I really need a new dress, suit, purse, jewelry this month? How you answer these questions all depend on how quickly you want to get out of debt.

Step 6

By now, your Master Budget should list every category where you money goes. When you start living out your new budget on your the next pay period, take your notebook and write the individual amount you have allotted for each category at the top of its own page. Think of each category page as a mini-account log. Every dollar you spend must be categorized and deducted from its appropriate category account balance. Remember to carry your notebook with you everywhere. When you get to zero in one category, you can't spend any more in that area! However, what you'll find is that you have other categories that have money left over at the end of your budget period. You can roll these amounts over to categories you've zeroed out, or better yet, use those extra dollars to hammer away at your debt. Revisit your master budget and adjust it accordingly.

How to Add Positive Credit to Your Credit Report

Maybe you're young and haven't used any credit yet...

Maybe you've recently come out of a bankruptcy or other tough financial situation. You may be tempted to pay for everything in cash not wishing to repeat your past mistakes...

Maybe you think that debt is bad and have always paid for everything with cash... (I've got a friend like that. At the age of 35, when he tried to buy a house, he had no credit history whatsoever!)

Many people think that being debt-free is a positive trait valued by lenders. Nothing could be further from the truth. A borrower with no credit is almost as bad as one with bad credit. A creditor wants to see a history of how you handle debts. A person just out of a bankruptcy needs to show potential lenders that they have learned their lesson and are now committed to improving their credit habits.

Building or re-building a credit report is not a quick-fix situation. It takes a year or two to complete.

Get New Credit

Once you've cleaned up your credit, you are ready to start building a positive credit profile. Follow any or all of these techniques to stack your report with A-1 listings. But be prudent. If you stack too many open accounts, you may be denied new credit based on your debt-to-income ratio; if you show excessive credit inquiries, you may be denied for that. If you already have a problem with excessive credit inquiries, see the Erase Credit Inquiries file in this Web site.

Piggy-back on a Friend

If you know someone (a good friend or parent) who has good credit, you can "borrow" their good credit listings. This friend must have credit cards and must trust you enough to allow you to become an "authorized user" on his card. Have your friend call his credit card company and request that you be placed on his card as an authorized user. A copy of the card will be sent to you but you never have to use it (you can simply return it to your friend). Your credit file will should soon show an open account with all of the positive history that your friend has created over the years from that credit card. A small footnote will show that you are an authorized user of that card. Remember, though, when a new credit grantor reviews your file, he may insist that the balance on the card appear on your debt-to-income ratio balance sheet. That shouldn't disqualify you for credit if your income is sufficient and you don't have an excess of debt on your file.

Get a Secured Credit Card

Ask your local bank if they offer secured cards. Many national banks are starting to offer this service. Your past credit is less important with these guys as you will be opening a savings account to secure the credit line on the card. You can get this card even if you still have some bad credit on your credit file. By putting $500.00 into a savings account, you will be allowed to charge up to $500.00 on the card.

Seek Easy Credit

Finding a credit union should be your first action in seeking easy credit. Credit unions are very forgiving on those who have less than perfect credit.

http://creditunionaccess.com/

In addition, Many stores extend credit without tremendous regard for the credit standing of the applicant. These stores usually can be found in industries with small products or traditionally high mark-ups. Here are a list of creditors who will often extend credit to those without much credit history:

- Fingerhut http://www.fingerhut.com
- Radio Shack
- Jewelry stores
- Furniture stores
- Tire stores
- Appliance stores

- Gas companies

3. Keep the Accounts Active

Once you've successfully received new lines of credit, it is important to have some activity going on each month. We don't suggest you pile up large debt-- maybe $50 dollars or so in a balance. Pay the minimum when the bill arrives even though it will cost you a little in interest charges. And pay it on time. This is what future loan officers and other creditors want to see. (Inactive accounts with a zero balance aren't displaying a tendency to handle existing debts.)

You need to display at least one year of positive credit habits to be taken seriously, especially by a mortgage company. Start now or you will always be a year or two from a good credit standing.

Chapter 9 - Your Budget

As a consumer, you face many choices on how to manage your money.

Knowing how to manage money can help you make smart choices. Your money will work harder for you. You'll be more likely to avoid traps that can undermine your ability to attain your financial goals. You'll be in a better position to pay off debt and build savings.

Being smart about money can help you buy a house, finance higher education or start a retirement fund. A money management game plan can help you get started and stay with it until you achieve the goals you set for yourself.

Establish goals. Where do you want to be?

This is truly the starting point for any debt relief program. I liken it to when a friend calls me and asks for directions to my house. To give him the proper and correct directions I need to know where he is.

Where are *you* with *your* debt?

How much are you in debt? What type of debt is it? How far behind are you?

The more precise I know where you are the better directions I can give you. The way to do this financially is with a budget.

Use the work sheets directly below to help you identify your goals. Print them and fill them in.

Without goals, it's difficult to accomplish anything. When you think about your future and what you want to achieve, it's helpful to establish a timeframe.

Short-term: such as paying off credit card debt, saving for a vacation or buying new clothes

Intermediate: such as saving to buy a car

Long-term: such as saving for education or for retirement.

Estimate the cost of each goal and the date you want to achieve it. Then figure out how much you need to save each month.

Short-term Goals	Cost	Completion Date	Saving Needed per Month
Example: **Vacation***	**$1,200**	**12 months**	**$100**
For example, if your goal is to save for a vacation that will cost $1,200, you need to save $100 for 12 months. (Please note that these examples do not include the interest that would accrue over time.)			

Intermediate-term Goals	Cost	Completion Date	Saving Needed per Month
Example: **Car***	**$18,000**	**36 months**	**$500**
For example, if your goal is to buy a car that costs $18,000 in three years, you need to save $500 for 36 months.			

Long-term Goals	Cost	Completion Date	Saving Needed per Month
Example: **Educational Fund***	**$36,000**	**60 months**	**$600**
For example, if your goal is to save for an education costing $36,000, you need to save $600 a month for 60 months.			

Create a budget. Determine your current situation. Where are you today?

Now that you've figured out your financial goals, you are ready to create a budget that will help you attain them. Print the budget work sheets below and write in your budget figures. Start by writing down your expenses (under Current Monthly Expenses).

Monthly fixed expenses
Start with monthly fixed expenses such as regular savings, housing, groceries, utilities, and car payments. Put these continuing obligations under the heading: Fixed.

Use checking account statements, credit card statements, receipts and other records to help you complete this estimate. Be realistic - it's better to estimate high than low.

Remember that savings is considered an expense even though you keep the money. You work hard. You deserve to keep some of what you earn every month. Savings is the key to meeting your financial goals.

Make estimates for all money spent - regardless of how you pay: cash, check, credit card, debit card, automatic checking account withdrawals or savings through work plans such as 401K or 403B plans.

Monthly variable expenses
Once you have noted all your fixed expenses, write down your expenses that vary each month such as clothing, vacations, gifts and personal spending money. Put these expenses under the heading: Variable. You might have these expenses every month, but the amount you spend could change.

Get a handle on variable expenses by writing down every expense for a month - even small purchases. Use a small note book or other informal method to track your spending. This is very important because it's the best way to understand your current spending behavior. Get receipts for all purchases - especially those you make with cash. Record and categorize each transaction. You may be surprised at how much you spend in certain categories.

Use a notebook to write down every purchase you make for one month. This is the best way to understand your current spending behavior.

List your monthly income
Now that you have figured out your expenses, write down your monthly income after all taxes and deductions. Write this under the heading: Monthly Income. Make sure this figure reflects the total take-home pay for your household after all taxes and deductions.

Current Monthly Expenses

Fixed		Variable	
Savings	$	Credit Card Bills	$
Rent/Mortgage	$	Other Loans	$
Gas (Cooking/Heating)	$	Clothing/Shoes	$
Electric	$	Gasoline	$
Water/Sewer/Trash	$	Parking/Tolls	$
Home Upkeep/Repairs	$	Car Maintenance	$
Home Insurance	$	Postage	$
Life Insurance	$	Restaurants	$
Disability Insurance	$	Entertainment	$
Auto Insurance	$	Charity	$
Telephone	$	Gifts	$
Groceries	$	Vacation	$
Car Loans	$	Tobacco/Beverages	$
Car Stickers/License	$	Medical/Dental/ Prescriptions	$
Bus, Train, Cabs	$	Eye Glasses/ Contacts	$
Laundry/Dry Cleaning	$	Home Cleaning Supplies	$
Haircuts/Hair Care Cosmetics	$	Personal	$
Newspapers/ Publications	$	Other	$
Other	$	Other	$
Other	$	Other	$
Other	$	Other	$
Other	$	Total Variable Expenses :	$
Total Fixed Expenses :	$		$ +
		Total Expenses :	$

Monthly Income

Wages/Salary (after taxes & deductions)	$
Part-time Work	$
Child Support/Alimony	$
Other	$
Other	$
Other	$
Other	$
Total Net Income :	$

Financial Summary

Total Net Income	$
Minus Total Expenses	$ –
Surplus or Deficit :*	$

**If you are spending less than you are bringing home, you have a surplus; otherwise, you have a deficit.*

Your monthly surplus or deficit: $

Sample Letters, Forms and Worksheets

Sample letter 1 - Removal of Inaccurate Information

The following is a sample letter requesting the removal of inaccurate information to the credit bureau. Always include any copies of proof you may have (i.e., cancelled checks showing timely payments, paid off accounts, loans: anything that will show the information is indeed erroneous). It never hurts to include the consequences that have resulted from this wrongful information as well. The credit agencies give the most immediate attention to seriously wronged consumers. Remember, they are bombarded with 10,000 letters a day.

Your Name
123 Your Street Address
Your City, ST 01234

The Credit Bureau
Bureau Address
Anytown, State 56789

Date

Dear Credit Bureau,

This letter is a formal complaint that you are reporting
inaccurate
credit information.

I am very distressed that you have included the below
information
in my credit profile due to its damaging effects on my good
credit standing.
As you are no doubt aware, credit reporting laws ensure that
bureaus report
only accurate credit information. No doubt the inclusion of
this inaccurate
information is a mistake on either your or the reporting
creditor's part.
Because of the mistakes on my credit report, I have been
wrongfully
denied credit recently for a <*insert credit type for which you
were
denied here*>, which was highly embarrassing and has

negatively impacted
my lifestyle.

optional With the proof I'm attaching to this letter, I'm sure you'll agree it needs to be removed ASAP.

