Jane Walstedt: And now I’d like to turn the floor over to our operator to remind us how to ask questions. And I want to point out that Meridee is only with us now until 10 of the hour, so if you have specific questions for Meridee, we might want to take those first.

So, Operator, Marsha.

Coordinator: Thank you. At this time we will begin the question and answer session. To ask a question, please press star 1 on your touchtone phone. Please un-mute your phone and record your first and last name. To withdraw the question, please press star 2. Once again, please press star 1 to ask a question.

It looks like the first question comes from an unidentified caller. You may ask your question.

Caller: Yes, I have a question about the statute of limitations. Which state does that go by? Does it go by where the debt was established or by where you currently live?

Julie G. Bush: I don’t know the answer to that off the top of my head. I apologize. I think it would go by the contract that governed the debt, which is where the debt was made, but I don’t know for certain. I can get back to you if you’d like.

Jane Walstedt: We could put that in the transcript, Julie. So, if you look at the transcript, which we’re going to try to post within let’s say a week or two of this call, the answer should be there. [Editor’s note: This question was submitted to the
Caller: Okay, thank you. Just for clarification, obviously there’s different types of debt. Some of them may have been incurred over the course of a few different states, so I just need clarification on which state governs that.

Jane Walstedt: Okay, we’ll get that for you. Marsha, do we have another question?

Coordinator: We do have seven more questions.

Jane Walstedt: Okay.

Coordinator: Ms. Sharon Hardy, you may ask your question.

Sharon Hardy: Yes, my question has to do…and just listening to Julie Bush comment about collecting an amount greater than you owe. In a recent article of *Business Week* there was a…the article covered primarily hospital and health care debt and how sometimes after the third-party payer is paid on that initial invoice how the servicer will come back and try to collect over and above what was paid and some of the illegality with that.

And I have a personal example of that: about three years ago my husband had some dental work done at a hospital. And the hospital sent us a bill, and it was a given amount. But then they came back with a different invoice with a much higher amount, and when I called [and asked] why they had changed the amount of the debt, they said that they had gotten some information or some correspondence back from Medicare saying that they did not charge enough.

And so that was the reason for the over and above what they originally quoted. Well, I told them that I would get a lawyer, and I never got another
thing back. So I just want some comments, is this a pretty common practice and how are people aware of that so that they know that they have some legal recourse with that?

Julie G. Bush: Okay, this is Julie again. I appreciate your bringing that up, because this is a complicated issue. What often…when you originally contract with someone, the contract might provide that they can provide…that they can charge you for certain things. And what is unlawful under the Fair Debt Collection Practices Act is to collect something that is not covered by the contract or not legal given the state law that governs the contract.

So in your case it sounds like the contract with the hospital did not cover this situation. And it’s important for people to be on the lookout for that. But things like interest, for example, if you charge something on your credit card, your credit card contract will provide for interest. So often the amount of your bill will be higher than the amount that you may have originally charged.

So it’s important to know which situation you’re in--whether it’s governed by the contract or whether it’s outside of the contract. And when it’s outside of the contract, people have to be on their financial guard, basically, in order to deal with this.

Jane Walstedt: Julie, how does the FTC publicize the Act?

Julie G. Bush: Well we have a brochure--Fair Debt Collection. We also do an annual report to Congress, which you mentioned in your opening remarks, looking at our most recent annual report to Congress about law enforcement and consumer and business education under the Fair Debt Collection Act. We have a booklet, which is available, that has the full text of the statute that we would make available to anyone who asks for one in addition to our brochures.
And we have a number of speaking circuits that we go on, both for consumers and for businesses, to make sure they know what the law says and how they can comply with it.

Jane Walstedt: Yeah, the interesting thing in the annual report, you actually tell what are the most common types of complaints, what are the things that debt collectors are doing that are illegal.

Julie G. Bush: That is true. And we receive more complaints about the debt collection industry than any other industry. And the FTC is an agency to whom people make complaints very frequently about businesses that they believe are treating them unfairly, deceptively, or illegally.

Jane Walstedt: Now that annual report is on your Web site too, right?

Julie G. Bush: Yes.

Jane Walstedt: Yes.

Julie G. Bush: Yes, you can search for it on the Web site, and I would just put FDCPA--Annual Report or Fair Debt Collection Act, and they’re available for every year going back for many years.

Jane Walstedt: Right. Okay. Gail, in the room here with me, asked me to ask you this question, Julie: “A lot of debt collectors do not give you their name. I’m sure they are aware of the Fair Debt Collection Act when they call and harass you or use foul language, then hang up after that. How do you get their info on who they are to report this? Usually when another call comes from them it’s another person, which makes it more difficult to try to track these people.”
Julie G. Bush: Right. They are required to give you the name of the business and they are required to give an identifiable moniker. They can use a name that’s not the same name as the individual you’re speaking with so long as anyone who called that debt collection company would know for sure who, you know, Mr. Tom was or whatever, whatever the nickname or assumed name was.

But you’re right. Sometimes debt collectors don’t honor this, don’t agree with it. Sometimes people use caller ID to try and track down information. Depending on the state you live in, you may be able to record the call. Different states have different laws about whether you can record a call without first getting permission from the other party to the call. And you would want to be careful to know what the law says in your state.

A number of consumer advocates are pushing...have suggested to the FTC that it would be a good idea if in-debt-collection consumers could always have the right to record the call, because that would preserve their evidence of what happened, of the violation, a potential violation of the Fair Debt Collection Practices Act.

