

Instructor Guide

# *Money Smart*

Keep It Safe



NATIONAL ASSOCIATION OF FEDERAL CREDIT UNIONS

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## **Instructor Information**

### **Before the Session**

To properly present the *Keep It Safe* course, you should:

- Review all materials in the Instructor Guide and the Participant Take-Home Guide.
- Make copies of the Participant Take-Home Guide.
- Copy the slides (overheads) onto transparencies.
- Make copies of predatory lending offer from the Handouts section.
- When appropriate, prepare the chart paper examples.
- Identify potential trouble spots in the exercises as well as hints for assisting participants.
- Select and prepare anecdotes from real-world experiences that can be used to illustrate special scenarios, generate discussion, and maintain participant interest.

### **Material and Equipment**

- Transparency projector
- *Keep It Safe* transparencies
- Chart paper and easel
- Markers for chart paper and transparencies
- Name tents
- Pencils or pens for each participant
- Participant Take-Home Guides

## Instructor Steps

Step-by-step directions are provided for the instructor. The text below is an example of an instructor step:

| Instructor Cue | Instructions   |
|----------------|--|
| Slide 2        | <ul style="list-style-type: none"><li>➤ Show Slide 2 (You Will Know How To).</li><li>➤ Review course objectives.</li></ul> |

Generally, these steps enable the instructor to ask questions, provide explanations, show slides, hand out materials, and introduce exercises.

## Icons

Icons alert the instructor to discussion questions, exercises, transitions, and summaries. They appear in the left margin:



Ask questions or conduct a discussion.



Distribute a handout.



Give exercise information or record the results of a brainstorm.



Refer to activity material.



Indicate the beginning of an individual activity or exercise.



Indicate the beginning of a group activity or exercise.



Summarize an activity or check for understanding.



Summarize the course.



Transition to the next topic.

Thumbnail-sized replicas of the slides have been placed in the left column.

# Keep It Safe

## Time


90 Minutes


## Objectives

By the end of this course, participants will be familiar with their rights as consumers of financial products and services. To achieve this terminal objective, the participants will be able to:



- Identify the laws that protect their rights as consumers of financial products and services
- Identify ways to avoid scams
- Identify ways to protect themselves against identity theft
- Resolve complaints regarding their accounts

## Course Instruction

| Instructor Cue  | Instructions  |
|---|---|
|  | <ul style="list-style-type: none"> <li>➤ Before the start of the class, hand out the following materials to each participant:               <ul style="list-style-type: none"> <li>• Participant Take-Home Guide</li> <li>• Name tent</li> <li>• Pencil or pen</li> </ul> </li> </ul>   |
| Slide 1   | <ul style="list-style-type: none"> <li>➤ Show Slide 1 (Keep It Safe).</li> <li>➤ <b>“Welcome to <i>Keep It Safe!</i>”</b> Introduce yourself (e.g., your name and experience as an instructor or credit union employee).</li> <li>➤ Explain: <b>“By taking the <i>Keep It Safe</i> course, you are taking a step toward building a better financial future for you and your family. Knowing your rights and the laws that protect those rights can help safeguard your money.”</b></li> <li>➤ Explain: <b>“This course provides general information on laws that protect consumers. Further information can be found by using the resources listed in your Take-Home Guide.”</b></li> </ul> |
| Slide 2   | <ul style="list-style-type: none"> <li>➤ Show Slide 2 (You Will Know).</li> <li>➤ Explain: <b>“By the end of the course, you will be familiar with your rights as a consumer of financial products and services. You will know:</b> <ul style="list-style-type: none"> <li>• <b>The laws that protect your rights as a financial products and services consumer</b></li> <li>• <b>Ways to avoid scams</b></li> <li>• <b>Ways to protect yourself from identity theft, and</b></li> <li>• <b>How to resolve complaints regarding your accounts.”</b></li> </ul> </li> </ul>  |


| Instructor Cue  | Instructions   |
|---|--|
|  | <ul style="list-style-type: none"><li data-bbox="565 239 1266 268">➤ Show the Participant Take-Home Guide to the class.</li><li data-bbox="565 310 1404 472">➤ Explain: <b>“Each of you has a copy of the <i>Keep It Safe Take-Home Guide</i> which contains highlights of the course. We will be using this throughout the course. Take it home and use it as a reference.”</b></li></ul> |



## What Do You Know

| Instructor Cue  | Instructions   |
|---|--|
|    | <ul style="list-style-type: none"> <li>➤ Explain: <b>“Take out the last page of your Take-Home Guide, the What Do You Know form.”</b></li> </ul>   |
|   | <ul style="list-style-type: none"> <li>➤ Explain: <b>“The What Do You Know form lets you measure how much you have learned from the course.”</b></li> </ul>  |
|   | <ul style="list-style-type: none"> <li>➤ Read the instructions and walk the participants through each statement.</li> <li>➤ Explain: <b>“Complete the Before-the-Course column only. You will complete the other column at the end of the course.”</b></li> </ul>                                    |
|   | <ul style="list-style-type: none"> <li>➤ Provide enough time for participants to complete the What Do You Know form. (1-2 minutes)</li> <li>➤ Have participants put these forms aside until the end of the course when they will complete the After-the-Course column.</li> </ul>                    |
|  | <ul style="list-style-type: none"> <li>➤ Transition: <b>“Federal regulatory agencies ensure that financial institutions are following consumer protection, fair lending, and civil rights laws. Let’s get started by discussing some highlights of federal consumer protection laws.”</b></li> </ul> |