The following information therefore needs to be verified and deleted
from the report as soon as possible:

CREDITOR AGENCY, acct. 123-34567-ABC

Please delete the above information as quickly as possible.

Sincerely,

Your Signature

Your Name
SSN# 123-45-6789
Attachment included.

Don't forget to provide proof if you have it!

Keep a copy for your files and send *all* letters registered mail.

AGAIN: Always include any copies of proof you may have (i.e., cancelled checks showing timely payments, paid off accounts, loans: anything that will show the information is indeed erroneous). It never hurts to include the consequences that have resulted from this wrongful information as well. The credit agencies give the most immediate attention to seriously wronged consumers. Remember, they are bombarded with 10,000 letters a day.

Your Name
123 Your Street Address
Your City, ST 01234

Credit Bureau
Credit Bureau Address
Some City, Any State 56789

Date:

RE: Dispute Letter of *Date you sent in first or subsequent requests*

Dear Credit Bureau,

This letter is formal notice that you have failed to respond to my dispute letter of *date*. I sent this letter registered mail and have enclosed a copy of the return receipt which you signed on *some date*.

As you are well aware, federal law requires you to respond within 30 days. It has now been over that period since your receipt of my letter. As you are no doubt aware, failure to comply with federal regulations by credit reporting agencies are in serious violation of the Fair Credit Reporting Act and may be investigated by the FTC. Obviously, I am maintaining detailed records of all my correspondence with you.

I am aware that you may have misplaced my letters or have failed to respond to my letter because of an oversight due to the high volume of the requests you receive daily. If this is the case, I'm sure you'll want to handle this matter as soon as possible. For this purpose, I have included a copy of my original request, the dated receipt of your reception of the original letter and a copy of the proof verifying the incorrectness of the credit item you have mistakenly placed on my records.

The following information therefore needs to be verified and deleted from the report as soon as possible:

CREDITOR AGENCY, acct. 123-34567-ABC

Please delete this erroneous item from my credit report as soon as possible.

Sincerely,

your signature

Your Name
SSN# 123-45-6789

Don't forget to provide copies of your original letter and documentation!

Sample letter 4 - Removing inquiries

Prepare letters to each inquiring creditor asking them to remove their inquiry. The *Fair Credit Reporting Act* allows only authorized inquiries to appear on the consumer credit report. You must challenge whether the inquiring creditor had proper authorization to pull your credit file.

Re: Unauthorized Credit Inquiry

Dear Creditor,

I recently received a copy of my Experian credit report. The credit report showed a credit inquiry by your company that I do not recall authorizing. I understand that you shouldn't be allowed to put an inquiry on my file unless I have authorized it. Please have this inquiry removed from my credit file because it is making it very difficult for me to acquire credit.

I have sent this letter certified mail because I need your prompt response to this issue. Please be so kind as to forward me documentation that you have had the unauthorized inquiry removed.

If you find that I am remiss, and you did have my authorization to inquire into my credit report, then please send me proof of this.

Thanking you in advance,

Jane Caveat-Debtor

Sample Letter 7 - Cease and Desist

The following is a sample letter requesting a collection agency to cease and desist contact with you for a debt owed.

CEASE and DESIST COLLECTION EFFORTS

Cheatem Collections
123 Fagetaboutit Ave
Chicago, IL

17 April 2000

RE: Account 5145454156

Dear Sir or Madam:

I request that you CEASE and DESIST in your efforts to collect on the above referenced account (SEE letter attached). It is my personal policy not to deal with collection agencies and I will only deal with the original creditor of this account.

You are hereby instructed to cease collection efforts immediately or face legal sanctions under applicable Federal and State law.

GIVE THIS LETTER THE IMMEDIATE ATTENTION IT DESERVES.

Cordially

Scott Free

If you would like to download a copy of this file for cutting and pasting into some other text editor for your information, click here.

Attempt To Validate

The following is a sample letter requesting a collection agency to validate that they owe you a debt.

Attempt to Validate Debt.

Under the Federal Debt Collection Practices Act, you are allowed to challenge the validity of a debt that a collection agency states you owe to them. Use this letter and the following form to make the agency verify that the debt is actually yours and owed by you. Keep a copy for your files and send the letter registered mail. You should send this letter within the first 30 days of receiving a notice from the collection agency.

Your Name
123 Your Street Address
Your City, ST 01234

ABC Collections
123 NotOnYourLife Ave
Chicago, IL

Date:

Re: Acct # XXXX-XXXX-XXXX-XXXX

To Whom It May Concern:

This letter is being sent to you in response to a notice sent to me on September 30, 2006. Be advised that this is not a refusal to pay, but a notice sent pursuant to the Fair Debt Collection Practices Act, 15 USC 1692g Sec. 809 (b) that your claim is disputed and validation is requested.

This is NOT a request for “verification” or proof of my mailing address, but a request for VALIDATION made pursuant to the above named Title and Section. I respectfully request that your offices provide me with competent evidence that I have any legal obligation to pay you.

Please provide me with the following:

- What the money you say I owe is for;
- Explain and show me how you calculated what you say I owe;
- Provide me with copies of any papers that show I agreed to pay what you say I owe;
- Provide a verification or copy of any judgment if applicable;

- Identify the original creditor;
- Prove the Statute of Limitations has not expired on this account
- Show me that you are licensed to collect in my state
- Provide me with your license numbers and Registered Agent

At this time I will also inform you that if your offices have reported invalidated information to any of the 3 major Credit Bureau's (Equifax, Experian or TransUnion) this action might constitute fraud under both Federal and State Laws. Due to this fact, if any negative mark is found on any of my credit reports by your company or the company that you represent I will not hesitate in bringing legal action against you for the following:

- Violation of the Fair Credit Reporting Act - reporting inaccurate information
- Violation of the Fair Debt Collection Practices Act - continuing collection activity on a debt which has not been validated

Also during this validation period, if any action is taken which could be considered detrimental to any of my credit reports, I will consult with my legal counsel for suit. This includes any listing any information to a credit reporting repository that could be inaccurate or invalidated or verifying an account as accurate when in fact there is no provided proof that it is.

REQUEST FOR CEASE AND DESIST OF CONTACT BY YOUR OFFICE: I would also like to request, in writing, no further contact, either in writing or telephone be made by your offices to my home or to my place of employment, unless it is to provide validation or release of liability of the debt. If your offices attempt telephone communication with me, including but not limited to computer generated calls and calls or correspondence sent to or with any third parties, it will be considered harassment and I will have no choice but to file suit.

It would be advisable that you assure that your records are in order before I am forced to take legal action. This is an attempt to correct your records, any information obtained shall be used for that purpose.

Best Regards,

Your Signature
Your Name

The following is a sample motion to vacate a judgment. Before using it, make sure you read this first:

Did someone file a judgment against you? If they did, there is a chance you can get it dismissed or "vacated." Vacating a judgment is basically the equivalent of stamping a big fat red "VOID" on the judgment paperwork.

Filing a motion to dismiss a judgment is like filing an appeal on the outcome of a jury trial. If the outcome was not fair, and you have good reason why the court should overturn its prior ruling, you should file a motion. Don't be intimidated by the thought that you are challenging a court ruling, it happens all of the time.

As with many collection agencies, many people who file lawsuits to collect money from you in court didn't follow the law. You may be asking yourself why the judge didn't know about this improper deviation. As in most professions, judges tend to specialize in one type of case. For the same reason that you can't expect a heart surgeon to know the best psychiatric medications to prescribe to a patient with schizophrenia, a judge doing small claims or injury lawsuits may not be intimately familiar with consumer law. Sure they know the basics, but one person can't know everything. Before deciding on a case, most judges need to look up and study existing statutes and case rulings. In addition, if the person who sues says they followed the correct procedure and the defendant or his lawyer does not dispute it, it's a sure bet they were given the benefit of the doubt.

Another thing to look out for: even if the person suing you followed all the right court procedures, you can still win on technicalities. The two biggest reasons a judgment is "won" are: A) the defendant failed to respond to the court summons with the proper paperwork in the allowed period of time, and B) the defendant failed to appear for their court date. This is calling winning by default. If you missed your court date, you may still not be out of luck.

If you receive a judgment or a writ of restitution and you believe you had a good reason for not responding to the eviction summons or appearing at the "show cause" hearing, there still may be grounds for asking the court to vacate the judgment. If the court agrees that you may have had good reasons for not responding or appearing, the court may decide to set a hearing on your motion to vacate the judgment.

First some terms:

A judgment is the actual court decision stating that the person suing is in the right. It issues the method to "right the wrong," such as fines, the actions you need to take to correct the violation, or the amount of money you need to pay the plaintiff.

A writ of restitution is generally used only by landlords. It is basically a court order, in writing, that would be given to a sheriff to evict you if your landlord was trying to get you to move based on non-payment. You don't need to worry about this document if you are not being sued by your landlord.

1. Vacate basically means dismiss.
2. The plaintiff is the person suing you.
3. The defendant is the person being sued (you).

Prepare Your Motion to Vacate

The first thing you should be before preparing a motion to vacate is to look up your state's rules of civil procedure. It should spell out exactly what you need to do to file a motion. It will also tell you what reasons are valid, and may include the exact language you need to use. **If you**

don't follow the procedures, you can get your motion thrown out on a technicality. Here's a good link:

http://www.law.cornell.edu/topics/state_statutes.html

You must prepare a Motion and Declaration to Vacate Judgment and an Order to Show Cause.

Motion and Declaration to Vacate Judgment

A sample document is included at the end of this article which can be used as a template to write up your motion. This document tells the court why the judgment against you should be vacated. First, you need to identify the case by name and court reference number and all the persons involved in the judgment.

