

Student Take-Home Guide

Money Smart

Keep It Safe



NATIONAL ASSOCIATION OF FEDERAL CREDIT UNIONS

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Money Smart

The *Money Smart* curriculum is brought to you by the National Association of Federal Credit Unions (NAFCU). *Money Smart* is adapted from a curriculum developed by the Federal Deposit Insurance Corporation (FDIC). The *Money Smart* Program includes the following courses:

- **Credit Unions: Here To Serve You**
an introduction to consumer financial services
- **Borrowing Basics**
an introduction to credit
- **Check It Out**
how to choose and keep a checking account
- **Money Matters**
how to keep track of your money
- **Pay Yourself First**
why you should save, save, save
- **Keep It Safe**
your rights as a consumer
- **To Your Credit**
how your credit history will affect your credit future
- **Charge It Right**
how to make a credit card work for you
- **Loan to Own**
know what you're borrowing before you buy
- **Your Own Home**
what homeownership is all about

Keep It Safe

Welcome to Keep It Safe! There are many consumer protection laws that have been passed to protect your rights as consumers. The following are some highlights of laws that protect your banking rights.

Truth in Savings Act (TISA)

A financial institution must reveal (disclose) the terms of consumer checking, savings, and certificate accounts, including the annual percentage yield (APY).

Electronic Fund Transfer Act (EFTA)

This law limits consumer liability if ATM cards are stolen or lost and protects consumers against electronic transfer errors.

Truth in Lending Act (TILA)

This law requires lenders to disclose the total cost of your loan and the APR. In addition, it gives consumers the right to cancel certain types of home loans within three days.

Equal Credit Opportunity Act (ECOA)

This law prohibits lending discrimination based on certain characteristics. It also requires home loan lenders to collect information on the race, sex, marital status, and age of applicant. This information is used to monitor for discrimination.

In addition, for home loans, a lender must provide you with a copy of the appraisal, which is an estimate of what your home is worth.

Real Estate Settlement Procedures Act (RESPA)

This law requires that lenders provide you with accurate and timely disclosures of the costs of settlement such as loan origination fees (points), broker's commissions, and title charges. RESPA was designed to prevent abusive practices such as kickbacks for loan referrals.

Fair Housing Act (FHA)

The Fair Housing Act prohibits discrimination based on race, color, religion, sex, national origin, familial status, or handicap, in housing-related transactions.

Consumer Leasing Act (CLA)

The Consumer Leasing Act requires clear disclosure of leasing terms so consumers can compare leases. Disclosures must be made before a lease is signed, and must be available for the consumer to keep.

Nondeposit Investment Products

Some financial institutions sell nondeposit investments products (such as mutual funds, annuities, and stocks). Since these products are not insured by the FDIC or the NCUA, keep the following tips in mind to protect your money.

How to Protect Yourself

- 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).
- Never invest in a product you don't understand.
- Be sure you have enough information before making an investment. Ask questions until you are satisfied.
- Investments always have some degree of risk. Understand the risks before investing.
- Be sure your sales representative knows your financial objectives and risk tolerance.
- Find out more about your registered sales representative or broker/dealer by calling: National Association of Securities Dealers 1-800-289-9999.

Equal Credit Opportunity Act (ECOA)

Before applying for a loan:

The Equal Credit Opportunity Act or ECOA protects consumer rights throughout the loan process. Lenders cannot discourage you from applying for a loan based on certain characteristics. The ECOA promotes the availability of credit to all creditworthy applicants without regard to the factors (also called *prohibited bases*) listed below.

- Race
- Color
- Religion
- National origin
- Sex
- Marital status
- Age
- Receipt of public assistance income (the fact that all or part of the applicant's income is derived from a public assistance program)
- Exercise of rights under the Consumer Credit Protection Act (Example: You cannot be denied a loan because you have filed a complaint against the financial institution.)

During the loan application process:

ECOA restricts the lender for requesting certain information during the loan application process. In general, the lender may not ask:

- For information about a spouse or former spouse unless your spouse is applying with you. If you are applying for unsecured credit, the lender cannot ask about marital status. If you do not qualify on your own, lenders may require a cosigner or guarantor, but may not require that it be your spouse. If you are jointly applying or if the loan is secured, the lender may ask your marital status, but can only use the terms married, unmarried, and separated.
- For 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.
- About birth control practices or intentions of having children. However, a lender may ask about the number and ages of your dependents.
- About whether you are male or female. Courtesy titles (Mr., Mrs., Miss, Ms.) can be requested, but these are optional.
- For your race, color, religion, or national origin.