Jane Walstedt: Actually the second debt collection agency that called lied to me about what debt was being collected. And I had to do a lot of research to...only to find out--because the amount was the same--that it was the same debt. And I was so mad at him I gave him a piece of my mind and I said, “How can you work for those people?” and he actually hung up on me.

Julie G. Bush: Well, you are required within five days of the initial contact to be given that in writing--the information that I went over, including who you owe the amount allegedly to and what the amount is and so forth.

Jane Walstedt: Right, well he actually just lied about which debt he was calling about. Do we have any...I know we have other questions. Do we have any questions for
Meridee specifically since she’s not going to be able to be with us much longer? Marsha?

Coordinator: I have no way of knowing that.


Coordinator: Okay, I do apologize. Lisa Polucci, you may ask your question.

Lisa Polucci: Great. Actually I have two. The first one is I’m wondering if, Meridee, if you’re available at all for questions, is there an email address that we could send questions to?

Meridee J. Maynard: There is, and you can send it to


Lisa Polucci: Great, that was M-E-R-I-D-E-E?

Meridee J. Maynard: Yes.

Lisa Polucci: Okay. And then my second question was actually for Steve. Two quick parts: one is you mentioned there might be possible free counseling available, as well as free financial classes at, you know, a local library or something. And also you mentioned how to know what your credit number [score] is. I get my free credit reports, but I don’t know what my credit number [score] is.

Steve Bucci: Okay. The first question was about free counseling and classes?

Lisa Polucci: Yes.
Steve Bucci: You can get free counseling from most consumer credit counseling services. They are a non…generally nonprofit organizations that have been around for a number of years. I suggest that you look for one that is accredited by the Council on Accreditation. That’s the largest accreditor of nonprofit organizations in the country. And it’s generally known as COA.

You can also find a bona fide nonprofit credit counseling organization at www.debtadvice.org or www.aiccca.org. The classes are often offered in the community. Either you can find out through often through your local library or you can go online and look at the credit counseling agency in your area for who’s putting on classes, sometimes during the day sometimes during the evening.

And some agencies also have them online so you can take a class when it suits you.

Lisa Polucci: Right.

Steve Bucci: With regard to your credit score, I suggested that people keep track of their credit score because it is so very important. And the FICO - Fair Isaac’s Credit Score--FICO--is the one that most lenders use. You can get more information about the FICO score at www.myfico--M-Y F-I-C-O--.com[www.myfico.com] and you can also order your credit score when you get your credit report from...

Lisa Polucci: Do you have to pay for that?

Steve Bucci: You have to pay for the score. Yes, the score is not free, although there is a current TransUnion class action suit in settlement where if you go to TransUnion you may be able to qualify and get both your credit report and your score for free.
Lisa Polucci: And is your score different for each one of the three agencies?

Steve Bucci: Each bureau will have a different score on you, and that is primarily because each bureau has different information. They don’t share information; they actually compete with each other to have the most complete files possible. And not every creditor reports to every agency, so what Experian has may vary from what TransUnion or Equifax has.

Also they make mistakes. As I mentioned earlier, about 25% of credit reports have some errors on them. And that’s primarily because there are just billions of pieces of information every month that get updated automatically to credit reports, and sometimes the stuff just gets mixed up. Sometimes there’s a bigger problem with identity theft; that’s a whole other issue, however.

But your credit score is important. The FICO score is the one you want. Get more information at www.myfico.com, and you can order it from the bureau.

Lisa Polucci: Great. Thank you.

Jane Walstedt: And also, Lisa, you can - if you’re not familiar with Wi$eUp--you could take the Wi$eUp course online at www.wiseupwomen.org. It’s free, and you do it at your own pace.

Lisa Polucci: Great. Thank you.

Jane Walstedt: Marsha, do we have another question?

Coordinator: We do have another question, Mr. Mark Newman, you may ask your question.
Mark Newman: Hello. I am asking how come the rent is not considered debt, Steve Bucci? You had mentioned several different…several different types of debt, and how come back rent was not named among them?

Steve Bucci: Back rent, if you’re operating under a lease, back rent certainly is a debt that you owe. And that debt can be collected on if you don’t pay it. It can be generally included in both settlements or in a bankruptcy, [but] generally not in credit counseling or on a debt management plan, because it’s an active debt that you’re still incurring. But it definitely is…it is a type of debt and one of many.

Mark Newman: What if there is no lease agreement? What if it’s just an understanding between two people that there just more or less not even a…just a simple putting money in the account every month...

((Crosstalk))

Julie G. Bush: Oh, I’m sorry.

Steve Bucci: Okay. It’s still a debt, but more difficult to enforce, more difficult to prove without a written agreement that specifies how much you’re going to be paying on what basis and receipts that show whether you paid it or not. If it’s a very informal agreement, it’s still a verbal contract. It would still be enforceable in a court. It would be more difficult, however, to prove it.

It would also be more difficult to prove that you’ve also paid the debt unless you’re keeping good records at your end, which show that a certain amount of money came out every period of time, whatever it might be, and went into that specific person’s account.

Jane Walstedt: Julie, did I hear you trying to...
Julie G. Bush: Yes, I was just going to add something that overlaps with what Steve said, which is that you want to look to your state law and what constitutes a lease and whether there’s such a thing as an oral lease. Many states provide that you can create a lease orally or by course of conduct and it…and rights accrue to the parties under that, including your landlord might have the right to receive rent from you until you broke off your lease. But that’s governed by state law.

Steve Bucci: Right.

Mark Newman: Thank you.

Jane Walstedt: Okay. Marsha, do we have another question?

Coordinator: Ms. Sherrie Simmons, you may ask your question.