Next, explain your reasons for bringing the motion. State your "procedural defenses," that is, the good reason(s) why you did not respond to the summons and complaint on time or appear at a "show cause" hearing. For example:

- I was not served with a summons and complaint - you need to check your state laws here. Some states say that a non-certified letter delivered by US Postal service is all that is required to properly serve a complaint. Most states, however, require that you be served in person or at least get your summons sent certified, return requested mail. Here is a good link to double check you state and county procedures:

  http://www.findlaw.com/10fedgov/judicial/district_courts.html

- I responded to the summons and complaint in time, but a judgment was issued anyway without a hearing.
- I was not able to answer the summons and complaint or appear at the show cause hearing because…

In the same space, also tell the court about your defense to the judgment (why the case would have been dismissed had you shown up in the first place). For example:

- The collection agency never responded to my request for validation, therefore never providing proof that the debt was mine under the FDCPA.
- The amount of the debt exceeded the state's usury interest limits

Please note that the court will only respond to violations of existing laws. They won't accept reasons like: "My insurance company was supposed to pay this debt and never did, therefore I shouldn't have to pay this medical bill."

File the Paperwork

Most likely, you will have to file your motion at the same court which granted the judgment in the first place, which means that if the judgment was granted in Anchorage, Alaska, and you now live in Miami, Florida, you will have to fly to Alaska to both file the paperwork and to attend the court trial.

Go to the courthouse with your typed document and tell the court clerk that you are filing a motion to vacate a judgment. There may be additional forms to fill out at the courthouse, and there will probably be a nominal filing fee. The clerk should know exactly what needs to be done with your paperwork, and can answer all of your questions and even help you fill out the forms.

Once your paperwork is in order, the court will notify you of the upcoming court date. The person who originally sued you (the plantiff in the original suit) will typically have 35 days to respond.

Notify The Original Plaintiff

In some cases, once the paperwork is filed the court will notify the plaintiff and/or plaintiff's attorney. Be sure to ask if the court will serve notice or if you need to, as serving the notice of summons is crucial to winning your case. If it is your responsibility to serve notice, you can hire a third-party professional service company for a nominal fee (typically around $35).

What If They Offer to Settle Out of Court?

Very often the original plaintiff in your lawsuit will come back to you and offer to vacate the judgment, especially if they blatantly flouted the laws in winning the case in the first place and have no proof, say that you were properly served, or that they violated the FDCPA, etc.

If they offer to settle out of court, you should demand that they themselves file paperwork to dismiss the lawsuit. Also demand that they notify any collection agencies they may have hired to collect money and also notify the credit bureaus of the "mistake." It is also crucial before accepting any settlement offer (in writing, naturally) that they send you copies of any paperwork received from the courts about the judgment vacation or dismissal.

What Happens at Court?

In the best of all possible scenarios, the original plaintiff will not show up for the hearing to dismiss and you will win by default. If this happens, you shouldn't have to present anything to the court and should receive your dismissal automatically, especially if the original plaintiff never responded in writing to the summons.

In the second best of all possible worlds, they show up to the hearing and are unable to disprove your reason for requesting the dismissal:

1. They are unable to show proper documentation that you were properly served.
2. They are unable to show that the debt was legal in the first place (unable to show what the correct debt amount should be, if a contract existed in the first place, etc.)

This means, of course, that you should have good documentation on the case and have it available to present in court. See Suing your Creditors.

What Happens When You Win?

You should receive a court document showing that the case was dismissed. Send copies of this document to any collection agency that's contacted you about the case and to the credit bureaus so they will remove any mention of the judgment from your credit report. Even though you demanded that the defendant do this, it only takes a few minutes and a few stamps to insure that it gets done promptly by doing it yourself.

Sample Motion to Vacate

IN THE SUPERIOR COURT OF THE STATE OF [YOUR STATE]
IN AND FOR THE COUNTY OF [YOUR COUNTY]

[The Original Plaintiff] Plaintiff,

vs.

[YOU] ,

Defendant.

No. [COURT REFERENCE NUMBER]

MOTION AND DECLARATION TO VACATE JUDGMENT

NOW COMES the Plaintiff, Pro Se and prays this Honorable Court to Deny the Defendant's Motion to Dismiss and Motion for Sanction for the following reasons:

1. Relief requested. The defendant(s) move(s) the court for an order vacating the judgment entered in this action and staying enforcement of the writ of restitution until the motion can be heard.

2. Statement of facts and issues. This motion is based on the following grounds: (Enter your reasons: you weren't properly served, the judgment was entered even though you filed the right paperwork)

Dated: .

____
Defendant(s) (Signature)

Defendant(s) Name (Print)

Address

Telephone Number

DECLARATION

I, [my name], declare as follows:
1. I am the defendant in this unlawful detainer action.
2. I request that the judgment entered in this action be vacated for the following reasons:
Give your reasons: A) the collection agency never responded to my request for validation, therefore never giving any proof that the debt was mine under the FDCPA. B) The amount of the debt exceeded the state's usury interest limits

I certify under penalty of perjury under the laws of the state of YOUR STATE that the foregoing statement is true.

Signed in [CITY], [STATE] on [DATE].

__________________________________ Signature

Print or Type Name

ChexSystems

ChexSystems keeps a database of people who have a bad track record with one or more banks. Banks use ChexSystems to review your banking history. If you have a negative listing in the ChexSystems database, it can be very difficult to open a new account — checking, savings, or other account — often taking as long as 5 years.

There are several ways to get listed with ChexSystems. For example, you or someone you shared your account with owed the bank money at the time the account was closed. Or your account was closed because of too many "Insufficient Funds" notices.

Whatever the circumstances, you should also keep in mind that some banks will check to see how many inquiries have been made on your Chexsystems record. If there have been several, you might not be able to open a new account.

If you contact ChexSystems and tell them you have been denied an account in the past 60 days, they will send you your report at no charge (most of the time, they won't even ask for proof). Otherwise, there is an $8 charge.

When contacting ChexSystems by mail or fax, be sure to always include your name, address, and Social Security Number (SSN).

You can request a copy of your ChexSystems report by visiting their web site.

The address is : http://www.chexhelp.com/

You can also request a copy of your report in by writing directly to ChexSystems at the following address:

Chex Systems, Inc.
Attn: Consumer Relations
7805 Hudson Road, Suite 100
Woodbury, MN 55125

For further instructions, call ChexSystems toll-free: (800) 428-9623 or fax at 602-659-2197

Bank Letter

Name and Address of original bank

RE: Acct # [account number]

TO: Whom It May Concern:

I am writing regarding the unpaid debt on account # **[account number]**, which I dispute.

According to the Fair Debt Collection Practices Act, I am requesting "validation," or competent evidence that bears my signature and shows I have some contractual obligation to pay you.

Please be aware that any negative mark on my ChexSystems report for a debt I don't owe is in violation of the Fair Credit Reporting Act (FCRA). Therefore, if you cannot validate the debt, you must request that all credit reporting agencies that you have reported to delete the entry. In addition, until I have received and reviewed any evidence you provide me, I ask that you take no action that might damage my credit reports.

If the debt described above has been resolved, I ask that you remove, or have removed, any derogatory marks from my ChexSystems, and Credit reports per the FCRA and send me confirmation that you have done so.

Please note that if you fail to respond within 30 days of receipt of this certified letter, I am prepared to take legal action against your company for causes of action including, but not limited to, defamation, fraud and violations under the Fair Credit Reporting Act.

By sending this letter, I am disputing both the validity of the alleged debt and the validity of your claims. This is my attempt to correct your records. Please be aware that any information I receive from you will be collected as evidence should any further action be necessary.

Your full name signed here

Your printed full name here

ChexSystems - First Letter

Date

FROM: **Your Name**
Your Address
City, State Zip Code
Social Security Number

TO: ChexSystems
Customer Relations

SUBJECT: Dispute of Report

I have obtained a copy of my ChexSystems report. This letter is to serve as notification to you of a formal complaint that the following information is incorrect:

Bank Name
Date

[**List the disputed information here:** example - amount is incorrect, wrong date, this is not your credit line, you've never had an account with this bank, the amount was paid and not updated on report, the dates are wrong, or any other reasons you are disputing the record]

The above listed items are inaccurate and/or incomplete. This is a very serious error in ChexSystems reporting.

I am aware that Credit reporting laws ensure credit-reporting agencies only report 100% accurate credit information. Every step must be taken to assure the information reported is completely accurate and correct.

This is a violation of the FCRA, and therefore needs to be investigated. I respectfully request that, within 30 days of the receipt date of this letter, I be provided proof of these alleged items, specifically the contract, note or other instrument bearing my signature.

If this is not provided to me with in this period I am formally requesting that these item must be deleted and removed from my report.

Thank you for your assistance in this matter.

Your Name and Signature

Make copies of all documents before mailing

You should send this letter certified mail, which would require someone to sign for it, it will get their attention, plus you will have a name and date your letter was received, as evidence.

This may be the only letter you will need to send. This letter alone has gotten numerous people removed from ChexSystems.

However… if you **DO NOT** receive an answer or any kind of response after more than 30 days from the time they received your dispute (request for investigation letter) then send following second letter along with another copy of the first dispute letter, and a copy of the register mail receipt that shows the date it was delivered and the name of ChexSystems employee that signed for it.

Also send this letter by certified mail:

Date

FROM: **Your Name**
Your Address
City, State Zip Code
Social Security Number

TO: ChexSystems
Customer Relations

SUBJECT: Dispute of Report
2nd Request

In a letter dated [**List date of first letter**], sent certified mail and signed by [**Name of ChexSystems employee that signed for the lette**r], I formally disputed information on my report and requested that you investigate correct, or remove the following information in my ChexSystems report:

[**Re-List the disputed information here, exactly as on the first letter:** example - amount is incorrect, wrong date, this is not your credit line, you've never had an account with this bank, the amount was paid and not updated on report, the dates are wrong, or any other reasons you are disputing the record]

To date, I have not received confirmation that you have done so. I have not received any communication from ChexSystems at all regarding this matter.

I am maintaining a careful record of my communications with you on this matter, including the name and date received of my certified letters, for the purpose of filing a complaint with the FTC should you continue in your non-compliance.

As 30 days have now passed, this letter is my formal demand to be removed from the ChexSystems database. Please note violations of the Fair Credit Reporting Act have already occurred by the inaccuracy of my report, and your failure to respond to my formal dispute.

I have already obtained consultation regarding this matter, including information on precedence set by the court ruling in Wenger v. Trans Union Corp., No. 95-6445 (C.D.Cal. Nov. 14, 1995); it is with their assistance that this letter prepared to you.

Willful non-compliance is a very serious matter. Please immediately send confirmation of the deletion of my record to the address above.