Note: In most cases, lenders are prohibited from requesting the information above. However, for home loans, lenders are required by the government to collect some of the

information (race, sex, marital status, and age). Lenders may also request this information as part of a self-test to determine compliance with ECOA.

Fair Debt Collection Practices Act (FDCPA)

During the loan application process:

The Fair Debt Collection Practices Act (FDCPA) helps eliminate abusive debt collection practices. Under this law, debt collectors cannot:

- Contact you at any unusual time or place.
- Contact you at work if you have informed them not to call you there.
- Use threat of violence or other criminal means to harm you or your property.
- Call you with the intent to annoy, abuse, or harass.
- Call you without identifying themselves.
- Use deceptive or misleading methods to collect debt.

If you feel the Fair Debt Collection Practices Act has been violated, contact the appropriate federal regulatory agency. These agencies are listed in this Take-Home Guide under *Resource List*.

Sample Complaint Letter

Your Name
Your Address
Your City, State Zip Code
Date

Name of Contact Person
Title, if available
Company Name
Consumer Complaint Division, if you have no contact person
Street Address
City, State Zip Code

Dear (contact person):

RE: (account number, if applicable)

On (date), I bought a \$150 item at (name of department store). I was reviewing my credit card statement and I noticed I was billed twice for the same item.

To resolve the problem, I would appreciate your crediting my account for \$150.
Enclosed is a copy of my receipt.

I look forward to your reply and a resolution to my problem, and anticipate hearing from you before (set a time limit). Please contact me at the address above or by phone (home and office numbers with area code).

Sincerely,

Your name

Enclosure(s)

cc: (reference to whom you are sending a copy of this letter, if anyone)

Resolving Complaints by Writing to the Regulators

If you have written a letter to the financial institution that does not produce desired results, you can write to the financial institution's regulator for assistance. Sometimes that means writing to the FDIC or NCUA. Like the complaint letter on the last page, include the following information to help the regulators investigate your complaint:

1. State the problem briefly in a letter. Tell them what occurred and how you would like to see the matter resolved.
2. Include your full name, address, and daytime and evening telephone numbers with area codes.
3. Provide the complete name and address of the financial institution, along with the names of employees who have assisted you with your problem.
4. Include pertinent account information such as account numbers and the type of product you have (checking account, savings account, home equity loan, or home loan).
5. Include important dates, such as the date a transaction took place or the date you contacted the financial institution about your problem.
6. Send copies of documents that may help explain your problem. Keep original documents.
7. Sign and date your letter, and keep a copy of it.

Predatory Loans

How to avoid predatory loans

- 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.
- Be an informed consumer. 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.
- Be careful of lenders who tell you they don't care about your credit history or how much you earn. Many of these places charge higher interest and higher fees.
- Don't respond to advertisements that make lending sound cheap and easy.
- Be careful of home improvement contractors that promise to get you a loan.
- Most credit insurance is optional. Lenders cannot require you to purchase credit insurance from them.
- There may be better alternatives to credit life insurance, such as a life insurance policy purchased separately.
- Ask friends, family, and credit counselors for advice before applying for a loan. Take someone along with you when you talk to a lender.
- Take your time before deciding on the best loan or lender. Don't let lenders pressure you into a decision before you are ready.
- Keep copies of what lenders give you.

What to do if you feel you are a victim of a predatory loan

If you think you are a victim of a predatory loan, contact an attorney.

Most communities have 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.

The American Bar Association has a directory of pro bono programs (volunteer lawyer programs). These programs use local lawyers who have agreed to provide free legal services. The following link can help find a program in your area:

www.abanet.org/legalservices/probono/foreword.html

Losing Your Wallet or Purse

What to do if your wallet is lost or stolen

If your wallet is lost or stolen, the Federal Trade Commission (FTC) suggests you:

- File a report with the police as soon as possible. Keep a copy of the report in case your bank or insurance company needs proof of the crime.
- Cancel your credit cards immediately. Get new cards with different numbers.
- Report missing cards to the major credit reporting agencies:

Equifax:	1-800-685-1111
TransUnion:	1-800-888-4213
Experian:	1-800-311-4769

- Report the loss to your financial institution. You might want to open new checking and savings accounts and stop payment on any lost checks.
- 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 verification service with which it does business. Three of the check verification companies that accept reports of check fraud directly from consumers are:

TeleCheck:	1-800-710-9898
TeleCheck's Automated Service:	1-800-366-5010
Certegy Claims Information System:	1-800-437-5120

- Get a new ATM card with a new number and password.

