

Student Take-Home Guide

Money Smart

To Your Credit



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

To Your Credit

Welcome to To Your Credit! An important step to financial security is understanding your credit report and building a positive credit history. This course will provide you with general information on credit reports, how to repair credit, and available resources. When you have completed this course, you will be familiar with the importance of your credit history.

Requesting A Copy of Your Credit Report

To request a copy of your credit report, you will generally need to provide the following information:

- Full name (including Jr., Sr., II)
- Social Security number (SSN)
- Current and previous addresses within the last 5 years
- Birth date
- Signature
- Telephone number

Note: Remember to verify what information is needed with the credit reporting agency before writing.

Sample Dispute Letter from The Federal Trade Commission

Date

Your Name

Your Address

Your City, State Zip Code

Complaint Department

Name of Credit Reporting Agency

Address

City, State Zip Code

Dear Sir or Madam:

I am writing to dispute the following information in my file. The items I dispute also are (highlighted/circled) on the attached copy of the report I received.

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

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

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 (FTC) 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 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 from financial institutions, government officials, or others to get you to reveal your Social Security or account numbers.
- Keep items with personal information safe. When you throw away receipts, credit card applications, and old checks or statements, shred them.
- When you make up your Personal Identification Number (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. And do not write your PIN on your card!
- 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 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 reporting the crime.

Tips To Build Your Credit History

- Apply for a small loan at the credit union, bank, or thrift where you have checking and share or savings accounts.
- Apply for credit with a local store, such as a department store. They typically have a lower credit limit and a higher annual percentage rate (APR), but are generally more willing to lend you money. There is usually no fee for department store cards.
- Make a large downpayment on a purchase and negotiate credit payments for the balance. If you don't have a credit history but have a large downpayment, there is less risk you will not make the payments. For example, if you are buying a used car for \$5,000 and have enough cash, you might consider making a downpayment of \$1,000-\$3,000. Although the loan will be very small, it can prove you make your payments on time.
- You might ask a friend or relative with an established credit history to be a co-signer for you. A co-signer promises to repay the loan if you don't. The lender should report the payment information for both you and the co-signer to the credit reporting agencies.
- Pay your bills on time. This will help establish a good credit history, so you can get credit in the future.
- You might ask the lender to review your history of making rent and utility payments to demonstrate your ability to pay.

Repairing Credit

Repairing Credit on Your Own

- Start by contacting credit reporting agencies to get a copy of your credit report.
- If there are errors on your credit report, you can contact the credit reporting agency to request the investigation.
- Contact your lenders to renegotiate payment plans.

Repairing Credit Using Credit Counseling Agencies

If you decide to use a credit counseling agency, the Federal Trade Commission provides the following tips for choosing a credit counseling agency and questions to ask regarding services and fees and repayment plans.

- Interview several credit counseling agencies before signing a contract.
- Check with your state attorney general, local consumer protection agency, and the Better Business Bureau to find out if consumers have filed complaints about the agency you are considering. A reputable agency will send you free information about itself and the service it provides without requiring you to provide any details about your situation. If the agency won't do this, find another agency.
- Ask questions about services and fees and the repayment plan.

Questions To Ask Credit Counseling Agencies

Services and Fees:

- What services do you offer?
- Do you have educational materials? If so, will you send them to me? Are they free? Can I access them on the Internet?
- In addition to helping me solve my immediate problem, will you help me develop a plan for avoiding problems in the future?
- What are your fees? Do I have to pay anything before you can help me? Are there monthly fees? What is the basis for the fees?
- What is the source of your funding?
- Will I have a formal agreement or contract with you?
- How soon can you take my case?
- Who regulates, oversees, or licenses your agency? Is your agency audited?
- Will I work with one counselor or several?
- What are the qualifications of your counselors? Are they accredited or certified? If not, how are they trained?
- What assurance do I have that information about me (including my address and phone number) will be kept confidential?