If I do not hear from you within ten business days, I am prepared to take legal action to remedy the situation.

Your Name and Signature

(Wenger versus Trans Union was a court ruling imposed against Trans Union, one of the big 3 Credit Bureaus, involving thousands of dollars in fines because they failed to respond in a timely manner after repeated notifications when Wenger was a victim of identity fraud. The issue being Trans Union's failure to respond after repeated contacts by Wenger! It cost them thousands of dollars. All Credit Reporting agencies are well aware of Wenger v Trans Union.)

This second letter (if necessary) is very effective to challenge, correct and/or get items removed from your ChexSystems report, or your regular Credit Report for that matter.

Even if the information reported is absolutely correct they may not respond in the required time frame, and it may just not be worth the hassle to them. It may just be easier to simply delete the information.

Again… if that bank does eventually responds… even long after the 30 days, ChexSystems can place the information right back on the report.

What if ChexSystems does respond within 30 days?

If ChexSystems fails to respond to the first, or the second letter and in addition they never corrected of deleted your report, you will have some very powerful ammunition on your side. You can again consider sending another certified letter in even stronger language demanding that the items be deleted. Or perhaps you should truly considered taking the copies of the letters, & the certified mail receipts and having a consultation with an attorney that has experience with the credit agencies. At this point the law is on your side, and they are clearly in violation.

But what if ChexSystems does respond within the time period, and informs you that the bank did verify the information as correct?

Well often times all ChexSystems did was pick up the phone… call the bank… and a bank employee looks in the computer and says yes we do show a record for this person.

This is NOT evidence whether the information is correct, or incorrect. This is NOT providing you with copies of documentation bearing your signature as you originally requested.

If ChexSystems replies with just a simple letter stating they contacted the bank, and the information was verified, and… they've provided no supporting documentation. You can continue the process using the format of this next letter:

ChexSystems - Third Letter

Date

FROM: **Your Name**
Your Address
City, State Zip Code
Social Security Number

TO: ChexSystems
Customer Relations

RE: [Enter the case ID number on the ChexSystems letter you received]

I am writing in response to your claim that **[Name of Bank]** has confirmed my unpaid debt. Please note that you have failed to provide me a copy of the evidence submitted to you by this bank.

In my dispute I requested a complete investigation to include copies of any documents by **[Name of Bank]** which contains my signature to validate their clam.

Be aware that this is my final goodwill attempt to have this matter resolved. As it now stands, the information you have presented to me continues to be inaccurate and incomplete. It continues to represents a serious error in your reporting, and a violation of the FCRA.

In addition I am requesting that you provide me a description of the procedure you used to determine the accuracy and completeness of the bank's information. Please send this information to me within fifteen (15) days of the completion of your re-investigation. In addition, please provide the name, address, and telephone number of each person you contacted at **[Name of Bank]** regarding my alleged account.

It is my understanding that your continued failure to comply with federal regulations can be investigated by the Federal Trade Commission. For this reason, I am maintaining a careful record of all of communications with you by certified mail, should I need to file a complaint with the FTC and my state of **[enter your state]** Attorney General's office.

This is my **[second/third]** letter to you regarding this matter! If you do not respond within 15 business days, I am prepared to take legal action against your company for causes of action including, but not limited to, defamation, fraud and violations under the Fair Credit Reporting Act

Your Name and Signature

Be sure to enclose copies of the certified mail receipt of Letter 1 and Letter 2 if applicable. Also include copies of any and all evidence that can help support your dispute, such as all communication and letters, (including the Bank Letter, above) that you have sent to the directly the bank that reported you.

Glossary Of Terms

A

Account Condition
Indicates the present state of the account, but does not indicate the payment history of the account that led to the current state. (i.e. open, paid, charge off, repossession, settled, foreclosed, etc).

Account number
The unique number assigned by a creditor to identify your account with them. Experian removes several digits of each account number on the credit report as a fraud prevention measure.

Accounts in Good Standing
Credit items that have a positive status and should reflect favorably on your creditworthiness.

Adjustment
Percentage of the debt that is to be repaid to the credit grantors in a Chapter 13 bankruptcy.

AKA
Also Known As

Annual fee
Credit card issuers often (but not always) require you to pay a special charge once a year for the use of their service, usually between $15 and $55.

Annual percentage rate (APR)
A measure of how much interest credit will cost you, expressed as an annual percentage.

Authorized User
Person permitted by a credit cardholder to charge goods and services on the cardholder's account but who is not responsible for repayment of the debt. The account displays on the credit reports of the cardholder as well as the authorized user. If you wish to have your name permanently removed as an authorized user on an account, you will need to notify the credit grantor.

B

Balloon Payments
A loan with a balloon payment requires that a single, lump-sum payment be made at the end of the loan.

Bankruptcy Code
Federal laws governing the conditions and procedures under which persons claiming inability to repay their debts can seek relief.

C

Capacity
Factor in determining creditworthiness. Capacity is assessed by weighing a borrower's earning ability and the likelihood of continuing income against the amount of debt the borrower carries at the time the application for credit is made. While capacity may be considered in a credit

decision, the credit report does not contain information about earning ability or the likelihood of continuing income.

Chapter 7 Bankruptcy
Chapter of the Bankruptcy Code that provides for court administered liquidation of the assets of a financially troubled individual or business.

Chapter 11 Bankruptcy
Chapter of the Bankruptcy Code that is usually used for the reorganization of a financially troubled business. Used as an alternative to liquidation under Chapter 7. The U.S. Supreme Court has held that an individual may also use Chapter 11.

Chapter 12 Bankruptcy
Chapter of the Bankruptcy Code adopted to address the financial crisis of the nation's farming community. Cases under this chapter are administered like Chapter 11 cases, but with special protections to meet the special conditions of family farm operations.

Chapter 13 Bankruptcy
Chapter of the Bankruptcy Code in which debtors repay debts according to a plan accepted by the debtor, the creditors and the court. Plan payments usually come from the debtor's future income and are paid to creditors through the court system and the bankruptcy trustee.

Charge-Off
Action of transferring accounts deemed uncollectible to a category such as bad debt or loss. Collectors will usually continue to solicit payments, but the accounts are no longer considered part of a company's receivable or profit picture.

Civil Action
Any court action against a consumer to regain money for someone else. Usually, it will be a wage assignment, child support judgment, small claims judgment or a civil judgment.

Claim amount
The amount awarded in a court action.

Closed Date
The date an account was closed.

Co-maker
A creditworthy co-maker is sometimes required in situations where an applicant's qualifications are marginal. A co-maker is legally responsible to repay the charges in the joint account agreement.

Consumer Credit Counseling Service
A non-profit organization that assists consumers in dealing with their credit problems. Consumer Credit Counseling Service has offices throughout the United States that can be located by calling 800 388 CCCS (2227).

Co signer
Person who pledges in writing as part of a credit contract to repay the debt if the borrower fails to do so. The account displays on both the borrower's and the co-signer's credit reports.

Credit Limit/Line of Credit
In open-end credit, the maximum amount a borrower can draw upon or the maximum that an account can show as outstanding.

Credit items
Information reported by current or past creditors.

Credit Report
Confidential report on a consumer's payment habits as reported by their creditors to a consumer credit reporting agency. The agency provides the information to credit grantors who have a permissible purpose under the law to review the report.

Credit Scoring
Tool used by credit grantors to provide an objective means of determining risks in granting credit. Credit scoring increases efficiency and timely response in the credit granting process. Credit scoring criteria is set by the credit grantor.

Creditworthiness
The ability of a consumer to receive favorable consideration and approval for the use of credit from an establishment to which they applied.

D

Date filed
The date that a public record was awarded.

Date of Status
On the credit report, date the creditor last reported information about the account.

Date Opened
On the credit report, indicates the date an account was opened.

Date resolved
The completion date or satisfaction date of a public record item.

Delinquent
Accounts classified into categories according to the time past due. Common classifications are 30, 60, 90 and 120 days past due. Special classifications also include charge-off, repossession, transferred, etc.

Discharge
Granted by the court to release a debtor from most of his debts that were included in a bankruptcy. Any debts not included in the bankruptcy – alimony, child support, liability for willful and malicious conduct and certain student loans – cannot be discharged.

Disclosure
Providing the consumer with his or her credit history as required by the FCRA. Experian provides consumer credit report disclosures via the Internet, by U.S. Mail or in person at our office location in Santa Ana, CA.

Dismissed
When a consumer files a bankruptcy, the judge may decide to not allow the consumer to continue with the bankruptcy. If the judge rules against the petition, the bankruptcy is known as dismissed.

Dispute
If a consumer believes an item of information on their credit report is inaccurate or incomplete, they may challenge, or dispute the item. Experian will investigate and correct or remove any inaccurate information or information that cannot be verified. Experian gives consumers the option of disputing online or they may call the telephone number on their credit report for assistance.

E

ECOA
Standard abbreviation for Equal Credit Opportunity Act.

End-user
The business that receives the report for decision making purposes that meet the permissible purpose requirements of the FCRA.

Equal Credit Opportunity Act (ECOA)
Federal law, which prohibits creditors from discriminating against credit applicants on the basis of sex, marital status, race, color, religion, age, and/or receipt of public assistance.

Equifax
One of the three national credit reporting agencies, headquartered in Atlanta, Ga. The other two are Experian and TransUnion.

Experian
One of the three national credit reporting agencies, with U.S. headquarters in Costa Mesa, CA. The other two are Equifax and TransUnion.

F

Fair Credit and Charge Card Disclosure Act
Amendments to the Truth In Lending Act that require the disclosure of the costs involved in credit card plans that are offered by mail, telephone or applications distributed to the general public.

Fair Credit Billing Act
Federal legislation that provides a specific error resolution procedure to protect credit card customers from making payments on inaccurate billings.

Fair Credit Reporting Act (FCRA)
Federal legislation governing the actions of credit reporting agencies.

Fair Debt Collection Practices Act (FDCPA)
Federal legislation prohibiting abusive and unfair debt collection practices.

Finance Charge
Amount of interest. Finance charges are usually included in the monthly payment total.

Fixed Rate
An annual percentage rate that does not change.

G

Generation Identifier
Generation identifiers are Jr., Sr., II, III, IV, etc.

Geographical code
This information is received from the Census Bureau and represents the state, Metropolitan Statistical Area, county, tract and block group of the reported address. This code is similar to a ZIP Code™.