Identity Theft

How to minimize the risk of identity theft

Identity theft is when someone takes your personal information without your knowledge to commit fraud or theft. The following points are recommendations from the Federal Trade Commission to minimize the risk of identity theft.

- Before you reveal any personal information, find out how it will be used and whether it will be shared with others.
- Pay attention to your statements. If your bills don't arrive on time, contact your creditor. A missing credit card bill might mean that the identity thief has changed your billing address and is using your account.
- Guard your mail from thieves. Pick up your mail from your mailbox as soon as possible. Place outgoing mail in post office collection boxes.
- Do not give out personal information over the phone or through the mail unless you have 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 bank account number.
- Keep items with personal information safe. When you throw away receipts, credit card applications, and old checks or statements, make sure to shred them.
- When you make up your Personal Identification Number (PIN) for your credit, ATM, or debit card, don't use something a thief might guess, such as birth date, Social Security number, or phone number.
- Order a copy of your credit report every year. Catch mistakes and fraud before they ruin your personal finances.

What to do if you think your identity has been stolen

The Federal Trade Commission (FTC) recommends the following actions if you believe you are a victim of identity theft. You can also call the FTC's Identity Theft Hotline at 1-877-IDTHEFT (438-4338).

Take action immediately! Keep records of your conversations and all correspondence.

- Contact the fraud department of the three major credit reporting agencies. Tell them you are an identity theft victim. Ask them to place a “fraud alert” in your file. Ask for a copy of the credit report. They must give you a free copy of your report if it is inaccurate because of fraud.
- Contact your creditors about any accounts that have been changed or opened fraudulently. Ask to speak with someone in the security or fraud department.
- File a report with your local police. Get a copy of the police report, so you have proof of the crime.

For more information regarding identity theft, visit the following websites:

www.consumer.gov/idtheft/ (you can also call 1-877-IDTHEFT (438-4338))

www.fraud.org (you can also call 1-800-876-7060)

Resource List

Federal Regulatory Agencies	
<p>If your complaint or question concerns a state-chartered bank that is not a member of the Federal Reserve System, contact:</p> <p>Federal Deposit Insurance Corporation Division of Compliance and Consumer Affairs 550 17th Street, NW Washington, DC 20429</p> <p>1-877-ASK-FDIC (1-877-275-3342) 1-800-925-4618 (TDD) For local calls 202-736-0000</p> <p>Email: consumer@fdic.gov Internet: www.fdic.gov</p>	<p>If your complaint or question concerns state banks that are members of the Federal Reserve System, contact:</p> <p>Federal Reserve Board Division of Consumer and Community Affairs-MS 803 20th and C Streets, NW Washington, DC 20551</p> <p>202-452-3000</p> <p>Internet: www.bog.frb.fed.us</p>
<p>If your questions or complaints concern a nationally-chartered bank (National or N.A. will be part of the name), contact:</p> <p>Office of the Comptroller of the Currency 1301 McKinney Street Suite 3710 Houston, TX 77010</p> <p>1-800-613-6743</p> <p>Email: Customer.Assistance@occ.treas.gov Internet: www.occ.treas.gov</p>	<p>If your complaint or question concerns a federal savings and loan (S&L) or federally-chartered savings banks (FSBs) contact:</p> <p>Office of Thrift Supervision Office of Consumer Programs 1700 G Street, NW Washington, DC 20552</p> <p>1-800-842-6929</p> <p>Email: consumer.complaint@ots.treas.gov Internet: www.ots.treas.gov</p>
<p>If your complaint or question concerns a federally-chartered credit union, contact:</p> <p>National Credit Union Administration 1775 Duke Street Alexandria, VA 22314-3428</p> <p>703-518-6300</p> <p>Internet: www.ncua.gov</p>	<p>For other questions and complaints, contact the Federal Trade Commission (FTC). The FTC cannot intervene in individual disputes, but the information you provide may indicate a pattern of possible law violations that require action.</p> <p>Federal Trade Commission Consumer Response Center 6th and Pennsylvania Avenue, NW Washington, DC 20580</p> <p>1-877-FTC-HELP (1-877-382-4357)</p> <p>Email: consumerline@ftc.gov Internet: www.ftc.gov</p>
<p>For Fair Housing complaints, contact:</p> <p>Department of Housing and Urban Development (HUD) Office of Fair Housing and Equal Opportunity 451 Seventh Street, SW, Room 5100 Washington, DC 20410 1-800-669-9777 Internet: www.hud.gov</p>	<p>Complaints against all kinds of creditors can be referred to:</p> <p>Department of Justice Civil Rights Division 950 Pennsylvania Avenue, NW Washington, DC 20530 202-514-2151 Internet: www.usdoj.gov/crt</p>

