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**Highlights**

- **Creditors vs. Consumer**  
- Guess who wins most?
- **State Politics**– California Banking Lobby helps kill pro-consumer Credit Disclosure Act.
- **People & Credit** - Men & Women see it all differently.
- **News** - New Credit Reporting rule causes stir .
- **Consumer Ed**– Watch out for these credit card games!

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## Creditors versus Consumers – And The Consumer Loses...

It's more than interesting to watch from the sidelines as the creditors in this country line up to take on America's consumers in the conflict of credit, debt and outrageous interest charges (and fees) – a battle that America's consumers have been losing for quite a while. As we see today's sophisticated and compelling marketing/advertising methods push greater numbers of people into relying on credit far more than they should, the more vulnerable they are to the unforeseen economic events and trends that could put them into a dire financial crisis they might not overcome.



Let's face it; when you look at the facts this is one situation where they've made it very difficult for the consumer to win:

- As of the end of 2002, Americans owed over \$700 Billion on consumer credit cards – many of which charge exorbitant interest rates and annual fees.
- Record numbers of Americans have lost their homes to foreclosure in recent years, more than ever in US History, including the "great Depression" of the 1930's.
- According to the FDIC, US Banks charged off nearly \$4 Billion during the third quarter of 2002.

Consumers are left with a relatively limited number of ways to deal with these problems or to even prevent them.

Of course, you can pay down the high interest unsecured credit cards which are very difficult to get out from under, especially during times of economic instability as we see today. Non-Profit Credit Counseling

agencies (CCA's) can often help consumers facing high credit balances and payments. Good agencies provide budgeting help, educational information, and relevant news - often enrolling debt consumers with high credit balances or in financial difficulty in a debt management program. Many creditors prefer this approach because they do get their principal and some interest back, and this will often help a consumer rebuild their credit in the future.

You can acquire a secured loan against your real estate or other equity based assets, but why take unsecured debt and risk losing your home or assets instead of just your good credit standing? The odds are high if you used credit cards and got into trouble with them the first time around, you'll probably run into trouble again at some point and now you're risking the roof over your head. Does that make sense to you? It does not make sense for most debtors to do this.

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# Creditors versus Consumers — *The Consumer Loses...*

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Some people offer “debt settlement” or “debt negotiation” but between the adverse effect on one’s future creditability and the taxes that must be paid on the unpaid debt, these strike us as weak solutions at best.

There’s also this concept of “credit repair” but the fact is if you have legitimate debts that you owe, no company can legitimately remove such items from your credit. Credit reports can be corrected, but they cannot be “repaired” if they are not broken. According to the FTC, Credit Repair is suspect at best and illegal in the worst cases.

A reputable and committed non-profit Credit Counseling Agency will:

- Not charge an up front non-refundable fee to enroll in the debt management program
- Not charge any fee to have a consultation with a certified debt counselor



- Will meet the standards and be a member in good standing of the AADMO (American Association of Debt Management Organizations).

- Be members in good standing with the Better Business Bureau
- Be certified as an ISO:9000 business, the world standard in business practices
- Pay a program completion award (a refund of the initial fee) to those people who complete the debt management program successfully.

*The Credit Counseling Foundation is committed to providing the finest service and support for its clientele and we are committed to treating the public and our clients with honesty, understanding, respect, empathy and humanity. Help from TCCF is available at 1-800-790-3882.*

## Banks Defeat California Fair Credit Disclosure Legislation

The banking industry in California successfully lobbied to have what we feel would have been a very beneficial regulation for credit card consumers completely overturned. Very simply, the law required that banks disclose to their credit card customers the incredible financial damage that occurs

when a card holder simply pays minimum monthly card payments for any extended period of time. The law was intended to help reduce outstanding credit card debt among the state’s consumers, and would probably have helped to keep many Californians out of potential bankruptcy or using any kind of effective debt management program. However, the banks (and

*“the banks prefer their customers get into trouble...”*

the California Legislature) obviously prefer customers get into trouble with revolving debt rather than provide the simple education that might prevent that (after all, look at all that interest and fee money to be had!). Most ironically, it is these same banks that are crying to have credit counseling companies regulated to the point where we

might not be able to do our work for future clients effectively, especially in terms of preventing these mistakes again. Banks drive consumers into more debt than they can handle and then limit the non-profit’s ability to get them out of that trouble. Talk about transparent. The Emperor has no clothes in this case, and we can all see it for what it is—Political Payback!

## TCCF to Launch New High Revenue Affiliate Program

The Credit Counseling Foundation, Inc. (TCCF) is in the process of launching an online affiliate program for the company’s web site, [www.GoDebtFree.com](http://www.GoDebtFree.com). The new program is designed to create partnerships that allow other web sites to generate revenue by offering direct-link access to [www.GoDebtFree.com](http://www.GoDebtFree.com). By becoming a GoDebtFree.com affiliate partner, it enables website owners to earn high revenues for each visitor to their website that fills out our simple online application form and becomes



a “Qualified Referral”. Our program gives website owners the ability to provide their visitors with a service that helps them to save money while generating income to their website.

The Godebtfree.com affiliate program will be managed online by [www.GoDebtFreeAffiliates.com](http://www.GoDebtFreeAffiliates.com), and will allow partners to access daily tracking information, automatic code generation, traffic reports, text and graphic banners, and commission checks status. To get started as an affiliate, just sign up and add a GoDebtFree.com banner or button to your website and start earning money .

# Men & Women Perceive Debt Differently...

Research conducted during the 2002-2003 Holiday season reveals some rather interesting differences between the ways



men and women perceive and react to their credit card utilization. In the first place, the statistics indicate that females tend to become more alarmed at the accumulating debt during the holiday cycle that their male counterparts. In addition, it seems that women are also the ones

who more actively take solid steps to get the post holiday bills paid as opposed to men as well.