Grace period
The time period you have to pay a bill in full and avoid interest charges.

Guarantor
Person responsible for paying a bill.

H

High balance
The highest amount that you have owed on an account to date.

I

Installment Credit
Credit accounts in which the debt is divided into amounts to be paid successively at specified intervals.

Investigation
The process a consumer credit reporting agency goes through in order to verify credit report information disputed by a consumer. The credit grantor who supplied the information is contacted and asked to review the information and report back; they will tell the credit reporting agency that the information is accurate as it appears, or they will give us corrected information to update the report.

Investigative Consumer Reports
These are consumer reports that are usually done for background checks, security clearances and other sensitive jobs. An investigative consumer report might contain information obtained from a credit report, but it is more comprehensive than a credit report. It contains subjective material on an individual's character, habits and mode of living, which is obtained through interviews of associates. Experian does not provide investigative consumer reports.

Involuntary Bankruptcy
A petition filed by certain credit grantors to have a debtor judged bankrupt. If the bankruptcy is granted, it is known as an involuntary bankruptcy.

Item-specific Statement
Offers an explanation about a particular trade or public record item on your report, and it displays with that item on the credit report.

J

Judgment Granted
The determination of a court upon matters submitted to it. A final determination of the rights of the parties involved in the lawsuit.

L

Last Reported
On the credit report, the date the creditor last reported information about the account.

Liability amount
Amount for which you are legally obligated to a creditor.

Lien
Legal document used to create a security interest in another's property. A lien is often given as a security for the payment of a debt. A lien can be placed against a consumer for failure to pay the city, county, state or federal government money that is owed. It means that the consumer's property is being used as collateral during repayment of the money that is owed.

Line of Credit
In open-end credit, the maximum amount a borrower can draw upon or the maximum that an account can show as outstanding.

Location number
The book and page number on which the item is filed in the court records.

M

Mortgage Identification Number (MIN)
Indicates that a loan is registered with Mortgage Electronic Registration Systems Inc., which tracks the ownership of mortgage rights. This number will follow the homeowner throughout the mortgage.

Most Recent Date
The date of the recent account condition or payment status. This date is also the balance date.

N

Notice of Results
If your investigation results in information being updated or deleted, you may request that we send the corrected information in your credit history to eligible credit grantors and employers who reviewed your information within a specific period of time. If your investigation does not result in a change to your credit history, results will not be sent to other lenders.

O

Obsolescence
A term used to describe how long negative information should stay in a credit file before it's not relevant to the credit granting decision. The FCRA has determined the obsolescence period to be 10 years in the case of bankruptcy and 7 years in all other instances. Unpaid tax liens may remain indefinitely, although Experian removes them after 15 years.

Opt In
The ability of a consumer who has opted out to have their name re-added to prescreened credit and insurance offer lists, direct marketing lists and individual reference service lists. Consumers who have previously opted out of receiving prescreened offers may have their names added to prescreened lists for credit and insurance offers by calling 1 888 5OPTOUT (1 888 567 8688).

Opt Out
The ability of the consumer to notify credit reporting agencies, direct marketers and list compilers to remove their name from all future lists. Consumers may opt out of prescreened credit and insurance offer lists by calling 1 888 5OPTOUT (1 888 567 8688).

Original amount
The original amount owed to a creditor.

P

Payment Status
Reflects the previous history of the account, including any delinquencies or derogatory conditions occurring during the previous seven years (i.e., Current account, delinquent 30, current was 60, redeemed repossession, charge-off – now paying, etc.)

Permissible Purposes
There are legally defined permissible purposes for a credit report to be issued to a third party. Permissible purposes include credit transactions, employment purposes, insurance underwriting, government financial responsibility laws, court orders, subpoenas, written instructions of the consumer, legitimate business needs, etc.

Personal Information
Information on your personal credit report associated with your records that has been reported to us by you, your creditors and other sources. It may include name variations, your driver's license number, Social Security number variations, your date or year of birth, your spouse's name, your employers, your telephone numbers, and information about your residence.

Personal Statement
You may request that a general explanation about the information on your report be added to your report. The statement remains for two years and displays to anyone who reviews your credit information.

Petition
If a consumer files a bankruptcy, but a judge has not yet ruled that it can proceed, it is known as bankruptcy petitioned.

Plaintiff
One who initially brings legal action against another (defendant) seeking a court decision.

Potentially Negative Items
Any potentially negative credit items or public records that may have an effect on your creditworthiness as viewed by creditors.

Public Record Data
Included as part of the credit report, this information is limited to tax liens, lawsuits and judgments that relate to the consumer's debt obligations.

R

Recent balance
The most recent balance owed on an account as reported by the creditor.

Recent payment
The most recent amount paid on an account as reported by the creditor.

Released
This means that a lien has been satisfied in full.

Report Number
A number that uniquely identifies each personal Experian credit report. This number displays on your personal credit report and should always be referenced when you contact us.

Reported Since
On the credit report, the date the creditor started reporting the account to Experian.

Repossession
A creditor's taking possession of property pledged as collateral on a loan contract on which a borrower has fallen significantly behind in payments.

Request an Investigation
If you believe that information on your report is inaccurate, we will ask the sources of the information to check their records at no cost to you. Incorrect information will be corrected; information that cannot be verified will be deleted. Experian cannot remove accurate information. An investigation may take up to 30 days. When it is complete, we'll send you the results.

Request for Your Credit History
When a credit grantor, direct marketer or potential employer makes a request for information from a consumer's credit report, an inquiry is shown on the report. Grantors only see credit inquiries generated by other grantors as a result of an application of some kind, while consumers see all listed inquiries including prescreened and direct marketing offers, as well as employment inquiries. According to the Fair Credit Reporting Act, credit grantors with a permissible purpose may inquire about your credit information prior to your consent. This section also includes the date of the inquiry and how long the inquiry will remain on your report.

Responsibility
Indicates who is responsible for an account; can be single, joint, co-signer, etc.

Revolving Account
Credit automatically available up to a predetermined maximum limit so long as a customer makes regular payments.

Risk Scoring Models
A numerical determination of a consumer's creditworthiness. Tool used by credit grantors to predict future payment behavior of a consumer.

S

Satisfied
If the consumer has paid all of the money the court says he owes, the public record item is satisfied.

Secured Credit
Loan for which some form of acceptable collateral, such as a house or automobile has been pledged.

Security
Real or personal property that a borrower pledges for the term of a loan. Should the borrower fail to repay, the creditor may take ownership of the property by following legally mandated procedures.

Security Alert
Statement that is added once Experian is notified that a consumer may be a victim of fraud. It remains on file for 90 days and requests that a creditor request proof of identification before granting credit in that person's name.

Service Credit
Agreements with service providers. You receive goods, such as electricity, and services, such as apartment rental and health club memberships, with the agreement that you will pay for them each month. Your contract may require payments for a specific number of months, even if you stop the service.

Settle
Reach an agreement with a lender to repay only part of the original debt

Source
The business or organization that supplied certain information that appears on the credit report.

Status
On the credit report, this indicates the current status or state of the account.

T

Terms
This refers to the debt repayment terms of your agreement with a creditor, such as 60 months, 48 months, etc.

Third-Party Collectors
Collectors who are under contract to collect debts for a credit department or credit company; collection agency.

Tradeline
Entry by a credit grantor to a consumer's credit history maintained by a credit reporting agency. A tradeline describes the consumer's account status and activity. Tradeline information includes names of companies where the applicant has accounts, dates accounts were opened, credit limits, types of accounts, balances owed and payment histories.

Transaction fees
Fees charged for certain use of your credit line – for example, to get a cash advance from an ATM.

TransUnion
One of three national credit reporting agencies. The other two are Experian and Equifax.

Truth in Lending Act
Title I of the Consumer Protection Act. Requires that most categories of lenders disclose the annual interest rate, the total dollar cost and other terms of loans and credit sales.

Type
This refers to the type of credit agreement made with a creditor; for example, a revolving account or installment loan.

U

Unsecured Credit
Credit for which no collateral has been pledged. Loans made under this arrangement are sometimes called signature loans; in other words, a loan is granted based only on the customer's words, through signing an agreement that the loan amount will be paid.

V

Vacated
Indicates a judgment that was rendered void or set aside.

Variable Rate
An annual percentage rate that may change over time as the prime lending rate varies or according to your contract with the lender.

Verification
Verifying whether data in a credit report is correct or not. Initiated by consumers when they question some information in their file. Credit reporting agencies will accept authentic documentation from the consumer that will help in the verification.

Victim Statement
A statement that can be added to a consumer's credit report to alert credit grantors that a consumer's identification has been used fraudulently to obtain credit. The statement requests the credit grantor to contact the consumer by telephone before issuing credit. It remains on file for 7 years unless the consumer requests that it be removed.

Voluntary Bankruptcy
If a consumer files the bankruptcy on his own, it is known as voluntary bankruptcy.

W

Wage assignment
A signed agreement by a buyer or borrower, permitting a creditor to collect a certain portion of the debtor's wages from an employer in the event of default.

Withdrawn
This means a decision was made not to pursue a bankruptcy, a lien, etc. after court documents have been filed.

Writ of Replevin
Legal document issued by a court authorizing repossession of security.

Referrences

http://www.ftc.gov/os/statutes/031224fcra.pdf

http://www.ftc.gov/os/statutes/fcrajump.htm

http://www.ftc.gov/bcp/edu/microsites/idtheft/consumers/about-identity-theft.html

http://www.ssa.gov

http://www.howstuffworks.com

http://creditinfocenter.com

http://www.fairissac.com

- **Consumer Action Credit and Finance Project**
  Provides publications on secured credit.

  717 Market Street Suite 310

  San Francisco, CA 94103

  Phone: (415) 777-9635 – complaint hot line

  Phone: (415) 255-3879 – publication orders

  Web: http://www.consumer-action.org

- **Consumer Federation of America**
  Association of 240 pro-consumer groups whose aim is to advance consumer interest through advocacy and education.

  1424 16th St. NW, Suite 604

  Washington, D.C. 20036

  Phone: (202) 387-6121

  Web: http://www.consumerfed.org

- **Consumers Union**
  Publishes Consumer Reports magazine and also acts as an advocacy office for consumer legislation.