Sherrie Simmons: Yes, good afternoon. Meridee mentioned a very helpful Website, but it got past me. Do you recall what it is?

Jane Walstedt: Meridee, are you still on?

Julie G. Bush: I think I may know what her website was...

Sherrie Simmons: Okay.

Julie G. Bush: ...it was “seven” something “habits...”

Jane Walstedt: www.Sevenfinancialhabits.com?

Julie G. Bush: Yes.
Sherrie Simmons: Oh, okay.

Jane Walstedt: Was that the one you were asking about, Sherrie?

Sherrie Simmons: It went by so fast, but that sounds right--sevenfinancialhabits...

Jane Walstedt: Dot com.

Sherrie Simmons: ...dot com, okay.

Julie G. Bush: And you spell out seven - S-E-V-E-N.

Sherrie Simmons: Okay, sure. Okay. That was my only question. Thank you.

Jane Walstedt: Sure. Marsha, do we have another question?

Coordinator: Ms. Danah Gibson, you may ask your question.

Danah Gibson: Yes, I’d like to ask this question: What do I do to answer a letter where a debt collection attorney has sued me in court? Do I need to see a credit…consumer credit counselor to get help answering the letter?

Julie G. Bush: Okay, so you’ve already been sued. What you received was a document with a court date on it?

Danah Gibson: I just received a letter stating to answer the letter…answer the letter to the court, but it doesn’t necessarily have a court date.

Julie G. Bush: Okay. Again, if this is a court complaint, then it’s important that you respond in writing within the amount of time that you’re given. And it should say
somewhere how much time you’re given, and how much time depends on what state you live in.

Danah Gibson: They’ve given 30 days.

Julie G. Bush: Okay. You’ll want to answer every question, and otherwise what will happen if you don’t answer and you don’t show up is they would get what’s called a default judgment against you, which means that you didn’t contest it. And then they would have a court judgment saying that you owe the full amount that they asked for.

Jane Walstedt: But, Danah, were you asking where you could get help in answering the letter?

Danah Gibson: Correct.

Julie G. Bush: I would contact your local legal services organization because often they have people who can help you spot if you have a defense and can explain to you how to answer it. So I would contact legal services or an attorney of some sort. Steve may have different advice. I’m not sure.

Danah Gibson: I’ve contacted an attorney, but they…most of the attorneys here in our area will not handle that sort of thing. They only deal with it if you’re going to file bankruptcy. I don’t have any intentions of filing bankruptcy; this is the only delinquent credit card account that I have, so I was just trying to figure out a legal way to answer the letter without filing bankruptcy.

Jane Walstedt: What area are you in, Danah?

Danah Gibson: Georgia.
Jane Walstedt: Georgia.

Julie G. Bush: And do you believe…well I guess this is a public forum, but it would depend in part whether you believe that they’ve sued the right person and that you really owe them money or not.

Danah Gibson: Right, I’m not saying I don’t owe them money, and I agree that I do owe them money. They have sued the right person. But I gave them…I’ve sent them like three or four letters stating, you know, that I have a budget, this is how much I can afford in my budget, but they’re not going to accept that amount.

Jane Walstedt: Who could be your advocate if the local attorneys don’t…aren’t willing to...

Danah Gibson: Well that’s why I was asking could I go to the consumer credit counseling service and see whether or not they could help me with the letter.

Jane Walstedt: What do you think, Steve?

Steve Bucci: You could go to the credit counseling service, but not so much for help with the letter, but with help to verify that the budget that you’ve put together actually is a valid and basically a bare bones budget. They can give you something that would say they’ve looked at it. They can put it on their own forms. It’s something you can bring with you or send in when you answer the letter.

As Julie mentioned, it’s very important that you answer that letter. Whenever you’re dealing with an attorney, I suggest you get an attorney of your own. The court process can be very simple or it can be very complex, and I don’t know Georgia specifically, but I would feel a whole lot more comfortable if you could find an attorney either through maybe legal aid or if you have
friends who may know someone who’s an attorney that could recommend someone to you.

Julie G. Bush: I also have an idea, which is there’s an organization of consumer attorneys called NACA - N-A-C-A...

Danah Gibson: Is that C like Charlie?

Julie G. Bush: C like Charlie, yeah--National Association of Consumer Advocates --and you might be able to find someone in or near your area who would be able to handle your case or make an appropriate referral through that organization.

Jane Walstedt: Where in Georgia are you, Danah?

Danah Gibson: I’m in the Atlanta Metro area.

Jane Walstedt: Okay.

Julie G. Bush: I think there are definitely members in that area. So I would check with NACA. It’s not NACA.org; I can’t remember what it is but I would Google them and try to find them. [Editor’s note: It’s www.naca.net. See http://members.naca.net/findanattorney.php.]

Steve Bucci: But don’t let that date go by. Make sure...

Danah Gibson: I’m not.

Steve Bucci: ...that you fill out your paperwork, and if they say there’s a hearing, please make sure you show up. It’s important.
Danah Gibson: Right. I’m not going to let the date go by. I just got it about a week ago, so I just wanted to make sure I had my ducks in a row before I answered the letter. Also someone asked a question earlier. One of the people here sitting with me had some information that would help them. They said something about contacting a Visual Credit debt management service [Visual Credit Counseling; 1870 W. Prince Rd. #39; Tuscon, AZ 85705; www.visual-credit-counseling.org]. And they have a phone number. Is it okay to give it?

[Editor’s note: The Women’s Bureau and the Wi$eUp network do not endorse, take no responsibility for, and exercise no control over any external organization or its views or services, nor do they vouch for the accuracy or accessibility of the information.]