## Federal Consumer Protection Laws




| Instructor Cue | Instructions   |
|----------------|--|
|                | <ul style="list-style-type: none"><li>➤ Explain: <b>“There are many federal consumer protection laws. In fact there are too many to discuss in this course. You should, however, know that financial institutions must follow certain regulations.”</b></li><li>➤ Ask: <b>“What are these regulations and how can they benefit you?”</b></li><li>➤ Provide example: <b>“Here’s an example of how one person, Mary, benefited from learning about consumer protection laws.”</b></li><li>➤ <b>Mary had been considering opening an account. Since she would need to write many checks each month, Mary was excited when she found a financial institution that offered free checking accounts.</b></li><li>➤ <b>After Mary learned about consumer protection laws, she realized she could ask for written information about this checking account. Mary found she could only write three checks a month and then the financial institution would charge her a fee for writing each additional check.</b></li><li>➤ <b>Mary decided to look around for a checking account that better met her needs. After learning about financial institution regulations, Mary felt more confident about what information she was able to receive when looking for an account.”</b></li></ul> |

| Instructor Cue  | Instructions   |
|---|--|
|  | <ul style="list-style-type: none"> <li>➤ Explain: <b>“Here are some highlights of what will be discussed in this course. We will go into more detail with these laws later in the course.”</b></li> <li>➤ Write the following Federal Consumer Protection Laws on chart paper. <ul style="list-style-type: none"> <li>• Truth in Savings Act</li> <li>• Electronic Fund Transfer Act</li> <li>• Equal Credit Opportunity Act</li> <li>• Truth in Lending Act</li> </ul> </li> </ul>  |
|   | <ul style="list-style-type: none"> <li>➤ Explain: <b>“Truth in Savings Act – A financial institution must reveal, or disclose, the terms of consumer accounts including checking, savings, and certificate accounts.</b></li> <li>➤ <b>Electronic Fund Transfer Act – A financial institution must limit consumer liability if ATM cards are stolen or lost.</b></li> <li>➤ <b>Equal Credit Opportunity Act – Lenders cannot discriminate against consumers, based on certain characteristics, when consumers apply for credit.</b></li> <li>➤ <b>Truth in Lending – Lenders must tell consumers how much it will cost them to borrow money. This allows consumers to compare costs.”</b></li> </ul> |

| Instructor Cue  | Instructions   |
|---|--|
|  | <ul style="list-style-type: none"> <li>➤ Ask: <b>“Which of these Federal Consumer Protection Laws did Mary use in our example?”</b></li> <li>➤ Answer: Mary used the Truth in Savings Act.</li> </ul>  |
|  | <ul style="list-style-type: none"> <li>➤ Transition: <b>“The four laws we just discussed are a sample of the laws that have been passed to protect consumer’s financial rights. We will now discuss laws that protect consumers when opening an account.”</b></li> </ul> |


## Account Regulations

| Instructor Cue  | Instructions  |
|---|---|
|   | <ul style="list-style-type: none"> <li>➤ Explain: <b>“The Truth in Savings Act enables consumers to make informed decisions about accounts before opening a checking, savings, or certificate account.</b></li> <li>➤ <b>Because of this law, financial institutions must provide account disclosures to consumers upon request. Disclosures need to be clear and in writing, so the consumers can keep the information provided. This allows consumers to shop for the best account for them. Disclosures must also be provided when an account is opened.”</b></li> </ul> |
|   | <ul style="list-style-type: none"> <li>➤ Ask: <b>“When looking for a checking, savings, or certificate account, what are questions you would ask about these accounts?”</b></li> </ul>  |
|  | <ul style="list-style-type: none"> <li>➤ Have the participants report out the questions they would ask.</li> <li>➤ Write their responses on the chart paper.</li> <li>➤ Explain: <b>“Some of the required disclosure information financial institutions must provide include rate information, balance requirements, and fee information.”</b></li> </ul>   |
|   | <ul style="list-style-type: none"> <li>➤ Explain: <b>“If a consumer telephones a financial institution to ask for rates paid on deposit accounts, the financial institution must state the annual percentage yield, or APY. An APY is a percentage rate that reflects the effects of compounding.</b></li> <li>➤ <b>The APY should be used when making rate comparisons between different financial institution accounts.”</b></li> </ul>   |

| Instructor Cue  | Instructions   |
|---|--|
|   | <ul style="list-style-type: none"> <li>➤ Explain: <b>“If you have any questions or problems with your account, write a letter to your financial institution. If you don’t receive a response, contact your financial institution’s regulatory agency. Regulatory agencies are listed on page 13 of your Take-Home Guide.”</b></li> </ul>   |
|   | <ul style="list-style-type: none"> <li>➤ Explain: <b>“I am going to describe two situations. Choose the law that protects the consumer described.”</b></li> <li>➤ Situation 1: <b>“John deposits his paycheck into his checking account. He then tries to make a withdrawal from the ATM and finds the money he just deposited is not yet available. John calls his financial institution and finds his check has been held.”</b></li> </ul> |
|  | <ul style="list-style-type: none"> <li>➤ Ask: <b>“What law sets the rules on how long your check can be held?”</b></li> <li>➤ Answer: Expedited Funds Availability Act</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>➤ Situation 2: <b>“Theresa has been using her debit card to pay for groceries. One day while shopping, she couldn’t find her debit card. Theresa quickly called her financial institution.”</b></li> </ul>  |
|  | <ul style="list-style-type: none"> <li>➤ Ask: <b>“What law requires a financial institution to notify you of your rights and responsibilities when using your ATM card?”</b></li> <li>➤ Answer: Electronic Fund Transfer Act</li> </ul>  |
|  | <ul style="list-style-type: none"> <li>➤ Transition: <b>“We have just discussed the laws that protect consumers when opening and using an account. Now, let’s discuss how to protect your investments when using nondeposit investment products.”</b></li> </ul>   |