1666 Connecticut Ave. NW, Suite 310

Washington, D.C. 20009-1039

Phone: (202) 462-6262

Fax: (202) 265-9548

Web: http://www.consumersunion.org

- **Electronic Privacy Information Center**
Monitors federal legislation and encryption policy pertaining to freedom of expression issues on the Internet.

1718 Connecticut Ave. NW

Washington, D.C. 20009

Phone: (202) 483-1140

Fax: (202) 483-1248

e-mail: info@epic.org

Web: http://www.epic.org

- **Federal Citizen Information Center**

Referral to appropriate agency
(800) 688-9889

(800) 333-4636

- **Federal Communications Commission (FCC)**
For cellular phone and long distance fraud.

Consumer Information Bureau

445 12th Street SW, Room 5A863

Washington, DC 20554

(888) 225-5322

Web: http://www.fcc.gov

Email: fccinfo@fcc.gov

- **Federal Deposit Insurance Corporation (FDIC)**
  The FDIC supervises state-chartered banks that are not members of the Federal Reserve System and insures deposits at banks and savings and loans.

Division of Compliance and Consumer Affairs

550 17th Street NW

Washington, DC 20429

Phone: (800) 934-3342 or (202) 736-0000

Web: http://www.fdic.gov

- **Federal Reserve System**
  The Fed supervises state-chartered banks that are members of the Federal Reserve System

Division of Consumer and Community Affairs

Mail Stop 801

20th St. and Constitution NW

Federal Reserve Board

Washington, DC 20551

Phone: (202) 452-3693

Web: http://www.federalreserve.gov

- The Federal Trade Commission Identity Theft Clearing House
The Consumer Protection Mission of the FTC is to protect consumers from companies that misinform or overreach with regard to our economy.
Identity Theft Clearinghouse

600 Pennsylvania Ave. NW

Washington, DC 20580

Phone: (877) IDTHEFT (438-4338)

Web: http://www.consumer.gov/idtheft

- **The Foundation For Taxpayer and Consumer Rights**
Non-profit organization to support consumer rights.
1750 Ocean Park Blvd., Suite 200

Santa Monica, CA 90405

Phone: (310) 392-0522

Fax: (310) 392-8874

Web: http://www.consumerwatchdog.org

Email: consumerwatchdog@consumerwatchdog.org

- **Identity Theft Prevention and Survival**
Provides assistance to consumers and identity theft victims with resources, books, and legal assistance. Attorney: Mari Frank

Mari J. Frank, Esq.

28202 Cabot Road #300

Laguna Niguel, CA 92677

Phone: (800) 725-0807 or (949) 364-1511

Fax: (949) 363-7561

e-mail: contact@identitytheft.org

Web: http://www.identitytheft.org

- **Identity Theft Resource Center**
  Provides support and assistance to victims of identity theft.

  Co-Directors: Linda Goldman-Foley, Jay Foley

  P.O. Box 26833, San Diego, Ca. 92196

  Phone: (858) 693-7935

  e-mail: irtc@idtheftcenter.org

  Web: idtheftcenter.org

- **Internal Revenue Service**
  Office of the Privacy Advocate

  Room 7050 OS:PA

  1111 Constitution Ave. NW

  Washington, D.C. 20224

  Fraud: (800) 829-0433

  Taxpayer Advocates Office:
  Phone: (877) 777-4778

  Web: http://www.treas.gov/irs/ci

  http://www.irs.gov

- **Junkbusters Corp.**
  Provides self-defense against privacy-invading marketing

  P.O. Box 7034,

  Green Brook NJ 08812

Phone: (908) 753 7861

Web: Junkbusters.com

Please do not send requests to be removed from marketing lists to this address.

Junkbusters only operates online. Requests may be mailed to the Direct Marketing Association.

- **National Center for Victims of Crime**
  Refers victims of crime to local services. Provides counseling and victim services. Publishes bulletins on various criminal topics.

  2000 M. St. NW, Suite 480

  Washington, D.C. 20036

  Phone: (800) FYI-CALL or (202) 467-8700

  Web: http://www.ncvc.org

- **National Credit Union Administration (NCUA)**
  The NCUA charters and supervises federal credit unions and insures deposits at federal credit unions and many state credit unions.

  Compliance Offer, National Credit Union Administration

  1175 Duke Street, Suite 4206

  Alexandria, VA 22314-3437

  Phone: (703) 518-6360

  Web: http://www.ncua.gov

- **National Fraud Information Center**
  Consumer Assistance Service

  Phone: (800) 876-7060 – help line for victims of fraud

Web: http://www.fraud.org

- **National Organization for Victim Assistance (NOVA)**
Refers victims of crime to local victim assistance programs.

1730 Park Rd., NW

Washington, D.C. 20010

Phone: (202) 232-6682 Hotline: (800) 879-6682

Web: http://www.trynova.org

- **Office of Comptroller of the Currency (OCC)**
The OCC charters and supervises national banks. If the word "national" appears in the name of a bank, or the initials "N.A" of its name, then the OCC oversees its operations.

Customer Assistance Group

1301 McKinney Street, Suite 3450

Houston, TX 77010

Phone: (800) 613-6743

FAX: (713) 336-4301

Web: http://www.occ.treas.gov

- **Office of Privacy Protection-California**
Provides information for consumers and victims regarding California and Federal Law.

400 "R" Street, Suite 3080

Sacramento, CA 95814

Phone: (866)785-9663

(916) 323-0637

Web: http://www.privacy.ca.gov

- **Office of Thrift Supervision (OTS)**
  The OTS is the primary regulator of all federal, and many state-chartered thrift institutions which include savings banks and savings and loan institutions.

  Office of Thrift Supervision

  1700 “G” Street NW

  Washington, DC 20552

  Phone: (202) 906-6000

  Email: publicinfo@ots.treas.gov

  Web: http://www.ots.treas.gov

- **Privacy International**
  A public interest research group that deals with privacy issues at the national and international level.

  1718 Connecticut Avenue. NW, Suite 200

  Washington, DC 200009

  (202) 483-1217

  Email: privacyint@privacy.org

  Web: http://www.privacyinternational.org

- **Privacy Rights Clearinghouse**
  A non-profit consumer information, privacy protection, and advocacy program.

  Beth Givens, Director

  3100 5th Ave. Suite B

  San Diego, CA 92103

  Phone: (619) 298-3396

Fax: (619) 298-5681

Web: http://www.privacyrights.org

Private Citizen, Inc

Provides information and assistance on how to get rid of junk mailers and junk callers.

P. O. Box 233

Naperville, IL 60566

(800) CUT-JUNK (288-5865)

(630) 393-2370

Email: pci@private-citizen.com

Web: www.privatecitizen.com

- **Social Security Administration**

Office of Inspector General

Social Security Administration

Office of Communications

Suite 300 Altmeyer Building

6401 Security Blvd

Baltimore, MD 21235

To report Fraud: (800) 269-0271

P.O. Box 17768

Baltimore, MD 21235

To order Personal Earnings and Benefits Statement: (800) 772-1213

Office of Inspector General: (800) 269-0271

Web: www.ssa.gov/org/publicfraudreporting/index.htm

www.ssa.gov/oig/guidelin.htm

- **U.S. PIRG**

  U.S. Public Interest Research Group, the national lobbying office for state PIRGs.

  Edmund Mierzwinski, Director

  218 “D” St., SE

  Washington, D.C. 20003

  Phone: (202) 546-9707

  E-mail: uspirg@pirg.org

  Web: www.pirg.org

- **U.S. Postal Inspection Service**

  475 L’Enfant Plaza West SW

  Room 3100

  Washington, D.C. 20260-1000

  Phone: (202) 268-4396

  Web: www.usps.com/postalinspectors/

- **U.S. Securities and Exchange Commission (SEC)**

  The SEC’s 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.

  SEC Office of Investor Education and Assistance

  450 Fifth Street NW

  Washington, DC 20549-0213

  (202) 942-7040

http://www.sec.gov/complaint.shtml

- **U.S. Trustee (UST)**
  Contact the Trustee in the region where fraudulent bankruptcy was filed.

  http://www.usdoj.gov/ust/

Check-Verification/Check-Guarantee Firms:

- **Certegy Check Services, Inc.**,

  P. O. Box 30046,
  Tampa, FL 33630
  Phone: (800) 437-5120
  Fax: (727) 570-4936
  Web: www.certegy.com

- **Chexsystems, Consumer Relations,**
  7805 Hudson Rd, Suite 100
  Woodbury, MN 55125
  Phone: (800) 428-9623
  Fax: (602) 659-2197
  Web: www.chexhelp.com

- **Cross Check (Check Center Inquiry)**
  P.O. Box 6008,
  Petaluma, CA 94955
  Phone: (800) 843-0760

- **Global Payments, Inc.**
  Attn: Fraud Dept.
  6215 W. Howard
  Niles, IL 60714
  Phone: (800) 766-2748
  Fax: (847) 647-8023
  Web: www.globalpaymentsinc.com

- **Shared Check Authorization Network (SCAN), Electronic Transaction Corp.**
  7805 Hudson Road, Suite 100,

Woodbury, MN 55125
Phone: (877) 382-7226
Fax: (800) 358-4506
Web: www.scanassist.com

- **TeleCheck,**
  Consumer Affairs
  P. O. Box 4451
  Houston, TX 77210-4451
  Phone: (800) 710-9898
  Fax: (713) 332-9300
  Web: www.telecheckcom

Credit Card Companies:

- **American Express**
  (800) 528-2122

  Web: http://www.americanexpress.com

- **MasterCard Global Service Center**
  Phone: (800) 307-7309

  Web: http://www.mastercard.com

- **Visa Assistance Center**
  Phone: (800) VISA911 (Hotline)

  Web: http://www.visa.com

Crediting-reporting Bureaus:

When you call to report fraud, you will get a voice mail and must provide your Social Security number. Use your cell phone number or home number as the number to call if creditors wish to check if you requested credit.

