

# The Debt & Credit Advisor

The official newsletter of The Credit Counseling Foundation



Volume 2, Issue 2

March/April 2003

## Highlights

- **Financial Education** - Wise Credit Purchasing Pt.2
- **Economy** - The effect of the Iraq War on US Economy
- **Web News** - New Military Debt site to premiere
- **News** - Creditors working with certified agencies only
- **Consumer Ed** - Credit Repair, Using Credit Cards Smartly.

## Contents:

|   |   |
|---|---|
| Choosing the Best Credit Card for Yourself, Part 2                      | 1 |
| Economic Effects of Iraq War  | 2 |
| TCCF to premiere new web site for Military personnel and their families | 2 |
| Home Equity Loans—An Overview   | 3 |
| Creditors Demanding Credentials from Agencies                           | 3 |
| Wise Credit Card Use  | 3 |
| Credit Repair—Fact or Fancy?  | 4 |
| Teachers Facing Financial Woe as Economy Dives                          | 4 |

## Choosing the Best Credit Card for yourself – Part Two

By Kevin Thomas, Executive Director

In the last issue of *The Debt & Credit Advisor*, we focused on the basic terminology and concepts associated with credit card and other forms of revolving, unsecured credit. With the amazing number of “pre-approved” credit card offers all offering tantalizing features like Zero Percent interest on all balance transfers, or a low 2.99% initial interest rate (which then balloons to something like 19.5% after six months), wise credit buying is more important than ever.

Last month we left off discussing special delinquency rates that many card issuers charge due to overdue payments. At this point I want to discuss some of the protections that exist under federal law for credit card users. The fact is Federal Law protects your utilization of credit cards.

**Prompt Credit on Payments.** Creditors must apply your payment to your account the day it is received. The key exception to this is when the delay in posting the payment won’t result in any charges or fees. To assist in avoiding finance charges, be careful to follow the issuers specific instructions for making a payment within the grace period.



**Credit Balance Refunds.** If you return a product or make a payment that is more than your current balance, the issuer must

allow you to keep the credit on your account or issue you a check for the amount as a refund if it is more than one dollar. Requested refunds must be processed within one week. If six months go by the issuer must refund



the monies in full.

**Errors on Your Bill.** Credit issuers must follow specific rules when it comes to disputed charges. Very often there is a summary of your rights on the bill you receive every month (although the issuer is only required to send it to you once a year).

If you find a mistake on your bill, you can dispute the charge and withhold payment on that amount while the matter is being investigated. You still have to pay any undisputed amount on the bill and the minimum monthly payment due in most cases. Most importantly, you must write to the creditor to make the dispute official, a phone call alone does not protect your rights. The creditor must acknowledge your complaint within 30 days and resolve it one way or the other within 90 days.

**Unauthorized Charges.** If your card is used without your permission, you are only liable for a maximum of \$50 of the unauthorized charges per card so misused. To minimize your liability, report any lost or stolen cards as quickly as possible. If you report the loss before you’ve ever used the card, then your liability is zero. *CONTINUED NEXT PAGE*

## Wise Credit Purchasing, part 2

(continued from Page One)

**Disputes about Merchandise or Services received.** You have the right to dispute charges for defective products or unsatisfactory services. In order to do so you must have purchased the product or service within 100 miles of your current billing address. The charge must be for an amount in excess of \$50. You are also required to make a good faith effort with the merchant to resolve the matter without charging back the credit card.

### Tips for Better Credit Shopping

- ◆ Shop around for the card plan that best fits your personal needs.
- ◆ Make sure you fully understand all the details about the plan's terms before you accept the credit card.
- ◆ Hold on to receipts to reconcile bills and charges when they arrive.
- ◆ Protect your actual cards, account numbers, PIN codes,



etc., to prevent any unauthorized use. Draw a line through any blank spaces on charge slips to prevent someone from changing the amount charged. And tear up the yellow carbons or customer copy, don't just drop it somewhere.

◆ **Keep Records.** Put the information in a safe place separate from your cards. Keep account numbers, expiration dates and phone numbers for each card issuer to report a loss quickly.