## Nondeposit Investment Products



| Instructor Cue | Instructions  |
|----------------|---|
|                | <p>➤ Explain: <b>“Some financial institutions offer nondeposit investment products, such as mutual funds, annuities, stocks, and bonds. These products are not insured by the FDIC or by the NCUA.</b></p> <p><b>When deposits are insured by the FDIC or NCUA, the government will pay up to \$100,000 if the financial institution fails. The following is an example of a product that is not federally insured.”</b></p> <p>➤ Example: <b>“Robert had a \$10,000 certificate of deposit, or CD. Michelle bought a \$10,000 mutual fund at the same bank. The bank fails. The FDIC will make sure Robert gets his \$10,000 back.</b></p> <p><b>FDIC insurance does not cover Michelle’s mutual fund. However, the Securities Investor Protection Corporation, or SIPC, does provide important protections against certain losses if a member broker or dealer fails financially and is not able to meet its obligations. Remember, neither the FDIC nor the SIPC will protect you from the rise or fall of the market value of your investment.”</b></p> |


| Instructor Cue  | Instructions  |
|---|---|
|  | <ul style="list-style-type: none"> <li>➤ Explain: <b>“Turn to the <i>Nondeposit Investment Products</i> section of page 4 of your Take-Home Guide.”</b></li> <br/> <li>➤ Explain: <b>“Since nondeposit investment products are not FDIC or NCUA-insured, keep these tips in mind:</b> <ul style="list-style-type: none"> <li>• <b>Before investing in nondeposit products, remember to have enough emergency savings. Many financial experts suggest you have 2-6 months of expenses in a savings or other readily accessible account.</b></li> <br/> <li>• <b>Never invest in a product you don’t understand.</b></li> <br/> <li>• <b>Be sure you have enough information before making an investment. Make sure you read your disclosures carefully and find out whether the product is FDIC or NCUA-insured. Ask questions until you are satisfied.</b></li> <br/> <li>• <b>Investments <u>always</u> have some degree of risk. Understand the risks before investing.</b></li> <br/> <li>• <b>Be sure your sales representative knows your financial objectives and risk tolerance.”</b></li> </ul> </li> <br/> <li>➤ Explain: <b>“To find out more about your registered sales representative or broker or dealer, call the National Association of Securities Dealers at the number listed in your guide.”</b></li> </ul> |


| Instructor Cue  | Instructions  |
|---|---|
|  | ➤ Transition: <b>“We have just discussed nondeposit investment products and tips to protect yourself when considering investing in these funds. We will now look at lending laws and how they protect your rights throughout the loan process.”</b> |


## Lending

| Instructor Cue | Instructions   |
|----------------|--|
|                | <p>➤ Explain: <b>“There is a law that protects consumer rights throughout the loan process. This is the Equal Credit Opportunity Act, or ECOA. Because of this law, lenders cannot discourage you from applying for a loan based on certain characteristics.</b></p> <p><b>ECOA promotes the availability of credit to all creditworthy applicants without regard to certain factors. These factors are called prohibited bases. Let’s look at an example: Angela wants to apply for a loan. She is 43, divorced, has two children, and is working part-time.”</b></p> |


| Instructor Cue  | Instructions   |
|---|--|
|  | <ul style="list-style-type: none"> <li>➤ Ask: <b>“What do you think are some characteristics or prohibited bases that lenders cannot use to discourage Angela from applying for the loan or to assess her creditworthiness?”</b></li> </ul>  |
|  | <ul style="list-style-type: none"> <li>➤ Record the participants’ responses on chart paper.</li> <li>➤ Ask: <b>“Are there other prohibited bases that may not pertain to Angela that you can think of?”</b></li> <li>➤ Record the participants’ responses on chart paper.</li> </ul>   |
| <p>Slide 4</p>  | <ul style="list-style-type: none"> <li>➤ Show Slide 4 (Prohibited Bases).</li> <li>➤ If the participants did not list all of the following prohibited bases, then provide the responses that were missed. <ul style="list-style-type: none"> <li>• Race</li> <li>• Color</li> <li>• Religion</li> <li>• National Origin</li> <li>• Sex</li> <li>• Marital status</li> <li>• Age</li> <li>• Receipt of public assistance income (the fact that all or part of the applicant’s income is derived from a public assistance program)</li> <li>• Exercise of rights under the Consumer Credit Protection Act (Example: You cannot be denied a loan because you have filed a complaint against the lender.)</li> </ul> </li> <li>➤ Explain: <b>“The prohibited bases are listed on page 5 of your Take-Home Guide.”</b></li> </ul> |

| Instructor Cue  | Instructions  |
|---|---|
|   | <p>➤ Explain: <b>“Discrimination means to treat someone differently from another. Not all discrimination is illegal. Lenders do not have to make loans to everyone. For example, a lender can deny your request for a loan if you do not have enough income to pay back the loan, if you live in a foreign country, or if you are not old enough to legally sign a contract.”</b></p> |
|  | <p>➤ Transition: <b>“Let’s go back to Angela. Angela is now going to go through the loan application process. There are several laws Angela should be aware of when applying for a loan.</b></p> <p><b>One of these is the Truth in Lending Act. Lenders must tell consumers how much it will cost to borrow funds. This allows consumers to compare costs.”</b></p>                  |
|   | <p>➤ Explain: <b>“Consumers should be able to shop around for the best loan. The Truth in Lending Act, or TILA, makes credit shopping easier for consumers.</b></p> <p><b>TILA requires creditors to provide basic information about the cost of taking out a loan. Credit costs vary from lender to lender, so the written disclosures can help you shop for the best deal.”</b></p> |

