

Wi\$e Up Teleconference Call
November 30, 2006
Becoming Credit Smart, Part II
Opening remarks

Coordinator: Good afternoon, and thank you for standing by. All participants will be able to listen only until the question and answer portion of today's conference. To ask a question, you may press *1. Today's conference is being recorded. If you have any objections, you may disconnect at this time. I would now like to turn the conference over to Ms. Jane Walstedt. You may begin.

Jane Walstedt: Thank you, Julie, and good afternoon.

I'd like to welcome everyone to this month's Wi\$e Up teleconference call and thank you for joining us today.

This call is the tenth and last in our 2006 series of Wi\$e Up monthly teleconference calls.

My name is Jane Walstedt, and I'm the co-chair of the Women's Bureau team in Washington, DC that developed the Wi\$e Up program.

As most of you know, Wi\$e Up is a financial education demonstration project being offered online with an e-mentoring component and in a classroom setting. Eight of the ten Women's Bureau regions are participating. These teleconference calls are a component of the project.

The topic of today's call is "Becoming Credit Smart, Part II." Because we're fortunate to have four speakers today, we may let the call run about 15 minutes longer than the hour that we usually allot.

Each speaker will give a brief--10-minute--presentation and then the operator will come on and give us instructions about how to ask a question during the question and answer session at the end of the presentations.

Our first Wi\$e Up teleconference call this year -- held in February -- was Part I of Becoming Credit Smart. In that call, we covered the topic of credit more broadly.

With regard to refinancing, an analysis of mortgage refinancing between 2001 and 2003 by the Office of Policy Development and Research in the U.S. Department of Housing and Urban Development found that the total number of refinanced loans increased from approximately 2.5 million in 2000 to more than 15 million in 2003.

The main factor driving households' decision to refinance was the difference between the interest rate on their current mortgages and the interest rate they could obtain by refinancing. Mortgage interest rates dropped from 7.01% in the first quarter of 2001 to 5.60% during the first quarter of 2004.

Many households have chosen to borrow more than the amount needed to pay off their old mortgage. In other words, they "cashed out equity" and often used these funds to pay off higher cost debt such as credit card debt, second mortgages, and home equity lines of credit.

According to Federal Reserve Board researchers, approximately 45% of households that refinanced also took equity out of their home.

Households have used recent home equity withdrawals for a variety of purposes. Thirty-five percent of cash-out home refinances were used for home improvement, 26% were used for consumer and other debt repayment,

16% were used for consumer expenditures, and 21% were used for investment, according to the Federal Reserve Board.

With regard to car buying and financing, I believe that it was Sarah Miller, a Generation Xer who's a member of the WiSe Up teleconference planning team, who suggested the topic when we were discussing possible topics for the 2006 calls at the beginning of the year.

We actually found our speaker on that topic -- Paul Maghielse --through his article about buying a car at www.fool.com/car/car.htm on the Web site of The Motley Fool, a multimedia financial education company.

The introduction to the article says, "Next to a home or a diamond-studded cell phone for every member of your family, a car is one of the larger items a Fool will purchase. Unfortunately, it's also an item on which money often gets misspent and has been at the root of many a migraine headache."

With regard to identity theft, the Javelin 2006 identity fraud survey report -- co-released by the Better Business Bureau -- provides consumers and businesses an in-depth and comprehensive examination of identity fraud in the United States. [The report is available online at <http://www.javelinstrategy.com/products/AD35BA/27/delivery.pdf>.]

This survey found that Generation X has the highest rate of fraud at 5.38%, 1.38 percentage points higher than the average rate.

It might surprise you to know that, when known, 90% of unauthorized access to sensitive information is through non-electronic traditional channels. The Internet as a source of information breach is relatively lower risk.