Jane Walstedt: Go ahead.

Danah Gibson: It’s…the phone number is 520-887-3624. The person’s name is Linda, and she’s on extension 216.

Jane Walstedt: Well what is…what does that number lead to?

Danah Gibson: It’s actually for people who have debt, like credit card debt, and student loans. It helps you to consolidate your debt and make one payment, and they distribute the payments on time to all of the creditors.

Jane Walstedt: It is a private company?

Danah Gibson: It’s a nonprofit.

Jane Walstedt: A nonprofit.

Danah Gibson: Yes.
Jane Walstedt: Okay. Let’s see, Marsha, do we have other questions?

Coordinator: We have eight more questions.

Jane Walstedt: Okay. Well I’m going to let the call run over, since we have so much interest, if Julie and…can both of you stay on--Julie and Steve--for another 15 minutes?

Julie G. Bush: I could do that.

Steve Bucci: Yes, I can do that as well.

Jane Walstedt: Okay, then I’ll let the call run over so that we can get the questions answered. But after…how many did you say, Marsha?

Coordinator: Eight.

Jane Walstedt: Eight, okay, but let’s not take any more questions after that.

Coordinator: Okay.

Jane Walstedt: And we’ll go until quarter after the hour. Okay, next question.

Coordinator: Andrea Dekker, you may ask your question.

Andrea Dekker: You know two out of my three questions were answered already, so thank you all. And…but I will ask Steve, when he mentioned issues specifically for women - that women are dealing with - I did catch the issue about cosigning being a concern and the divorce and having that handled properly. But I didn’t get what the third issue was.
Steve Bucci: Okay, sure. That dealt with…that was the glass ceiling. It’s a term that’s often used where it’s a limit that you can’t see that’s in the workplace that keeps… very often keeps women from rising to a position that it might be more easy for a man to rise to. It’s glass because you don’t know it’s there, but there’s either a prejudice or a disposition or people looking for an excuse to not promote a woman where they might not look at that same issue with regard to a man.

So where the glass ceiling in credit comes in is very many times an employer will pull a credit report before they make a hiring decision or before they make a promotion decision. They’ll look at the credit report, and if they see information on there that’s negative, they may or may not ask the person about it.

And so if you’re in competition with people for a job or for a promotion, they pull your credit report, you don’t know they’ve pulled your credit report, but if it gets pulled and they look at it and they say, “Oh, there’s charge-offs, there’s a bankruptcy, there’s overdue debt,” very often an employer will look at that and say “I don’t need, first of all, this kind of problem on the job. We’ll skip it.”

Or they may say, “Yeah, I wonder if it’s accurate or not,” but once they ask the question, then it opens them up to some problems from an employment related issue [standpoint].

So very often you don’t get a chance to respond to a bad credit report. That’s why it’s important that you know what’s on there, that you correct errors, and that it is as accurate as possible.

Jane Walstedt: Bottom line, you’re saying it can affect your employment opportunities.
Steve Bucci: Absolutely.

Julie G. Bush: And I’d just like to add that an employer needs to ask your permission before pulling a report on you.

Andrea Dekker: That’s what I was going to ask: can just anyone pull a credit report?

Julie G. Bush: No. There’s very…you have to have certain reasons, and only certain people with a legitimate business reason can pull a credit report on you. But you can give people permission. For example, if you’re applying for a loan, you would probably want to give the lender permission to pull your credit report if that’s going to make the difference, and likewise, if you’re applying for a job where a credit report is desired, you might well give them permission to pull a credit report.

Jane Walstedt: You mean if you were going to have a job where you handled money?

Steve Bucci: No.

Julie G. Bush: For example. Right. And also the kind of report that they get is a little different if it’s for a job that pays more than $75,000 a year. They can report negative…the report would include negative information going back farther than the usual seven years.

Jane Walstedt: What were you saying, Steve? You said no.

Steve Bucci: Well certainly if you’re going to be handling money, but also it is routinely done for jobs that don’t necessarily handle money but have serious responsibilities, so if you’re going to be a supervisor or a manager or if you’re in retail or in many other areas. It’s getting more and more commonplace for
employment reports to be pulled for credit [Editor’s note: credit reports for employment].

Jane Walstedt: Well, how would our listeners know when it’s okay to do it and when it’s not okay for a prospective employer to do it? Is there something on the FTC Web site, Julie?

Steve Bucci: What’s the term, Julie? It’s something “purpose” – “permissible purpose.”

Julie G. Bush: Permissible purpose, right.

Steve Bucci: And that is defined...

Julie G. Bush: What you need under the statute, and the statute does talk about the situations under which an employer can get your credit report.

Jane Walstedt: Is there any brochure, any consumer leaflet on that?

Julie G. Bush: It’s within our brochure that’s called *Your Access to Free Credit Reports*. There’s a section that deals with “Can my employer get my credit report?”.

And it says that a consumer reporting company can only give information about you to an employer or a prospective employer if you consent in writing.

Jane Walstedt: Okay.

Steve Bucci: But the consent can be in your employment application.

Julie G. Bush: Right, it can be in your employment application, so you may not notice that you consented. Right.
Jane Walstedt: So pay attention to your employment application. Okay, Marsha, next question.

Coordinator: Our next question comes from Ms. Cindy Fisher.

Cindy Fisher: Hello.

Jane Walstedt: Hello.

Cindy Fisher: Great. I teach employment classes, so a couple of these questions have already been hit. But one of them was the employment - when they’re doing a check on your credit is - if you have bad medical and you’ve been turned in to collections I thought…I was under the impression that anything that was a medical debt did not count against you?