| Instructor Cue  | Instructions  |
|---|---|
| Slide 5   | <ul style="list-style-type: none"> <li>➤ Show Slide 5: (Truth in Lending Disclosure).</li> <li>➤ Explain: <b>“Two of the most important terms to compare on disclosures are the <i>finance charge</i> and the <i>annual percentage rate</i>, or APR.</b></li> <li>➤ <b>The <i>finance charge</i> is the total dollar amount you pay to use credit. The finance charge includes costs, such as interest and service charges.</b></li> </ul> <p style="text-align: center;"><b>The <i>APR</i> is the percentage cost of credit on a yearly basis. The APR reflects the costs of interest and loan fees. When shopping for credit, you should compare the APRs.”</b></p> <ul style="list-style-type: none"> <li>➤ Show the Truth in Lending disclosure example on the slide.</li> <li>➤ Explain: <b>“In Truth in Lending disclosures, the APR and the finance charge will stand out. In this example, you are borrowing \$5,000. The APR is 12% and the finance charge is \$675.31. You determine the total payments by adding the amount financed - \$5,000 – to the finance charge - \$675.31.”</b></li> </ul> |
|  | <ul style="list-style-type: none"> <li>➤ Transition: <b>“Now Angela knows how to compare loan costs by looking at the APRs, as required by the TILA. Another law that continues to protect her during the application process is the ECOA.</b></li> </ul> <p style="text-align: center;"><b>The ECOA restricts the lender from requesting certain information.”</b></p>   |


| Instructor Cue  | Instructions  |
|---|---|
|  | <ul style="list-style-type: none"> <li>➤ Explain: <b>“Let’s turn back to page 5 in your guide.</b></li> <br/> <li>➤ <b>In general, the lender may not ask for information about a spouse or former spouse unless the spouse is applying with you. If you are applying for unsecured credit, the lender cannot ask about marital status.</b></li> <br/> <li>➤ <b>If you do not qualify on your own, lenders may require a cosigner or guarantor, but cannot require that it be your spouse. If you are applying jointly or if the loan is secured, the lender may ask about your marital status, but can only use the terms married, unmarried and separated.”</b></li> </ul> <p><b>Instructor note:</b> If the applicant lives in a community property state, a lender may request information concerning the applicants’ spouse. Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin are community property states.</p> |


| Instructor Cue | Instructions  |
|----------------|---|
|                | <ul style="list-style-type: none"> <li>➤ Explain: <b>“ECOA also restricts the lender from asking:</b></li> <li>➤ <b>About income derived from alimony or child support, unless you want it considered as part of your income. The lender cannot discount or refuse to consider consistent part-time income, annuities, pensions, alimony, or child support payments.</b></li> <li>➤ <b>A lender can’t ask about birth control practices or intentions of having children. However, a lender may ask about the number and ages of your dependents.</b></li> <li>➤ <b>A lender can’t ask whether you are male or female. Courtesy titles, such as Mr., Mrs., Miss, or Ms. can be requested, but do not have to be provided.</b></li> <li>➤ <b>Finally, a lender can’t ask for your race, color, religion, or national origin.”</b></li> </ul> |
|                | <p>Explain: <b>“There are a few exceptions, however.</b></p> <ul style="list-style-type: none"> <li>➤ <b>For home loans, the government requires lenders to collect information on race, sex, marital status, and age.</b></li> <li>➤ <b>For other loans, lenders may collect this information if they are conducting a self-test to make sure they are complying with ECOA.”</b></li> <li>➤ <b>Although they will collect this information, they cannot use the information as a factor in deciding whether to grant the loan.</b></li> </ul>  |



| Instructor Cue  | Instructions   |
|---|--|
|  | <p>Transition: <b>“We have discussed laws that protect your rights before and during the loan application process. Now we will discuss what happens if you are turned down for a loan. Then we will go into your rights after you have accepted a loan.”</b></p>   |
| <p>Slide 6</p>  | <ul style="list-style-type: none"> <li>➤ Show Slide 6 (Sample of a Loan Denial Letter).</li> <li>➤ Explain: <b>“Let’s look back to our example of Angela who was applying for a loan. Angela did apply for the loan, but she was denied. She received a letter similar to the one shown on this slide.</b></li> <li>➤ <b>The lender must notify you in writing, if you have been approved or denied, within 30 days of the completed application. This notification is required by ECOA.”</b></li> <li>➤ Explain and show on this slide the following: <ul style="list-style-type: none"> <li>➤ <b>“The notice will contain:</b> <ul style="list-style-type: none"> <li>• <b>The name and address of creditor,</b></li> <li>• <b>The name and address of the federal agency you can write to if you feel you have been discriminated against, and</b></li> <li>• <b>Either a statement of specific reasons for denial or a notice that you may request the specific reasons for your denial.”</b></li> </ul> </li> </ul> </li> </ul> |

| <b>Instructor Cue</b> | <b>Instructions</b>  |
|-----------------------|--|
|                       | <p>➤ Explain: <b>“If you are denied credit because of information in your credit report, the lender is required to notify you. This notification is required by the Fair Credit Reporting Act, or FCRA. The notice is usually combined with your denial notice. The FCRA notice should contain:</b></p> <ul style="list-style-type: none"><li>• <b>The name, address, and telephone number of the consumer reporting agency that provided the report to the lender.</b></li><li>• <b>A statement that the consumer reporting agency did not make the decision to deny your application.</b></li><li>• <b>A notice of your right to obtain a free copy of your credit report within 60 days of receiving the notice.</b></li><li>• <b>A notice of your right to dispute the information in your credit report.”</b></li></ul> |


| Instructor Cue | Instructions  |
|----------------|---|
| ?              | <ul style="list-style-type: none"> <li>➤ Ask: <b>“What should you do if you think you have been denied a loan based on prohibited bases?”</b></li> <li>➤ Discuss answers.</li> <li>➤ Ask: <b>“Do you remember what the prohibited bases are?”</b></li> </ul>  |
| Slide 4        | <ul style="list-style-type: none"> <li>➤ Show Slide 4 (Prohibited Bases)</li> <li>➤ Answer: Race, color, religion, national origin, sex, marital status, age, receipt of public assistance income, exercise of rights under the Consumer Protection Act.</li> </ul>   |
| ?              | <ul style="list-style-type: none"> <li>➤ Ask: <b>“What action can you take if you feel you have been denied a loan based on a prohibited basis?”</b></li> <li>➤ Answer: <ul style="list-style-type: none"> <li>• Complain to the creditor in writing and keep a copy. The lender may find an error and reverse the decision.</li> <li>• Report possible violations to the appropriate government agency. The agency’s name and address will be listed on your denial notice.</li> </ul> </li> <li>➤ Explain: <b>“See the <i>Resource List</i> on page 13 of your <i>Take-Home Guide</i> for additional information about government agencies.”</b></li> </ul> |