◆ **Read the fine print.** It's all there; everything you need to know is disclosed. Fees, disputes, billing cycles... the works. Make sure the card plan you are accepting is everything you expect it to be with no surprises.

◆ **Apply for and carry only the cards you can actually use.** It makes no sense to pay annual fees and other charges for cards you cannot afford to use.

## The War in Iraq and it's Economic Consequences

By Jane Blewett

As US Forces continue to move into positions around Baghdad, the stock market has shown an amazing degree of volatility. After a quick 300 point plus drop in the Dow after the first reports of heavy resistance from Iraqis, many small investors are retreating from a market that is effected as much by emotion as it is by market fundamentals. Interest rates, at their lowest levels in decades, are having little positive effect in buoying the economy, especially after the start of hostilities and the increased threat of domestic terrorism. Combined with the rapid increase in gasoline prices, the promise of

*“the big concern is that inflation will rear it's ugly head by the third quarter of 2003”*

new unprecedented federal deficits and a somewhat inexplicable tax cut for the very wealthy—the big concern is that inflation will rear it's ugly head by the third quarter of 2003. If so, it could be the beginning of an inflationary spiral that might take several years to stabilize. And should OPEC begin taking Euro's over US Dollars in payment for crude oil (in response to the US lead coalition against Iraq), we'll see a further

weakening of the dollar against the major foreign currencies. The key to avoiding this is a quick and decisive action in Iraq, and a subsequent return to stability in the region, the US, and the global financial markets.

## TCCF developing specialized web site for Military

By Paul A. Brown

Although planned for in advance of current military activities in Iraq and Afghanistan, TCCF is very pleased to announce the soon to premiere web site dedicated to Military personnel and their families; [www.GoDebtFreeMilitary.com](http://www.GoDebtFreeMilitary.com). Even in peacetime, the financial and credit needs of service personnel in the US Armed Forces are somewhat unique compared to those of the typical US citizen. Military rules require that service personnel honor their financial obligations, or risk sanctions at the sole discretion of their superior officers. TCCF



also recognizes the role of Military wives & husbands who've been left behind while their loved ones have been deployed in the world's trouble spots, with portions of the site to be devoted to the military family.

Put simply, we want to see America's finest young men and women “enjoying freedom from financial worries while serving us to preserve our freedom.” The site is set to premiere in early April and there will be a link on our main web site specifically for military visitors and their families.



# Home Equity Loans - Low Rates Spur Banks

By Bob Silverman



Interest rates are lower today than they've been in decades. While many people are purchasing their first home to take advantage of these incredibly low rates, others are using the equity in their homes to borrow funds at the current Prime Rate or a little

higher (between 4.25% and 6.50%). Compared to the average credit card rates of 14.9% to 18.9%, it's obvious that the borrower can save thousands of dollars in interest alone.

Another advantage of a home equity loan or line of credit is that most of the interest may be deductible on your Federal Tax return (consult your tax advisor). This means that the true rate one may pay for home equity credit can be lower than the Prime Rate (the rate Banks give their best corporate customers). Between the low interest rate and the tax savings, it's the best borrowing

rate you'll probably ever see in your lifetime.

People who've been successfully participating in [our Debt Management Program](#) with no missed or late pay-



ments can often qualify for a first or second mortgage (assuming you meet the lender's criteria). Most banks are offering very aggressive plans for homeowners with equity in their property, while other lenders are making first time home buying or refinancing easier and less expensive

than it has been in decades.

Please consult with your tax and financial advisors as to the advantages and realities of acquiring your first mortgage or a home equity loan/line of credit in light of your individual financial situation. Your time may be now!

## Creditors demanding standards credentials for Debt Management firms

By Javier Perdomo

The debt management and credit counseling industry has grown in leaps and bounds over the past few years—with literally dozens of new and often small companies looking to carve out a niche in this complex fiduciary business. While most companies provide a good service and reasonable support, we have come to the conclusion that the key to managing our clients credit finances successfully is a high ratio of customer support and creditor relations personnel to staff credit counselors. In the case of TCCF, we maintain a ratio of between 1.66 and 2 support staffers to every counselor.