Julie G. Bush: I am not familiar with that. This is Julie.

Steve Bucci: This is Steve. The debt may well be listed on your credit report, and it may be negative. It won’t show as being from a medical provider however. The way it works is you can’t disclose even indirectly a medical condition...

Cindy Fisher: Yep.

Steve Bucci: …so let’s say you went to, heaven forbid, a cancer clinic, and you were treated, and you owed them money. They couldn’t say that you owe money to a cancer clinic. They could say you owe money to Lighthouse Medical Services.

Cindy Fisher: Oh, so that’s how they get it.
Yes, okay. And then…so that answered that. That’s great, thank you. And then the other question I had I think also was for you, Steve, was, regarding…you mentioned in the very beginning if you have debt and you’re going through a divorce and you need to get your name off of old debt.

I have a lot of women who take my class that they were the stay-at-home mom, the husband had all the credit cards in his name, and now they’re going through this divorce, and any special tips on how to get their names off of it? Because if they’re not the lead on the credit [card], they have said that they’ve called, and they can’t get their name off of it because they’re not the lead on the credit card.

Steve Bucci: Right. This is very important, and I get a number of letters every month on this particular topic through the Bankrate column that I write. It’s that when you go through a divorce, when there is debt that has to be divided up, if the lawyers don’t insist on it and if the court isn’t paying attention, very often they’ll just say, “Oh, we owe $10,000 on this credit card. You pay $5000, I’ll pay $5000, and that’s it.” The credit card ….

The problem with that is if one person doesn’t pay their portion, both people get dinged for a negative on the credit report…what I…and also for collection activities. So what I suggest is that, as part of the divorce decree, before the divorce is final, the court require that each person who’s going to be paying part of a debt get that debt moved into their name specifically.

So if the husband is going to be responsible for that debt, he has to either open a new account, take out a new loan, move that debt exclusively into his name, so that if he doesn’t pay it, it doesn’t come back on the lady who’s not responsible for it any longer.
And similarly for the woman, if she’s going to be paying part of it. Very often during the divorce settlement there are assets--a house or a car--that are being divided up. Sometimes you can make a switch in the assets to cover some of the debt so that that allows you to give up the debt and give up an asset that corresponds to it. But it takes you out of the chain of credit reporting and debt.

And more lawyers just leave this hanging, and I don’t understand why.

Cindy Fisher: That happens all the time with my group. Yep.

Steve Bucci: Yes.

Gail Patterson-Shipp: Isn’t there another way?

Jane Walstedt: Thank you very much. Marsha, our next question.

Coordinator: Kisha Polk, you may ask your question.

Kisha Polk: My question actually is to Steve. You had mentioned, in the beginning when you first started speaking, that there were debt management plans that will combine your debts so that you can make one payment and there are nonprofit organizations that can do this. Can you suggest any off the top of your head?

Steve Bucci: First off, I suggest nonprofit; there are for-profits out there, but the nonprofit organizations have been around longer, they have more standards that they subscribe to, and they also are very often accredited by an independent third party.

And as a nonprofit they have to go to a higher standard, otherwise the IRS will come in and strip them of their nonprofit status. But how you can find them--
there are two main organizations to which almost all of the legitimate credit counseling agencies belong. One is the National Foundation for Credit Counseling. And those folks you can find at www.debtadvice.org.

And then there is the Association of Independent Credit…Consumer Credit Counseling Agencies. And those people you can find at www.aiccc - three Cs - A.org.

Also, as you may have noticed, my foundation is called the Money Management International Financial Education Foundation, and we were formed with money from one of those large credit counseling organizations called Money Management International. We’re a separate nonprofit organization from them, but that is an organization that I know to be legitimate, and it is a national and accredited organization.

Kisha Polk: And what’s that Web site?

Steve Bucci: That’s www.moneymanagement.org.

Kisha Polk: And there’s no charge for their services?

Steve Bucci: There’s no charge for credit counseling from many different agencies. If you use other services--and many do offer other services--then there may be a charge. Very often credit counseling agencies offer debt management plans, which is that consolidation we talked about.

Kisha Polk: Right.

Steve Bucci: There may be a monthly charge for that [a debt management plan], but it should be small. It should be one you can afford. And if you can’t afford it,
they should be willing to waive it or reduce it so that you can afford it; it should not be a barrier.

If you’re doing bankruptcy and you go for bankruptcy counseling from one of these organizations, there will be a charge. But, again, it should be a small charge; it should be under $50 for the counseling that you receive.

Kisha Polk: Okay.

Jane Walstedt: Okay.

Kisha Polk: Thank you.

Jane Walstedt: Thank you. And, Marsha, we’re going to go to the next question.

Coordinator: Your next question comes from Patricia Sawyer. You may ask your question.

Patricia Sawyer: Oh, hi. Thank you very much for taking my call. I have two quick questions. Actually one was kind of talked about. But anyway, repossessed items. Say you own a car, the bank repossessed the car, how does that affect your credit score and how is it reported on your credit report?

Julie G. Bush: Okay. First of all, the debt that you owe would be reported on your credit report. And secondly, if it was a legal proceeding to repossess it, then you can also have a record of the legal proceeding on your credit report. So the fact that you were sued and the item was taken away, if it was subject to a suit.

Patricia Sawyer: Is the full amount reported on the credit report or just the amount that the bank sold [the car for] and what you are now responsible for because the bank has sold the item and collected one portion of it, and now another portion is still outstanding. Is it the full amount that’s reported?
Julie G. Bush: I don’t know off the top of my head what the rules are for how that’s reported. I apologize.