| Instructor Cue  | Instructions   |
|---|--|
|   | <p>➤ Explain: <b>“In our example, Angela feels she has been denied credit because she is female. She wrote a complaint letter to the creditor and reported the possible violation to the proper government agency. The institution investigated her complaint and although they found that they did not discriminate against Angela, they also found that they did not consider the public assistance income. The decision was reversed, and Angela now has the loan.”</b></p> |
|  | <p>➤ Explain: <b>“There are also laws that protect your rights after you get a loan. The first law we will discuss is the Fair Debt Collection Practices Act, or FDCPA. Turn to page 6 of your Take-Home guide in order to follow along.”</b></p>  |

| Instructor Cue  | Instructions   |
|---|--|
|  | <p>➤ Explain: <b>“The Fair Debt Collection Practices Act, or FDCPA, helps curb abusive debt collection practices by a debt collector hired by the creditor.</b></p> <p><b>As a result of the FDCPA:</b></p> <ul style="list-style-type: none"> <li>• <b>Debt collectors cannot contact you at any unusual time or place.</b></li> <li>• <b>They cannot contact you at work if you have informed them not to call you there.</b></li> <li>• <b>They cannot use threat of violence or other criminal means to harm you or your property.</b></li> <li>• <b>They cannot call you with the intent to annoy, abuse, or harass.</b></li> <li>• <b>They cannot call you without identifying themselves.</b></li> <li>• <b>They cannot use deceptive or misleading methods to collect a debt.”</b></li> </ul> <p>➤ Explain: <b>“If you feel the Fair Debt Collection Practices Act has been violated, contact the appropriate federal regulatory agency. See the <i>Resource List</i> section in your Take-Home Guide for additional information about regulatory agencies.”</b></p> |
|   | <p>➤ Explain: <b>“The next law, the Fair Credit Billing Act, requires creditors to promptly credit payments and correct billing mistakes for open-end credit accounts, such as credit cards. It also allows you to withhold payments on defective goods. The Electronic Fund Transfers Act and the Truth in Lending Act also have methods for correcting billing errors.”</b></p>  |





| Instructor Cue  | Instructions   |
|---|--|
|  | <p>➤ Ask: <b>“What are some examples of billing errors?”</b></p>   |
|  | <p>➤ Write answers on chart paper: Examples of billing errors include:</p> <ul style="list-style-type: none"> <li>• A charge for something you did not buy</li> <li>• A charge that is different from the actual purchase price</li> </ul> <p>➤ An error in math (The total does not add up, or there is an error in the interest added.)</p>  |
|   | <p>➤ Explain: <b>“If you think there is an error on your bill, you should:</b></p> <ul style="list-style-type: none"> <li>• <b>Within 60 days of receipt of your incorrect bill, notify your creditor <u>in writing</u> and keep a copy. You should always include your name, account number, and what you believe is the error.”</b></li> </ul> <p>➤ Explain: <b>“The lender is required to acknowledge your written letter within 30 days. Within 90 days, the lender must either correct the problem or explain why the bill is correct.”</b></p> |
|   | <p>➤ Explain: <b>“Last month, Angela noticed she was charged twice for her \$150 purchase at the department store. She decided to make a written complaint to her credit card company. Knowing the consumer protection laws made Angela feel more confident about how to resolve these problems.”</b></p>  |





| Instructor Cue | Instructions   |
|----------------|--|
| Slide 7        | <ul style="list-style-type: none"> <li>➤ Show Slide 7 (Complaint Letter Sample).</li> <li>➤ Explain: <b>“Turn to the <i>Sample Complaint Letter</i> on page 7 of your Take-Home Guide. This is a sample of a complaint letter that would be written for the problem just discussed about Angela. In this letter Angela is writing about being charged twice for the same item.”</b></li> </ul> <p style="text-align: center;"><b>Instructor Note:</b> On the letter point out where Angela indicated what she believed was the error.</p> <ul style="list-style-type: none"> <li>➤ Explain: <b>“In this letter Angela also included how and when she expected the problem to be resolved and how she could be reached.”</b></li> </ul> |
| ?              | <ul style="list-style-type: none"> <li>➤ Ask: <b>“If the letter did not produce the desired results, how was Angela going to follow-up?”</b></li> <li>➤ Answer: She was going to write to the credit card company’s regulator.</li> </ul>  |

| Instructor Cue  | Instructions   |
|---|--|
|  | <p>➤ Explain: “Turn to <i>Resolving Complaints by Writing to the Regulators</i> on page 8 of your Take-Home Guide. When you write to the regulators or any other organization, help the organization investigate your complaint as quickly as possible by stating the problem briefly.</p> <ul style="list-style-type: none"> <li>• Tell them what occurred and how you would like to see the matter resolved.</li> <li>• Include your full name, address, and daytime and evening telephone numbers with area codes.</li> <li>• Provide the <u>complete</u> name and address of the financial institution, along with the names of employees who have assisted you with your problem.</li> <li>• You will also need to include pertinent account information such as account numbers and the type of product you have, such as a savings or share account, checking or share draft account, home equity loan, or a home loan.</li> <li>• Include important dates, such as the date a transaction took place or the date you contacted the financial institution about your problem.</li> <li>• Send copies of documents that may help explain your problem. Keep original documents.</li> <li>• Be sure to sign and date your letter.”</li> </ul> |

| Instructor Cue  | Instructions  |
|---|---|
|  | ➤ Transition: <b>“We have discussed consumer rights throughout the loan process. Now we will go over some additional loan information.”</b> |