According to published sources, about 65 to 70 percent of the individuals enrolled in surveyed debt management programs nationwide are women, and they also tend to have a lower total debt than the men enrolled in the programs. This is probably attributable to the fact that median incomes for

males are higher than the equivalent positions versus women; hence their debts tend to be higher.

Here at The Credit Counseling Foundation we have found that the number of women versus men in our debt management program tends to be somewhat



to be somewhat closer to the middle than these published national averages. We attribute this to the fact that we handle a very high volume of military personnel, and of course this is composed primarily of male

service personnel. Perhaps once most of our servicemen are home from the front, we'll see more of the military wives entering the program themselves while their mate continues with their non-wartime military objectives.

## TCCF testing new secure Email service for Clients

We have encountered a number of problems getting critical email (like this newsletter) to clients who use Internet email services that are trying to block SPAM but really don't have the information they need to truly determine who is engaging in Spamming—all too often erring in these determinations. For example, AOL arrogantly demanded that we reconfigure our secure servers to conform to their specifications and until we did so they blocked all the email that our clients have contracted us to provide. No matter that this hurt our clients as well as theirs, AOL just proceeded to interfere in

*"All clients will now be assured of timely and easy access to our correspondence..."*

our privileged and contracted client communications all in the name of preventing SPAM (something AOL does itself all the time). We managed to work things out with AOL, but we were shocked at their attitude and reticence. We do not send spam, but we must reach our clients, so we are testing a new free email service for our clients that will give you a Verisign secured **your-name@godebtfree.net** email account that you can access with your password from any computer that can access the Internet. Only email to and from our company will work with this account, and we're hoping to complete testing and implement for all clients shortly.

## Teach Your Children the Basics of Credit Now, Not Later

When you receive an offer for a new credit card in the mail, why not involve your children in the decision making process for accepting this new source of credit? This will give you the opportunity to explain interest rates, the true cost of money that is borrowed, savings, and other aspects of personal finance that they will often find fascinating. Like health related issues, we feel it's never too early to



begin teaching our children how to more successfully approach and manage the credit availability they'll no doubt have in the future. You could also consider getting one of the special Visa/MasterCard's that parent can load with a pre-set limit for their children's use, thus helping them learn to control their spending habits early on. Between the schools and parents proactively prompting open discussions about credit and finance, you may better prepare your progeny for the hard financial choices they will face as adults.

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***Imagine Yourself Debt Free***

*We're on the web...*  
***www.GoDebtFree.com***

Bill Frazzetto, Editor

## Watch Out for These Sneaky Credit Card games!

Credit Card companies employ a variety of methods to get extra fees from their customers and while all of these are legal, their ethical foundation or lack thereof is pretty questionable. Card companies have changed their PO Box for payments without informing clients, and all of those people



who used the old address have to pay a late fee. And they may use it as an excuse to raise your interest rate as well. It's happened to thousands upon thousands of cardholders.

Did you know that banks have charged late fees because the payment arrived a few minutes after their deadline—look at your agreement, some banks make the deadline noon or 1PM of the due date. All this to make a \$29 late fee (not to mention the damage to your credit rating). We also know of cases where debtors were hit with over-the-limit fees on cards they hadn't even received yet because they transferred another card balance as they were invited to, but they gave the holder a limit lower than the balance transfer! And what about theft insurance for your credit cards, isn't that a neat one? Your maximum liability for a stolen credit card is \$50—so why buy any insurance at all? Also look for games involving fixed rates that aren't really fixed, "free gifts" that are not free, and rate increases for no reason. And the biggest game of all is giving people a very low minimum payment where it would take decades and many times the original cost of the items purchased to pay it off. We've seen all of these methods and more, so please beware.

## New Credit Reporting Rules Cause Stir in Industry

As we write this, America's most powerful credit and banking lobbyists are gearing up to prevent the enacting of new laws that are designed to help consumers remove erroneous or unauthorized information from their critical credit reports more efficiently and with greater ease. After all, why shouldn't there be a mechanism to help consumers assure that something as important as their credit report is accurate? Obviously, for some strange reason, the banks and credit card companies just don't want this to be.

Consumer advocates here at TCCF and elsewhere are excited at what seems to be the best shot we've had in years to reform this archaic and lopsided system. However, we also face the reality that like the reporting laws in California that were squashed like a pile of cockroaches there's a very good chance that this will not get through this first round either. Still, the current situation has gotten so out of hand and has hurt so many consumers that the time will no doubt come where these new regulations will be enacted to the benefit of America's consumers. But not today in California thank you.

Millions of Americans have faced the frustration of trying to have erroneous or out-of-date information removed from their credit profiles. Although the Fair Credit Reporting Act was passed seven years ago to help with just these problems, there

are so many loopholes and cracks in the system that it just does not work. In some case these so called "credit repair" companies might be able to handle the complex amount of paperwork and correspondence required to get the reporting bureaus to do the right thing, but the lobbyists managed to convince the government (how come they're so good getting things to go their way?) that there was some kind of scam going on and they regulated credit repair to the wild blue yonder by making it more or less illegal.

From day one, most people complained that the telephone numbers to the credit bureaus were constantly busy. Months after the original law was enacted a study conducted by the reporting bureaus themselves showed that most reports were still plagued with erroneous information. And the FTC, overwhelmed by what it considers to be far more important issues has virtually no enforcement funding (therefore no "teeth") - yet under current laws only the government (the FTC in this case) can punish these agencies for violations by suing them.

***The new law would simply give ordinary consumers the right to sue the credit reporting agencies for negligently refusing to correct people's legitimate credit report errors.*** And if the banking industry has its way, you won't be able to really do anything about it. How's them apples?