Patricia Sawyer: No that’s fine. I appreciate it. Thank you.

Jane Walstedt: Steve, do you know?

Steve Bucci: The way it should appear--and again, these also can be complex matters--but typically if you have a car loan, and let’s say it’s for $20,000, your credit report will show a secured loan to let’s say GMAC Financing for $20,000...  

Patricia Sawyer: Correct.

Steve Bucci: …but it’ll show some payments, and then it’ll show that you were late, so there’ll be a delinquency on there. And then it’ll show the repossession. Once they do that, then there’ll be a charged-off balance, and that balance that’s due is going to be the deficiency balance.

Patricia Sawyer: Okay.

Steve Bucci: And that will show out there as a separate item. So you may have a $20,000 loan. That’ll be your high balance. It’ll show that there was a deficiency--we’ll say $10,000--and then that has to be paid back in order to get the account reconciled.

I’ve got to give you a word on repossessions, though. If you can avoid them, I strongly advise you to do so. A repossession not only is going to injure your credit report substantially, and it’s substantial because it’s a secured loan...

Patricia Sawyer: Right.
Steve Bucci: ...it’s usually a very large loan. And so you’ve got secured…you’ve got substantial, and then it’s a severe loss. So it’s going to lower you not as much as a bankruptcy, not as much as a foreclosure, but it’s going to be probably the next biggest category for lowering a score.

Patricia Sawyer: Okay.

Steve Bucci: And also the fees involved in a repossession can be huge. You may say, you know, “I had a $20,000 car; I owe $10,000; it gets repossessed.” Well what you find is you may have owed $10,000, you’ve got a repossession fee, you’ve got a storage fee, you’ve got a selling fee. You add that on, you now owe maybe $12,000 or $13,000 that’s on there.

Then they sell the car. They wholesale it, so you don’t get what it’s actually worth. You may get $3000 for it. So you may end up owing the full $10,000 again even as a deficiency. And then they come after you with an unsecured debt and they want that money tomorrow.

If you can avoid a repossession please, please do.

Jane Walstedt: I just want to remind our callers that the call is being taped, so you can read the transcript afterwards if you didn’t have time to write everything down.

Marsha, how many more questions do we have?

Coordinator: I still have five questions in the queue.

Jane Walstedt: Five?

Coordinator: Correct.
Jane Walstedt: Okay. Steve and Julie, tell me how much longer can you stay on? Can you stay on a little longer?

Julie G. Bush: I could stay for another 10 minutes, if that would be helpful.

Jane Walstedt: Okay. Steve, what about you?

Steve Bucci: Sure...

((Crosstalk))

Jane Walstedt: Okay. And then, Marsha, we’ve got to cut the questions off. No more after what we’ve got now.

Coordinator: Okay.

Jane Walstedt: Let’s do the next question. Hello?

Coordinator: Ingrid Zaharris, you may ask your question.

Ingrid Zaharris: I have three brief questions. We just talked about repossession. What...do you have any brief advice for someone who is, like myself, going around 30 days, not quite, but just is kind of in that interim stage? Do you have any advice for how to handle something like that?

Steve Bucci: You’re 30 days late on a car loan?

Ingrid Zaharris: No. I’m usually right at about 29 days over the last few months. And I... although I would like to get caught up or apply for an extension, the situation isn’t possible. So do you have any brief advice for a situation like that?
Steve Bucci: I would suggest that if you haven’t sat down and done a spending plan or a budget, that you do that. I know you may think that you’re doing all that you possibly can, but until it’s down on paper and you actually look at all of your expenses and all of your income, it’s…it’s hard to be sure. There’s money that just slips through the cracks.

That is the key thing to getting your expenses under control. And even if you’ve got to get a small part-time job that’s going to get you ahead at least a little bit to get that car payment caught up. Because you can be 30 days late or 29 days late a couple of times in succession, and these car dealers will very often just pull the car, even though you are right on the edge, and… They are extremely sensitive.

You could cross that 30-day line without knowing it because of a late payment or the mail being delayed. So I really suggest that you do everything you can to either bring in more income or reduce some expenses to get caught up with it.

Jane Walstedt: Ingrid, I’m going to have to pass on your other two questions simply because of the time factor. And I know you asked a question before. And for the other callers who have questions I’m going to ask you to limit your question to one. So, Marsha, next question.

Coordinator: Mary Ann Rhoads, you may ask your question.

Mary Ann Rhoades: Hi. What I want to know is if you have a legal action possibly going against you, can they garnish your pension?

Julie G. Bush: I…there are a number of things that are and are not subject to garnishment. I don’t know the specifics as to pensions. I apologize. I know that if you’re
receiving, you know, Social Security funds, that that’s not subject to garnishment if it’s kept in a protected account.

Jane Walstedt: It may be that the Employee Benefits Security Administration [EBSA] here at the Labor Department would know the answer to that question. And when we get the transcript I’ll try to check with them and try to put the answer in the transcript. [Editor’s Note: According to Chapter 9 (Potential Claims Against Your Benefit) of the EBSA publication What You Should Know About Your Retirement, “In general, your retirement plan is safe from claims by other people. Creditors to whom you owe money cannot make a claim against funds that you have in a retirement plan. For example, if you leave your employer and transfer your 401(k) account into an individual retirement account (IRA), creditors generally cannot get access to those IRA funds even if you declare bankruptcy.” See the full publication on the EBSA website at www.dol.gov/ebsa/publications/wyskapr.html.]

Mary Ann Rhoads: Okay.