## Additional Loan Information

| Instructor Cue  | Instructions  |
|---|---|
|   | <ul style="list-style-type: none"> <li>➤ Explain: <b>“If you get a home loan or are considering leasing – such as leasing a car – there are a few other laws you should know about.”</b></li> </ul>   |
|    | <ul style="list-style-type: none"> <li>➤ Prompt: <b>“Look at page 3 of your Take-Home Guide.</b></li> <li>➤ <b>This exercise will give you a chance to use your Take-Home Guide. I will describe situations and you tell me which law applies.”</b></li> </ul>  |
|    | <ul style="list-style-type: none"> <li>➤ Ask: <b>“You are applying for a home loan. Which law requires that lenders provide you with accurate and timely disclosures of the costs of settlement?”</b></li> <li>➤ Answer: Real Estate Settlement Procedures Act (RESPA).</li> </ul>  |
|  | <ul style="list-style-type: none"> <li>➤ Ask: <b>“Which law gives consumers the right to cancel certain types of home loans within three days?”</b></li> <li>➤ Answer: Truth in Lending (TIL)</li> </ul>  |
|  | <ul style="list-style-type: none"> <li>➤ Ask: <b>“You are planning to lease a car and you want to compare the leases from several companies. Which law requires that disclosures be made, so consumers can compare the costs and terms of one lease with another?”</b></li> <li>➤ Answer: Consumer Leasing Act (CLA)</li> </ul> |




| Instructor Cue  | Instructions   |
|---|--|
|    | <ul style="list-style-type: none"> <li>➤ Ask: <b>“Which law requires lenders to collect information on the race, sex, marital status, and age of home loan applicants so the government can monitor for discrimination? This law also requires the lender to provide applicants with a copy of the appraisal, which is an estimate of what your home is worth.”</b></li> <li>➤ Answer: Equal Credit Opportunity Act (ECOA).</li> </ul> |
|    | <ul style="list-style-type: none"> <li>➤ Ask: <b>“Which law prohibits discrimination based on race, color, religion, sex, national origin, familial status, or handicap in housing-related transaction?”</b></li> <li>➤ Answer: Fair Housing Act (FHA)</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>➤ Ask: <b>“What do these laws mean to you?”</b></li> <li>➤ Guide a brief discussion and check for understanding of the material that has been presented.</li> </ul>   |
|  | <ul style="list-style-type: none"> <li>➤ Transition: <b>“We just identified additional laws that can help you ‘Keep It Safe’ for home loans and leasing. We are now going to discuss loan scams.”</b></li> </ul>   |


## Loan Scams



| Instructor Cue | Instructions   |
|----------------|--|
| Slide 8        | <ul style="list-style-type: none"> <li>➤ Show Slides 8 and 9 (Predatory Lending)</li> <li>➤ Explain: <b>“You may have heard about predatory lending on the news.”</b></li> </ul>   |
| Slide 9        | <ul style="list-style-type: none"> <li>➤ Read the bullets listed on the slides.</li> <li>➤ Read: <b>“The following are tactics that can be considered predatory:</b> <ul style="list-style-type: none"> <li>• <b>High-pressure and misleading sales pitches</b></li> <li>• <b>Excessive fees and interest rates beyond what is necessary to cover the risk and make a profit</b></li> <li>• <b>“Packing on” or requiring unnecessary products that are included in the loan balance</b></li> <li>• <b>Large prepayment penalties that are intended to trap the borrower in an unfavorable or unaffordable loan</b></li> <li>• <b>Payments that increase over time and have unrealistic repayment terms</b></li> <li>• <b>Loan flipping or frequent refinancing with fees folded into the loan balance that results in rising loan balances and decreases the equity in your loan, and</b></li> <li>• <b>Aggressive and abusive collection practices.”</b></li> </ul> </li> </ul> |

| Instructor Cue | Instructions  |
|----------------|---|
|                | <p>➤ Explain: <b>“Predatory lending takes many forms. Abusive practices can occur in the mortgage, home equity, credit card, auto lending, and payday lending markets.”</b></p> <p><b>Most of the known abusive practices occur in home equity and refinance loans. Predatory lending tends to occur in low-income neighborhoods, particularly those with a large number of elderly or minority homeowners. Most of the problems occur with financial institutions that are not federally-regulated, such as finance companies.</b></p> <p><b>Predatory lending, especially refinance and home equity, often affects the subprime market since these borrowers may have fewer options for getting credit and are often less financially sophisticated.”</b></p> |

## Additional Loan Information




| Instructor Cue  | Instructions  |
|---|---|
|    | <ul style="list-style-type: none"> <li>➤ Ask: <b>“Can anyone explain what is meant by subprime lending?”</b></li> <li>➤ Answer: Subprime lending is generally defined as extending credit to borrowers who have a higher risk of default than traditional or prime borrowers.</li> <li>➤ Explain: <b>Subprime lenders provide loans to borrowers with credit history problems. However, subprime lenders charge higher interest rates and loan fees to offset the higher costs related to lending to borrowers with credit history problems.</b></li> <li>➤ <b>Subprime lending can be beneficial, if performed in a fair, reasonable, and legal manner. It can help serve a traditionally underserved population. If the borrower needs money, has had credit difficulty in the past, or is currently too deep in debt, a subprime loan may be the only alternative available.</b></li> <li>➤ <b>Most predatory loans are made to subprime borrowers, but not all subprime loans are predatory.</b></li> </ul> |
|  | <p>Ask: <b>“How can you avoid predatory loans?”</b></p>   |
|  | <ul style="list-style-type: none"> <li>➤ Go over the responses on the chart paper.</li> </ul>   |