Other Resources

www.firstgov.gov

workers.gov

www.consumer.gov

These websites provide access to all online U.S. Federal Government resources.

www.pueblo.gsa.gov

1-800-688-9889

The **Federal Consumer Information Center (FCIC)** provides free online consumer information to help the public. The FCIC produces the Consumer Action Handbook, which is designed to help citizens find the best source for assistance with their consumer problems and questions.

www.ftc.gov/ftc/consumer.htm

1-877-382-4357

The **Federal Trade Commission (FTC)** publishes a variety of consumer education brochures.

www.federalreserve.gov/pubs/consumerhdbk/frs.htm

The **Federal Reserve Board** provides an electronic copy of the *Consumer Handbook to Credit Protection Laws*, Board of Governors of the Federal Reserve System, Washington, DC 20551, 13th Printing, December 1999.

www.consumerworld.org

Consumer World is a public service, which catalogs over 2000 consumer resources.

www.consumersunion.org

Consumers Union is a nonprofit organization that provides information on a variety of consumer issues.

www.nasdr.com

1-800-289-9999

The **National Association of Securities Dealers** provides information about registered securities brokers to help you decide whether to do business with them.

Acknowledgements

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- Naylor Road One-Stop Career Center, Washington, D.C.
- Government of the District of Columbia, Department of Employment Services
- Government of the District of Columbia, Department of Banking and Financial Institution

Reference materials from the following sources were especially helpful in the development of the *Money Smart* program:

- *Consumer Action Handbook*, 2001, Federal Consumer Information Center, United States General Services Administration
- Fannie Mae
- *Gateway to a Better Life—Making Every Dollar Count*, 1998, Cooperative Extension, University of California
- *Helping People in Your Community Understand Basic Financial Services*, Financial Services Education Coalition
- Internal Revenue Service
- *Saving Fitness A Guide to Your Money and Your Financial Future*, U.S. Department of Labor, Pension, and Welfare Benefits Administration
- Social Security Administration
- United States Department of Agriculture, Rural Development, Rural Housing Service
- United States Department of Housing and Urban Development
- United States Veterans Administration, Department of Veterans Affairs Home Loan Program

Course Evaluation – Keep It Safe

Instructor: _____ Date: _____

Thank you for your participation in this course. Your responses will help us improve the training for future participants. Please circle the number that shows how much you agree with each statement. Then answer the questions at the bottom of this form. If you have any questions, please feel free to ask your instructor.

	Strongly Disagree	Disagree	Agree	Strongly Agree
1. The course was interesting and kept my attention.	1	2	3	4
2. The examples in the course were clear and helpful.	1	2	3	4
3. The activities in the course helped me understand the information.	1	2	3	4
4. The slides were clear and easy to follow.	1	2	3	4
5. The take-home materials were easy to read and useful to me.	1	2	3	4
6. The instructor presented the information clearly and understandably.	1	2	3	4
7. The information/skill taught in the course is useful to me.	1	2	3	4
8. I am confident that I can use the information/skill on my own.	1	2	3	4
9. I am satisfied with what I learned from this course.	1	2	3	4

What was the most helpful part of this course?

What was the least helpful part of this course?

Would you recommend this course to others?

Any comments/suggestions?

What Do You Know – Keep It Safe

Instructor: _____ Date: _____

This form will allow you and the instructors to see what you know about your consumer rights and responsibilities both before and after the class. Read each statement below. Please circle the number that shows how much you agree with each statement.

	Before-the-Course				After-the-Course			
	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
1. I am familiar with the laws that protect my rights as a consumer of financial products and services.	1	2	3	4	1	2	3	4
2. I can identify ways to avoid scams.	1	2	3	4	1	2	3	4
3. I can identify ways to protect my identity.	1	2	3	4	1	2	3	4
4. I know how to resolve complaints regarding accounts.	1	2	3	4	1	2	3	4