Repayment Plan:

- How much debt must I have to use your services?
- How do you determine the amount of my payment? What happens if this is more than I can afford?
- How does your debt repayment plan work? How will I know my creditors have received payments? Is client money put into a separate account from operating funds?
- How often can I get status reports on my accounts? Can I get access to my accounts online or by phone?
- Can you get my creditors to lower or eliminate interest and finance charges or waive late fees?
- Is a debt repayment plan my only option?
- What if I can't maintain the agreed-upon plan?
- What debts will be excluded from the debt repayment plan?
- Will you help me plan for payment of these debts?
- Who will help me if I have problems with my accounts or creditors?
- How secure is the information I provide to you?
- Will this appear on my credit report?

The Truth About Credit Repair

Only consistent efforts and making payments on your debts will improve your credit.

Beware of companies that:

- Promise to erase negative credit information and remove bankruptcies and judgments from your credit file. No one can have accurate information removed.
- Promise you fast and easy credit repair. If you have bad credit, it can take years to repair your credit legitimately.
- Offer to create a new a new identity for you. If you make false statements on loan applications, or use a fake Social Security number, you will be committing fraud. You can also be charged for mail or wire fraud if you use the mail or telephone to apply for credit and provide false information.
- Want you to pay for credit repair services before providing any service. The company might not be legitimate.
- Will not tell you your rights and what you can do yourself. Remember, you can order your credit report yourself. If you see errors on your report, you can also request that the credit reporting agencies make appropriate changes.

Before signing a contract, check with your local Better Business Bureau, state attorney general's office, or local consumer protection agency to find out whether there have been complaints filed against the company.

Keep in mind that many states have laws that regulate credit repair companies.

For Further Information

National Credit Union Administration
1-703-518-6300
www.ncua.gov

Federal Deposit Insurance Corporation
1-877-ASK-FDIC (1-877-275-3342)
www.fdic.gov

Federal Trade Commission
202-326-2222
1-877-FTC-HELP (1-877-382-4357)
www.ftc.gov

Credit Reporting Agencies:

Equifax, Inc.
PO Box 105873
Atlanta, GA 30348-5496
1-800-997-2493
www.equifax.com

Experian
PO Box 2002
Allen, TX 75013
1-888-397-3742
www.experian.com/consumer/index.html

TransUnion
PO Box 1000
Chester, PA 19022
1-800-888-4213
www.transunion.com

For more information about identity theft:

www.consumer.gov/idtheft
1-877-IDTHEFT (438-4338)

www.fraud.org
1-800-876-7060

Credit Counseling Resources:

www.nfcc.org

1-800-388-CCCS (2227)

National Foundation for Credit Counseling is a national nonprofit organization that helps people resolve credit problems.

www.consumercredit.com

American Consumer Credit Counseling is a national nonprofit consumer credit counseling organization that helps people regain financial control through debt consolidation and credit counseling.

www.aiccca.org/find.html

703-934-6118

Association of Independent Consumer Credit Counseling Agencies (AICCA) is a national membership organization established to promote quality and consistent delivery of credit counseling services.

www.myvesta.org

1-800-680-3328

Myvesta.org is a nonprofit, Internet-based financial counseling and services organization.

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.

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.

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- Government of the District of Columbia, Department of Employment Services
- Government of the District of Columbia, Department of Banking and Financial Institution

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- *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 – To Your Credit

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 – To Your Credit

Instructor: _____ Date: _____

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

<i>I know:</i>	Before-the-Course				After-the-Course			
	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
1. What a credit report is and how it is used	1	2	3	4	1	2	3	4
2. How to order a credit report	1	2	3	4	1	2	3	4
3. How to read a credit report	1	2	3	4	1	2	3	4
4. How to start repairing credit	1	2	3	4	1	2	3	4
5. How to recognize credit repair scams	1	2	3	4	1	2	3	4
6. Available resources	1	2	3	4	1	2	3	4