| Instructor Cue  | Instructions  |
|---|---|
|  | <ul style="list-style-type: none"> <li>➤ Explain: <b>“See the <i>Predatory Loans</i> section on page 9 of your Take-Home Guide for additional information about predatory loans.”</b></li> <li>➤ Go over some of the tips for the Take-Home Guide that were not mentioned by participants. <ul style="list-style-type: none"> <li>• Pay your bills on time to ensure you have a good credit history. Make sure your credit history is accurate by reviewing your credit report every year.</li> <li>• Be an informed consumer. Make sure to shop around for the best deal. If a lender is unwilling to give you the information you need to comparison shop, you probably don’t want to do business with him or her.</li> <li>• Be careful of lenders who tell you they don’t care about your credit history or how much you earn. Many of these lenders charge higher interest and higher fees.</li> <li>• Don’t respond to advertisements that make lending sound cheap and easy.</li> <li>• Be careful of home improvement contractors that promise to get you a loan.</li> <li>• Most credit insurance is optional. Lenders cannot require you to purchase credit insurance from their company.</li> <li>• There may be better alternatives to credit life insurance, such as life insurance policy purchased separately.</li> <li>• Ask friends, family, and credit counselors for advice before applying for a loan. Take someone along with you when you talk to a lender.</li> <li>• Take your time before deciding on the best loan or lender. Don’t let lenders pressure you into a decision before you are ready.</li> <li>• Keep notes and copies of what lenders tell you and give you.</li> </ul> </li> </ul> |

| Instructor Cue  | Instructions  |
|---|---|
| Slide 10  | <ul style="list-style-type: none"> <li>➤ Show Slide 10 (Predatory Loan Offer?)</li> </ul>   |
|  | <ul style="list-style-type: none"> <li>➤ Distribute letter (Predatory Loan Offer?) handout to participants.</li> </ul>                    |
|  | <ul style="list-style-type: none"> <li>➤ Read the letter on the slide.</li> <li>➤ Ask: <b>“What is wrong with this offer?”</b></li> </ul> |




| Instructor Cue | Instructions   |
|----------------|--|
|                | <p>➤ Answer: If the participants do not provide the following answers, point out the following areas of concern on the slide and provide these explanations.</p> <ul style="list-style-type: none"> <li>• <u>125% of your home value</u>: It can be dangerous to borrow more than your home is worth. If you stop making payments, you can lose your house and still owe money.</li> <li>• <u>Incredibly low monthly payment</u>: There is no disclosure as to how the lender intends to calculate monthly payments. There is a possibility the lender might have you pay only interest and not the principal, so you'll never pay off the loan.</li> <li>• <u>No upfront fees</u>: Be careful of loans that promise no upfront fees. This does not mean there are no fees. Many times, there are expensive fees added on to the cost of the loan and you will pay interest on these loan fees. This can be very costly. For example, if a \$5,000 loan fee is added into the amount you borrow, you are paying \$5,000 plus interest on the \$5,000 over the life of the loan.</li> <li>• <u>Even if you have a bad credit history</u>: Beware of lenders who promise you loans even if you have a bad credit history. If you have a bad credit history, you will most likely pay higher interest rates and more expensive loan origination fees. All lenders take your credit history into account. Some predatory lenders have been known to target high-cost home improvement loans to low-income homeowners. Predatory lenders knowingly make loans to homeowners that can not make the monthly payments. They would rather foreclose on the house and take the equity.</li> <li>• <u>It's free and you have nothing to lose</u>: If it sounds too good to be true, it probably is. Even though the initial loan evaluation is free, there are other ways predatory lenders will take money from you. There might be hidden fees.</li> <li>• <u>Act now, this is a limited time offer</u>: Beware of "limited-time offers." Many predatory lenders try to pressure you into acting fast, even though you are not comfortable with the loan conditions.</li> </ul> |

| Instructor Cue | Instructions  |
|----------------|---|
|                | <ul style="list-style-type: none"> <li data-bbox="565 327 1422 657">➤ Explain: <b>“If you think you are a victim of a predatory loan, contact an attorney. Most communities have legal offices that provide free legal services to individuals with limited income. Look in the community services pages of your phone book or look in the white pages under ‘Legal Services of...’ for the phone number of the local program.</b></li> <li data-bbox="565 699 1422 938">➤ <b>The American Bar Association has a directory of pro bono programs, or volunteer lawyer programs. The programs use local lawyers who have agreed to provide free legal services. There is a link listed on page 9 of your Take-Home Guide that can help you find a program in your area.”</b></li> </ul> |

| Instructor Cue  | Instructions  |
|---|---|
|  | <p>➤ Ask: <b>“What would you do if your wallet or purse was stolen?”</b></p>  |
|  | <p>➤ Answer: Have participants call out the answers and write them on chart paper. Go over any points that were missed.</p>   |
|  | <p>➤ Explain: <b>“Turn to the <i>Losing Your Wallet</i> section of page 10 of your Take-Home Guide. In addition to what you suggested, the Federal Trade Commission, the FTC, suggests:</b></p> <ul style="list-style-type: none"> <li>• <b>You should file a report with the police as soon as possible. Keep a copy of the report, in case your financial institution or insurance company needs proof of the crime.</b></li> <li>• <b>You should cancel your credit cards immediately. Get new cards with different numbers.</b></li> <li>• <b>You need to report missing cards to the major credit reporting agencies, Equifax, TransUnion, and Experian. Their phone numbers are listed on page 10.</b></li> <li>• <b>You need to report the loss to your financial institution. You might want to open new checking and savings accounts and stop payment on any lost checks.”</b></li> </ul> |