Steve Bucci: My experience with that is that if it’s in a qualified account, then they can’t get at it. So if it’s Social Security, a 401K, a 403B or an IRA, they cannot take that in a garnishment; those dollars are separate. If you’ve taken your retirement money and you’ve put it into a brokerage account or just a savings account, you may think it’s retirement money, but it’s actually just money.

So if it’s not in a qualified account, they can go after it. The definition of a qualified account I think the Department of Labor probably has good information on exactly what that is.

Julie G. Bush: Right.
Jane Walstedt: And in the meantime, caller, you might go on the Website of the Employee Benefits Security Administration. The abbreviation for them is E-B-S-A, so it should be www.dol.gov and then look under the DOL agencies for EBSA.

Mary Ann Rhoads: Okay.

Jane Walstedt: Okay?

Julie G. Bush: And the money that’s protected from garnishment, it’s important that it goes in an account that only gets money in it that’s protected. Don’t mix it with your other money in other words.

Mary Ann Rhoads: Okay.

Jane Walstedt: Okay. Marsha.

Coordinator: Ms. Nancy Norman, you may ask your question.

Nancy Norman: Hi. Thanks. I…after a divorce years ago and after selling my home, I’m at the very start, and what I’m looking for is some classes or some help on making a budget or just right down to the basic learning how to stick to a budget.

Jane Walstedt: Have you gone on the Wi$eUp website - the curriculum?

Nancy Norman: Not recently. I…there is something on there, isn’t there?

Jane Walstedt: There is.

Nancy Norman: Okay. So that would be a good way to do it instead of incurring the cost of a class?
Jane Walstedt:  Well I’m just suggesting that that’s one option...

Nancy Norman:  Yeah.

Jane Walstedt:  ...for you, and it’s free, and you can do it online self-paced.

Nancy Norman:  Okay, because I’m so much at basic that I do work a second job, but I still need to work.  I don’t have a plan at all. And my credit is…it’s what they call flat? Does that make sense? There’s no credit.

Steve Bucci:  There’s no flat. Okay, you’re thin?

Nancy Norman:  Yes, that’s it.

Steve Bucci:  Yeah, and a thin credit file just means that there’s not enough information out there for them to score you.

Nancy Norman:  Okay.

Steve Bucci:  And that’s relatively easily corrected. FICO needs a little bit more information than Vantage score does...

Nancy Norman:  Yeah.

Steve Bucci:  ...but there are ways. It’s called a FICO expansion score.

Nancy Norman:  Okay.
Steve Bucci: And if you’re looking to get a loan you can ask the lender if they could use an expansion score. They go out and get information from other sources rather than just a bureau.

Nancy Norman: Okay.

Steve Bucci: This will allow them to give you a score.

Nancy Norman: Yeah.

Steve Bucci: And I also suggest a place called Money Clubs for you. It’s www.moneyclubs.com...

Nancy Norman: Yeah.

Steve Bucci: ...and it’s a woman’s site, specifically for women who want to deal with money. And it’s…I think it’s a great site. It’s got some good videos, great information, and a lot of helpful things on it, particularly for folks in your situation.

Nancy Norman: Great.

Jane Walstedt: Good. And where are you, Nancy?

Nancy Norman: I’m in New Hampshire.

Jane Walstedt: New Hampshire. And where in New Hampshire?

Nancy Norman: In Concord.
Jane Walstedt: Concord. Okay. You might want to contact our regional office. Angie, are you still on? Angela?

Nancy Norman: Is it the Boston office?

Jane Walstedt: Yes.

Nancy Norman: Yes. I happen to work for an agency that partners with your Boston office.


Nancy Norman: So I’ll, yeah…

Jane Walstedt: …ask them. All right. Great.

Nancy Norman: Okay.

Jane Walstedt: Thank you.

Nancy Norman: Thank you.

Jane Walstedt: Marsha, do we have another question?

Coordinator: Elisabeth and Jessica, you may ask your question.

Jessica Raska: Hi, my name is Jessica Raska, and I’d like to talk a little or get some information about mortgages. We haven’t heard a lot about that. And I am a single mother. I purchased a home four years ago. And now the value has gone down below what I purchased it for. I refinanced once and then got an adjustable rate mortgage. I was originally qualified for a Fannie Mae…hello?
Elisabeth Gerstacker: Can you hear us?


Elisabeth Gerstacker: Have you been hearing us?

Julie G. Bush: Yeah.

Jane Walstedt: Yes.

Jessica Raska: Okay. So I guess I’m trying to formulate a question here. It’s really…I’m at the point where I kind of feel like I need a lawyer to negotiate my next mortgage if I can get refinanced or-- I was really directing this towards Julie Bush.

Could you make some comments about how do we tell if we’re being discriminated against as a woman, you know? It seems very cut-and-dried--what your credit score is--but in the negotiations at times it seems as if they use whichever credit reporting agency, some of them which I haven’t heard of, so it just doesn’t seem as black and white as it should be. And what are your…what is your take on, you know, mortgages and refinancing and that kind of thing?

Julie G. Bush: Sure, well there are laws that prevent…make it illegal to discriminate on the basis of sex in granting credit for mortgages. So if you have any overt finds or reasons to believe that, you would want to follow up on that. You might want to make a report to HUD or to whoever administers fair housing programs in your area.

In terms of negotiating for credit, they’ve been saying lately--especially in the last couple weeks with the credit crunch--that it’s harder and harder for people
even with conventionally good credit scores to acquire credit. But you would want to take a certain amount of time. I know that within…if you get multiple pulls on your credit report that are related to housing within a 30 day period, they’re only going to count [that] as a single pull for purposes of your credit score. So that’s something that’s in your favor.