- **Equifax**

To report fraud: (800) 525-6285

P.O. Box 740241

Atlanta, GA 30374-0241

To order copy of report: (800) 685-1111

P.O. Box 740241

Atlanta, GA 30374-0241

Web: www.equifax.com

To opt out of pre-approved offers of credit:

(888) 5 OPTOUT [(888) 567-8688]

- **Experian (formerly TRW)**

To report fraud: (888) 397-3742

Experian Consumer Fraud Assistance

P.O. Box 9532

Allen, TX 75013

To order copy of report: **(888) 397-3742**

P.O. Box 9532

Allen, TX 75013

Web: www.experian.com

To opt out of pre-approved offers of credit:

(888) 5 OPTOUT [(888) 567-8688]

- **TransUnion**

To report fraud: (800) 680-7289

Fraud Victim Assistance Division

P.O. Box 6790

Fullerton, CA 92834-6790

To order copy of report: (800) 888-4213

P.O. Box 6790

Fullerton, CA 92834-6790

Web: www.transunion.com

To opt out of pre-approved offers of credit:

(888) 5 OPTOUT [(888) 567-8688]

Data Compilers:

To remove your name from lists that companies rent and sell, write or call the following companies:

Mail Preference Service

Direct Marketing Association

P.O. Box 643

Carmel, NY 10512-0643

Web: www.dmaconsumers.org

- **Federal Trade Commission Do Not Call Registry**
1-888-382-1222

(Must call from the phone number that you wish to register)

Web: www.donotcall.gov

- **First Data Info-Source Donnelley Marketing, Inc.**
Data Base Operations

416 S. Bell

Aims, IA 50010

(888) 633-4402

Legal Resources:

- **Center for Law in the Public Interest**

Non profit law firm that specializes in public interest litigation and counseling on public policy.

3250 Ocean Park Blvd., Suite 300

Santa Monica, CA 90405

Phone: (310) 314-1947

Fax: (310) 314-1957

Web: http://www.clipi.org/

Email: information@clipi.org

- **FBI**

  Criminal Justice Information Services Division

  J. Edgar Hoover Building

  935 Pennsylvania Avenue NW

  Washington DC 20535-0001

  Phone: (202) 324-3000

  Web: http://www.fbi.gov/

  National Fraud Info Hotline: (800) 876-7060

  If someone has committed a crime using your identity, write to the FBI and ask for your criminal history — include your fingerprints and a check for $18.00 — explain that you are a victim of identity theft.

IFCC (Internet Fraud Complaint Center) FBI

Web: www.ifccfbi.gov

- **National Association of Consumer Advocates**

  1730 Rhode Island NW, Suite 805

  Washington, DC 20036

  Phone: (202) 452-1989

  Fax: (202) 452-0099

  Web: www.naca.net

E-mail: info@naca.net

- **National Consumer Law Center, Inc.**
  Provides case assistance and legal research. Provides representation for low income and community based organizations.

  77 Summer St., 10th Floor

  Boston, MA 02110-1006

  Phone: (617) 542-8010

  Fax: (617) 542-8028

  E-mail: consumerlaw@nclc.org

  Web: www.consumerlaw.org

- **National Association of Attorneys General**
  Consumer Protection and Charities Counsel

  750 First Street, N.E. Suite 1100

  Washington, D.C. 20002

  Phone: (202) 326-6000

  Fax: (202) 408-7014

  Web: http://www.naag.org

- **U.S. Department of Justice, Identity Theft Information**
  Web: www.usdoj.gov/criminal/fraud/idtheft.html

Contact your State Bar Association or your local Bar Association for the names of consumer-law attorneys in your area. You may also wish to contact and interview one or more of the attorneys below who are Consumer Law Attorneys With ID Theft Case Experience. These lawyers claim to have experience dealing with identity theft cases and are knowledgeable regarding the Fair Credit Reporting Act. Please know that any resources we provide to you including the name and contact information for these lawyers is not an endorsement but rather helpful information. You must make your own choices as to whether you need legal counsel and whom you believe would be most effective given your circumstances. Please review how to interview an attorney in Chapter Six of this book before you call for legal assistance. The following lawyers have provided their contact information for your review:

Alabama

Firm Name: Alabama Injury Lawyers, P.C.
Attorney Name: Penny Hays

Address 401 Office Park Drive

Birmingham, AL 35223

Phone: (205) 870-9848; 866-86-DEBTS

Fax: (205) 871-8882

E-mail: penny@lorantlaw.com

Website: Lorantlaw.com

Contingency: Yes Hourly billing: Yes

Arizona

Firm Name: Floyd W. Bybee, PLLC

Attorney Name: Floyd W. Bybee

2173 E. Warner Road, Suite 101

Tempe, AZ 85284

Phone: (480) 756-8822

Fax: (480) 756-8882

E-mail: floyd@bybeelaw.com

Contingency: Yes

California

Firm Name: Brennan, Wiener & Simon

Attorney Name: Robert F. Brennan

3150 Montrose Ave.

La Crescenta, CA 91214

Phone: (818) 249-5291

Fax: (818) 249-4329

E-mail: rbrennan@brennanlaw.com

Website: www.brennanlaw.com

Contingency: Yes

California

Firm Name: Mari J. Frank, Esq. and Associates

(negotiation, mediation, expert witness testimony)

Attorney Name: Mari Frank

28202 Cabot Road, Suite 300

Laguna Niguel, CA 92677

Phone: (949) 364-1511

Fax: (949) 363-7561

E-mail: contact@identitytheft.org

Website: www.identitytheft.org

www.marifrank.com

Hourly billing: Yes

California

Firm Name: Kemnitzer, Anderson, Barron & Ogilvie

Attorney Name: Mark F. Anderson

445 Bush St. 6th Floor

San Francisco, CA 94108

Phone: (415) 623-3784 X101

Fax: (415) 861-3151

E-mail: mark@kabolaw.com

Website: www.kabolaw.com

Contingency: Yes

California

Attorney Name: Paul E. Smith

16776 Bernardo Center Dr. Ste. 203

San Diego, CA 92128

Phone: (858) 451-3655

E-mail: psmith@paulsmithlaw.com

Website: www.paulsmithlaw.com

California

Firm Name: Trueblood Law Firm

Attorney Name: Alexander B. Trueblood

10940 Wilshire Blvd., Suite 1600

Los Angeles, CA 90024

Phone: (310) 443-4139

Florida

Firm Name: Law Offices of Donald E. Petersen

Attorney Name: Donald E. Petersen

P.O. Box 1948

Orlando, FL 32802-1948

Phone: (407) 648-9050

E-mail: petersen@gbronline.com

Contingency: Yes Hourly billing: Yes

Georgia

Firm Name: Law Office of Lisa D. Wright, LLC

Attorney Name: Lisa D. Wright

235 Peachtree Street, NE, Suite 888

Atlanta, GA   30303

Phone: (404) 588-1181

Fax: (404) 588-1182

E-mail: attorneywright@prodigy.net

Website: www.attorneylisadwright.com

Contingency: Yes

Hawaii

Firm Name: Norman K.K. Lau, A Law Corporation

Attorney Name: Norman K.K. Lau

820 Mililani Street, Suite 401

Honolulu, HI 96813

Phone: (808) 523-6767

Fax: (808) 523-6769

E-mail: norm.lau@verizon.net

Contingency: Yes Hourly basis: Yes

Illinois

Firm Name: Edelman, Combs, Laturner & Goodwin, LLC

Attorney Name: Daniel A. Edelman

120 S. LaSalle St., Suite

Chicago, IL 60603

Phone: (312) 739-4200

Fax: (312) 419-0379

E-mail: Edcombs@aol.com

Website: www.edcombs.com

Contingency: Yes

Illinois (State and Federal) Indiana (Federal); **Wisconsin** (Federal); **Missouri** (Federal);

Firm Name: Krohn & Moss

Attorney Name: Larry Smith

120 W. Madison St., 10th Floor

Chicago, IL 60602

Phone: (800) FAIR CREdit
(312) 578-9428 (ext 214)

Fax: (866) 289-0895

E-mail: lsmith@consumerlawcenter.com

Website: www.krohnandmoss.com
www.creditreportproblems.com
www.800faircredit.com

Contingency: Yes Hourly billing: Yes

Illinois (State and Federal):

Firm Name: Raimondi & Orton, Ltd.

Attorney Name: Michelle Orton or Lisa Raimondi

19 South LaSalle, Suite 1500

Chicago , IL 60603

Phone: (312) 701-1022

Fax: (312) 873-4629

E-mail: mdo@raimondiandorton.com; lmr@raimondiandorton.com

Website: www.raimondiandorton.com

Contingency: Yes Hourly billing: Yes

Louisiana in all federal courts, **Texas, Arkansas, Michigan, Arizona.**

Firm Name: Bodenheimer, Jones, Szwak & Winchell, LLP
Attorney Name: David A. Szwak and Mary E. Winchell

401 Market Street, Ste. 240
American Tower
Shreveport, LA 71101
Phone: (318) 424-1400
Fax: (318) 424-1476

E-mail: BJKS1507@aol.com

Website: www.bjswlaw.com

Contingency: Yes Hourly billing: Yes

Louisiana

Firm Name: Law Office of Steve R. Conley

Attorney Name: Steve R. Conley

3350 Ridgelake Drive, Suite 200

Metairie, LA 70005

Phone: (504) 734-9804

Fax: (504) 733-1744

E-mail: consumerlaw1@yahoo.com

Contingency: Yes Hourly billing: Yes

Maryland, Washington, DC and New York

Firm Name: Valentine Legal Group, LLC

Attorney Name: Sonya A. Smith-Valentine

7319 Hanover Parkway, Suite C

Greenbelt, MD 20770

Phone: (301) 513-9500

Fax: (301) 513-9565

E-mail: sonya@valentinelegal.com

Website: www. valentinelegal.com

Contingency: Yes Hourly billing: Yes

Michigan

Firm Name: Lyngklip & Taub Consumer Law Group, PLC

Attorney Name: Adam G. Taub and Ian B. Lyngklip

24500 Northwestern Hwy. #206

Southfield, MI 48075

Phone: (248) 746-3790

E-mail:adamlaw@pop.net and ianlaw@pop.net

Contingency: Yes

Michigan

Firm Name: Law Office of Phillip C. Rogers

Attorney Name: Phillip C. Rogers

40 Pearl Street, NW, Suite 336

Grand Rapids, MI 49503-3026

Phone: (616) 776-1176

Fax: (616) 776-0037

E-mail: ConsumerLawer@aol.com

Contingency: Yes Hourly billing: Yes

Minnesota

Firm Name: Consumer Justice Center

Attorney Name: John H. Goolsby

342 East County Road D

Little Canada, MN 55117

Phone: (651) 770-9707

Fax: (651) 770-5830

E-mail: goolsbycjc@hotmail.com

Website: www.consumerjusticecenter.com

Contingency: Yes Hourly billing: Yes

Minnesota and **Wisconsin**

Firm Name: Thomas J. Lyons & Associates

Attorney Name: Thomas J. Lyons, Sr

342 East County Road D

Little Canada, MN 55117

Phone: (651) 770-9707

Fax: (651) 770-5830

E-mail: tlyons@lyonslawfirm.com

Website: www. lyonslawfirm.com

Contingency: Yes Hourly billing: Yes

Minnesota

Firm Name: Thomas J. Lyons & Associates

Attorney Name: Sue Wolsfeld
342 East County Road D
Little Canada, MN 55117
Phone: (651) 770-9707
Fax: (651) 770-5830

E-mail: swolsfeld@lynslawfirm.com

Website: www.lyonslawfirm.com

Contingency: Yes Hourly billing: Yes

Mississippi

Firm Name: Webster Gresham & Kittell

Attorney Name: Christopher E. Kittell

P.O. Drawer 760

144 Sunflower Avenue

Clarksdale, MS 38614

Phone: (662) 624-5408

E-mail: cekittell@wgklawyers.com

Missouri, Illinois, Kansas and **Oklahoma**

Firm Name: Gateway Legal Services, Inc.