*"Creditors are starting to insist on certifications and staff training..."*

This is a complex business requiring dozens of processes and the observation of good standard business practices. The creditors have come to realize this as they work with more of the smaller agencies. For this reason major creditors are starting to insist on a variety of certifications and staff training. TCCF is ISO certified, with most of our counselors accredited by NIFE or similar financial training organizations. Most of our management has been certified as ISO auditors and of course, we maintain our 501 (c) (3) status as a non-profit sanctioned community service agency. At this time we are recognized by virtually every US based creditor.

## Using Your Credit Cards Wisely in Today's Environment

By Desiree Vieira

When you purchase that DVD-VHS combo player for \$149 on your credit card, if you make minimum payments that little toy is actually costing you more like \$500! A tank of gas for \$18? That's really costing you something in the ballpark of \$60. That's a lot of money. Ideally, credit cards should be used for purposes where they are required, like renting a car or buying plane tickets. The



last thing they should be used for is consumer purchases like home electronics and other luxuries. Is that DVD worth half a grand? Is that new outfit for that once a year event you never seem to go to really worth the money? Probably not.

If you must use your cards for consumer purchases, have a quick payback plan in place so that you don't end up paying three or four times the original price. Just ask yourself if you'd ever pay that amount in the first place?

## THE CREDIT COUNSELING FOUNDATION

3350 NW 53rd Street  
Suite 101  
Fort Lauderdale, FL 33309

Phone: 800-790-3882  
Fax: 954-590-1222  
Email: [info@GoDebtFree.com](mailto:info@GoDebtFree.com)

© 2003 The Credit Counseling Foundation— all rights reserved



*Imagine Yourself Debt Free*

*We're on the web...*  
[www.GoDebtFree.com](http://www.GoDebtFree.com)

Bill Frazzetto, Editor

# Educators Facing Credit Woes due to Budget Cuts

Our most precious resource is, without any doubt, our children. Yet the median income for teaching professionals, a most critical role in our society, is a mere fraction of that made by other similarly important community professionals. While our politicians have paid wonderful lip service to the plight of educator compensation, the fact is that for the vast majority of teachers, incomes have hardly kept up with increases in the cost of living.



Now that the economy is weakening, the ability of many educators to comfortably service their personal revolving debt load has become increasingly difficult. Here at TCCF we recognize the fact that educators cannot give their students their best efforts when they are overwhelmed by personal economic issues—debt being foremost among them. We also know that the very often the lifestyle issues and problems that America's educators encounter differ from those of the typical individual.

For these reasons we will soon debut a new web site specifically tailored to educators—[www.GoDebtFreeEducator.com](http://www.GoDebtFreeEducator.com)—designed to provide today's financially stressed teachers with a non-profit debt management program that is finely tuned to their unique needs and issues. Look for the site to debut in mid-April 2003.

## Credit Repair - Fact or Fancy?

By Neil Goldberg

The concept of the "Credit Repair Service" has been with us for several years. Recently however, we've seen the FTC (Federal Trade Commission) involved in a number of enforcement actions, alleging that these agencies are charging high fees for a service anyone can do for themselves. For example, one of the largest such services in the country, ICR Services just settled a class action lawsuit in which they paid out over \$5 million to dissatisfied customers.



The question is really "can credit actually be repaired?" In the vast majority of cases, if there's nothing broken, there's nothing to fix. If there are mistakes, and there can be, they can be corrected. Items such as those past the seven year limit or completely erroneous information can be easily removed. However, legitimate debts that have been put through a legal collections process and have been properly recorded in your credit report are

virtually impossible to remove unless you either pay the debt or make some kind of settlement arrangement with the creditor or collection service.

But the fact remains, as the FTC has pointed out repeatedly, that anyone who can write a letter can fix any errors on their credit report. Simply request a copy of your credit report from the three major agencies; Trans-Union, Experian and Equifax (they'll charge you \$8 each). Find any mistakes and write to the agency disputing the errors. They have 30 days to respond to you or they must remove the offending item. The agency may request proof of payment, additional proof of identity or some other form of evidence that the entry is an error or that the debt has been satisfied.



The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide consumers with facts and information to help them spot and avoid such operators. To get free information on consumer issues, visit [www.ftc.gov](http://www.ftc.gov) or call Toll Free 1-877-FTC-HELP.