And you would want to invest the time and energy into trying to negotiate a refinance that’s favorable for you.

Jane Walstedt: Julie, I just want to mention that HUD stands for U.S. Department of Housing and Urban Development. And, Jessica, their Website is www.hud – H-U-D.gov. And then I want to remind our callers that your questions will also be sent to the Wi$eUp mentors, and the answers will appear on the Wi$eUp Web site. So you’ll have the benefit of a whole lot of other people who will be looking at your questions.

Julie G. Bush: In terms of systemic discrimination that you don’t have any overt signs of, unfortunately it’s very hard to do anything as an individual. But, for example, the FTC and a number of banks and regulatory agencies…hello?

Jane Walstedt: I don’t know. There’s some interference in the line, Julie, periodically. I don’t know what it is.

Julie G. Bush: Okay…do statistically analyze the loans that are made and the prices of the loans that are made by a number of entities that grant mortgages and are looking to determine whether there’s discrimination on the basis of gender, discrimination on the basis of race or national origin, and so forth.

Jane Walstedt: I believe on the Website of HUD there is a link to housing counseling agencies throughout the country [See
www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm]. So that might be a resource for you, Jessica.

Steve Bucci: Yeah, Jessica. One other suggestion would be on Bankrate.com they have mortgage rates by state that are typical out there and for different credit scores. And if you find that you are getting a very different rate from what Bankrate is projecting for your credit score, then I would be concerned and go somewhere else.

Also credit unions tend to be a little bit easier for getting mortgages and for having more affordable rates than a national lender might be. And they very often keep the mortgages in their own portfolio.

Jane Walstedt: Okay, Marsha, I think we need to move to the next question.

Coordinator: Thank you. The next question comes from Sandra Rogers.

Sandra Rogers: Yes, thank you. Very good so far. In late 2006 I did file a Chapter 7 bankruptcy. It was discharged in early ’07. Since that time I have not been using a credit card at all. I don’t have any now. In order to build back a credit standing, would it be okay to get, if I could, get one, as long as I can pay it off at the end of the month?

And I’ve heard that there’s one you can…you put money on it, and it acts as a regular credit card, like the Wal-Mart Visa, but they also…there’s a monthly charge for it. So at first I thought well that’d be really good, but if they’re going to charge each month whether you have anything on it or not, then having a regular credit card seems like it might be better.

Steve Bucci: Right. What you’re talking about is called a secured credit card. And basically how that works is you would make a deposit into an FDIC-insured
bank account at the lender who’s going to give you the card. And then you use the credit card, and should you fail to pay, then your deposit basically secures the line that you have out there.

That’s one way. If you do some research, you should be able to find someone who will do that without a monthly fee. They are out there. I can also suggest that for getting started once again that you might try a retail store card. They tend to be easier to get. Perhaps something like Structure or, oh, gosh...

Julie G. Bush: Sears or whatever...

Steve Bucci: ...Macy’s or, yeah, Sears. I always wonder about Sears, but, yes, Sears is certainly in that category, but not a bank card, but a retail store card, and then there’s a secured card. Another way to do it is to put some money on deposit at your local bank. This is an odd thing to do, I’ve got to admit, but you put money on deposit, say $200, and then you borrow the $200 using the passbook as your security.

That loan will get reported. It will start to build positive credit for you. There’s no risk to the bank, so the interest rate on the loan would be very, very low, and you should be able to get it regardless of your bankruptcy.

Jane Walstedt: Thanks, Steve. Marsha, do we have another question?

Coordinator: I do have another question. Ms....

((Crosstalk))

Jane Walstedt: Last question, Marsha.

Coordinator: Yes, it will be.
Jane Walstedt: Okay.

Coordinator: Ms. Florence King, you may ask your question.

Florence King: Okay, yes. I’m Florence King, and I conduct free monthly seminars on financial literacy and credit education. But I had a question for Steve Bucci on the…some of my class participants usually I refer them to consumer credit counseling or some debt management program. And a lot of them will call me back if they’re experiencing debt, and they mention that they do not really take all debt. And could you sort of explain that to me? Do they address old or new debt or how is that, because I didn’t know how to answer them.

Steve Bucci: Okay.

Florence King: You know what they meant by that?

Steve Bucci: Yeah, typically, and this varies by agency because each one is individual.

Florence King: Right.

Steve Bucci: But typically a consumer credit counseling service will handle unsecured debt.

Florence King: Oh, unsecured. Okay.

Steve Bucci: If you show up, they’ll take your credit cards, your lines of credit, any money that you may owe to the doctor or the dentist, that sort of thing. But they probably will not take a car.

Steve Bucci: A car or house, because those are secured.

Florence King: Got you.

Steve Bucci: Whether they’re in collection or not in collection, that should not make a difference. But a good credit counseling agency will look at each individual debt, and if it’s in your interest that you pay it on your own, say you’ve got a teaser [interest] rate of 0% on a loan, even though it’s unsecured, they should say, “No, pay that one on your own because...

Florence King: I see. That makes sense.

Steve Bucci: …you’ve got a 0% [interest rate].

Florence King: And it wouldn’t be part of the repayment plan, right?

Steve Bucci: That’s right.

Florence King: That’s wonderful. And I have an answer for someone who said something about the repossession. It is reported on the credit report as an R8 repossession, and once it hits your credit report, it will pull your score down 80 points. And I think someone wanted to know how that’s going to affect your credit report, and that was way back when. They may not be on the phone anymore.

Jane Walstedt: Well thank you very much, Florence...

Florence King: Great.

Jane Walstedt: …for that information.
Florence King: You’re welcome.