Attorney Name: Debra Lumpkins

200 N. Broadway, Ste. 950

St. Louis, MO 63102

Phone: (314) 534-0404

Fax: (314) 652-8308

E-mail: dlumpkins@gatewaylegal.org

Website: www.gatewaylegal.org

Contingency: Yes (with hourly fee requested of defendant)

Nevada

Firm Name: Law Office of Craig B. Friedberg, Esq.

Attorney Name: Craig Friedberg

3745 Edison Avenue

Las Vegas, NV 89121

Phone: (702) 435-7968

Fax: (702) 435-6659

E-mail: cbfriedberg@justice.com

Website: http://firms.findlaw.com/attcbf/

Contingency: Yes Hourly billing: Yes

Nevada, NewYork, Connecticut

Firm Name: Law offices of Mitch Gliner

Attorney Name: Mitch Gliner

3017 West Charelston Blvd., Suite 95

Las Vegas, NV 89119

Phone: (702) 870-8700

E-mail: gliner_mitchell@msn.com

Contingency: Yes Hourly billing: No

New Mexico

Firm Name: Feferman & Warren

Attorney Names: Richard Feferman, Susan Warren, Rob Treinen

300 Central Ave, SW, Suite 2000 East

Albuquerque, NM 87102

Phone: (505) 243 7773

Fax: (505) 243 6663

E-mail: consumer@nmconsumerwarriors.com

Website: www.nmconsumerwarriors.com

Contingency: Yes Hourly billing: Yes

New York

Firm Name: Fishman & Neil, LLP

Attorney Name: James B. Fishman

305 Broadway Suite 900

New York, NY 10007

Phone: (212) 897 5840

Fax: (212) 897 5841

E-mail: JamesR626@aol.com

Website: www.consumeratty.net

Contingency: Yes   Hourly billing: Yes

New York and **California**

Firm Name: Fishman & Neil, LLP

Attorney Name: Kevin Mallon

305 Broadway, Suite 900

New York,   NY 11102

Phone: (212) 822-1474

Fax: (212) 897-5841

E-mail: kmallon@lawsuites.net

Website: consumeratty.net

Contingency: Yes   Hourly billing: Yes

Ohio

Firm Name: Murray & Murray Co., L.P.A.

Attorney Name: Sylvia A. Goldsmith
111 East Shoreline Drive
Sandusky, OH 44870
Phone: (419) 624-3000
Fax: (419) 624-0707
E-mail: sylvia@murrayandmurray.com

Oregon.

Firm Name: Robert S. Sola P.C.

Attorney Name: Robert S. Sola

8835 SW Canyon Lane, Suite 130

Portland, OR 97225

Phone: (503) 295-6880

Fax: (503) 291-9172

E-mail: rssola@msn.com

Contingency: Yes.

Pennsylvania

Attorney Name: Clayton S. Morrow,

304 Ross Street, 7th Floor

Pittsburgh, PA 15219

Phone: (412) 281-1250

Fax: (412) 209-0658

E-mail: cmorrow@allconsumerlaw.com

Website: www.allconsumerlaw.com

Contingency: Yes   Hourly billing: Yes

Texas

Firm Name: Mark L. Aschermann, Attorney at Law

Attorney Name: Mark L. Aschermann

3730 Kirby Drive Suite 520

Houston, TX 77098

Phone: (713) 942-0808

Fax: (713) 942-0449

E-mail: aschermann.law@swbell.net

Website: www.divorceyourcredit.com

Contingency: Yes

Texas

Firm Name: Law Office of Jerry Jarzombek

Attorney Name: Jerry Jarzombek

714 W. Magnolia

Fort Worth, TX 76104

E-mail: jerryjj@airmail.net

Contingency: Yes Hourly billing: Yes

Texas

Firm Name: Law Office of Craig Jordan

Attorney Name: Craig Jordan

1845 Woodall Rodgers Freeway, Suite 1750

Dallas, TX 75201

Phone: (214) 855-9355

Fax: (214) 855-9389

E-mail: craig@warybuyer.com

Website: www.warybuyer.com

Contingency: Yes Hourly billing: Yes

Texas and **Tennessee**

Firm Name:Law Office of James T. McMillen

Attorney Name: Jim McMillen

6318 St. Denis

Corpus Christi, TX 78414

Phone:

Fax:

E-mail: Jim@jamesmcmillen.com

Website: www.consumerlawoffice.com

Contingency: Yes Hourly billing: Yes

Texas

Firm Name: Law Office of Russell Van Beustring, P.C.

Attorney Name: Russell Van Beustring

9525 Katy Freeway, Suite 415

Houston, TX 77024

Phone: (713) 973-6650

Fax: (713) 973-7811

E-mail: russell@beustring.com

Website: http://www.beustring.com

Contingency: Yes.

Virginia and **North Carolina**

Firm Name: Consumer Litigation Associates

Attorney Name: Leonard A. Bennett

12515 Warwick Blvd

Newport News, VA 23606

Phone: (757) 930 3660

Fax: (757) 930 3660

E-mail:lenbennett@cox.net

Contingency: Yes

Washington

Firm Name: My Fair Credit

Attorney Name: Christopher E. Green

600 Puget Sound Plaza

1325 Fourth Avenue

Seattle WA 98101

(206) 686-4558

(206) 686-2558 facsimile

www.MyFairCredit.com

Chris@MyFairCredit.com

chris_green@msn.com

Specialty: Provides information about independent law firms dedicated to the

protection of consumers through the use of the Fair Credit Reporting Act.

They deal with consumers and identity theft. Victims.

Wisconsin

Firm Name: Consumer Justice Law Center

Attorney Name: DeVonna Joy

P.O. Box 51

Big Bend, WI 53150

Phone: (262) 662-3982

Fax: (262) 662-0504

E-mail: djlaw@wi.rr.com

Contingency: Yes   Hourly billing: Yes

Privacy Newsletters:

- **Privacy Journal**
  P.O. Box 28577

  Providence, RI 02908

  Phone: (401) 274-7861

  Web: www.privacyjournal.net

  E-mail: orders@privacyjournal.net

- **Privacy Newsletter**
  P.O. Box 8206

  Philadelphia, PA 19101-8206

  E-mail: privacy@mindspring.com

- **Privacy Times**
  P.O. Box 302

  Cabin John, MD 20818

  Phone: (301) 229-7002

  Web: www.privacytimes.com

Privacy Resources and Organizations

- **Center for Media Education.**

A national non-profit organization dedicated to improving the quality of electronic media, especially on the behalf of children and families. Provides guides, reports, and other information on children's and consumer privacy.

Contact: cme@cme.org.

- **Coalition Against Unsolicited Commercial Email.**

CAUCE is an all-volunteer, entirely Web-based organization, created by Netizens to advocate for a legislative solution to the problem of UCE (spam). CAUCE began as a discussion group called SPAM-LAW, formed of members who felt that legislation was necessary to stop spam from choking the life out of the Internet.

President: Edward Cherlin

Email: comments@cauce.org..

Web: www.cauce

- **Computer Professionals for Social Responsibility**.

A national membership organization of people concerned about the impact of technology on society. CPSR sponsors working groups on civil liberties, working in the computer industry and others.

PO Box 717

Palo Alto, CA 94302.

Phone: (650) 322-3778.

Fax: (650) 322-4748.

Email: cpsr@cpsr.org or cpsr-info@cpsr.org.

Web: www.cpsr.org

- **Consumer Project on Technology.**

The CPT is currently focusing on intellectual property rights, healthcare, electronic commerce ad competition policy.

Director: James Love.

Box 19367

Washington, DC 20036

Phone: (202) 387-8030.

Fax: (202) 234-5176.

- **Consumers Against Supermarket Privacy Invasion and Numbering**.

CASPIAN is a national Web-based organization opposing the current trends of supermarkets to require customer information in order to receive discounts.

Founder: Katherine Albrecht

Email kma@nocards.org..

Web: www.nocards.org

- **Electronic Frontier Foundation**.

Publishes newsletters, Internet Guidebooks and other documents, provides mailing lists and other online forums, and hosts a large electronic document archive.

1550 Bryant Street, Ste 725,

San Francisco, CA 94103-4832.

Phone: (415) 436-9333.

Fax: (415) 436-9993.

Contact: info@eff.org.

ask@eff.org

- **Electronic Privacy Information Center.**

EPIC conducts litigation, sponsors conferences, produces reports, publishes the EPIC Alert, and leads campaigns on privacy issues.

EPIC, Executive Director: Marc Rotenberg

1718 Connecticut Avenue, NW, Suite 200

Washington, DC 20009

Phone: (202) 483-1140

Contact: info@epic.org

Web: www.epic.org

- **Privacy Coalition.**

A nonpartisan coalition of consumer, civil liberties, educational, family, library, labor, and technology organizations in support of legislation that effectively protects personal privacy.

Contact: coalition@privacy.org.