| Instructor Cue | Instructions   |
|----------------|--|
|                | <ul style="list-style-type: none"> <li>• <b>“You should contact the major check verification companies to request that they notify stores that use their databases not to accept these checks. You can also ask your financial institution to notify the check verification service with which it does business. There are a few check verification companies that accept reports of check fraud directly from consumers. This information is also listed on page 10 of your guide.</b></li> <li>• <b>Finally, you will need to get a new ATM card with a new number and password.”</b></li> </ul> <p>➤ Explain: <b>“Keep in mind the phone numbers listed in your guide may change. For phone conversations, remember to write down the name of the contact person and the date of the call.”</b></p> |

| Instructor Cue | Instructions   |
|----------------|--|
|                | <ul style="list-style-type: none"> <li data-bbox="565 279 1328 394">➤ Explain: <b>“Even worse than getting your wallet stolen, however, is identity theft, or ID theft. There have been many cases of ID theft.</b></li> <li data-bbox="565 436 1393 646">➤ <b>With ID theft, thieves take personal information about you, such as your Social Security number, credit card numbers, or other information. They might take it from your wallet, purse, mailbox, trash, or any other means.</b></li> <li data-bbox="565 688 1409 898">➤ <b>The thieves might call your credit card companies and pretend to be you. They might ask to change the mailing address on your credit card account. Then they use your credit card number to charge goods and services.</b></li> <li data-bbox="565 940 1385 1276">➤ <b>They might even open a new credit card account using your name, birth date, and Social Security number. If they use your name and Social Security number, the charges can show up as a delinquent account on your credit report since they will not pay the bill. The thieves could even open an account in your name and write bad checks.”</b></li> </ul> |



| Instructor Cue  | Instructions  |
|---|---|
|  | <p>➤ Ask: <b>“Can you think of some ways to avoid ID theft?”</b></p>  |
|  | <p>➤ Answer: Have participants call out the answers and write them on chart paper. Go over any points that were missed.</p>   |
|  | <p>➤ Explain: <b>“Turn to the <i>Identity Theft</i> section on page 11 of your Take-Home Guide. In addition to what you suggested, the FTC suggests:</b></p> <ul style="list-style-type: none"> <li>• <b>Find out how your personal information will be used and whether it will be shared with others before you reveal it.</b></li> <li>• <b>Pay attention to your statements. If your bills don’t arrive on time, contact your creditor. A missing credit card bill might mean the identity thief has changed your billing address and is using your account.</b></li> <li>• <b>Guard your mail from thieves. Pick up your mail from your mailbox as soon as possible. Place outgoing mail in post office collection boxes.</b></li> <li>• <b>Do not give out personal information over the phone or through the mail unless you initiated the contact and know with whom you are dealing. Thieves may pose as representatives of your financial institution, government officials, or others to get you to reveal your Social Security number or financial institution account number.</b></li> <li>▪ <b>Keep items with personal information safe. When you throw away receipts, credit card statements or pre-approved offers, and old checks or statements, make sure to shred them.”</b></li> </ul> |

| Instructor Cue | Instructions  |
|----------------|---|
|                | <ul style="list-style-type: none"> <li>• <b>“When you make up your Personal Identification Number, or PIN, for your ATM, credit or debit card, don’t use something a thief might guess, such as birth date, Social Security number, or phone number.</b></li> <li>• <b>Order a copy of your credit report every year. Catch mistakes and fraud before they ruin your personal finances.”</b></li> </ul> <p>➤ <b>Explain: “If you think your identity has been stolen, the FTC recommends you take action immediately, and keep records of your conversations and all correspondence.</b></p> <ul style="list-style-type: none"> <li>• <b>Contact the fraud department of the three major credit reporting agencies. Tell them you are an identity theft victim. Ask them for a fraud alert to be placed in your file. Ask for a copy of the credit report. They must give you a free copy of your report if your report is inaccurate because of fraud. The name and phone numbers of the agencies are on page 10 of your Take-Home Guide.</b></li> <li>• <b>Contact your creditors about any accounts that have been changed or opened fraudulently. Ask to speak with someone in the security or fraud department.</b></li> <li>• <b>File a report with your local police. Get a copy of the police report, so you have proof of the crime.</b></li> </ul> <p>➤ <b>Websites and phone numbers where you can get more information regarding identity theft are listed on page 12 of your Take-Home Guide.”</b></p> |

## Course Summary

| Instructor Cue  | Instructions   |
|---|--|
|    | <p>➤ Summarize the course: <b>“Congratulations! You’ve completed the <i>Keep It Safe</i> course. We’ve covered a lot of information today about your rights as a consumer of financial products and services, such as:</b></p> <ul style="list-style-type: none"> <li>• <b>Laws that protect your rights as a consumer</b></li> <li>• <b>Ways to avoid scams</b></li> <li>• <b>Ways to protect your identity, and</b></li> <li>• <b>How to resolve complaints regarding your accounts.</b></li> </ul> <p>➤ <b>Remember, protecting your rights is important. Consumer financial laws have been passed in order to protect your consumer rights.”</b></p> |
|  | <p>➤ Ask: <b>“Are there any questions?”</b></p> <p>➤ Answer questions as time permits.</p>   |
|  | <p>➤ Transition: <b>“To improve the course, we will need your feedback. The After-the-Course column and class evaluations will identify changes that can make this course better.”</b></p>   |

## End of Course Evaluation

| Instructor Cue  | Instructions   |
|---|--|
|  | <ul style="list-style-type: none"><li>➤ Explain: <b>“Please complete the After-the-Course column and the Course Evaluation. These forms are the last two pages of your Take-Home Guide.”</b></li></ul> |
|   | <ul style="list-style-type: none"><li>➤ Allow time for participants to complete it.</li></ul>  |
|   | <ul style="list-style-type: none"><li>➤ Collect the What Do You Know and Course Evaluation forms.</li></ul>  |
|  | <ul style="list-style-type: none"><li>➤ Conclusion: <b>“Great job on completing the <i>Keep It Safe</i> course! Thank you for participating.”</b></li></ul>  |