

Protecting Yourself From Predatory Lending




University of Idaho
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Who's NOT the Predatory Lender?



What is Predatory Lending?

- A type of lending practice that targets and often "preys" on specific borrowers by charging enormous fees, penalties and interest for services provided
 - College Students
 - Elderly
 - Low Income Families
 - Individuals with Bad Credit
 - Minorities
 - Military Personnel



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Did You Know?

1. Your lender wants you to pay late.
2. You can't win.
3. There are more Pay Day Loan outlets in the U.S. than McDonalds restaurants.
4. Abuse is their business.
5. The poor pay the most.
6. A little discrimination anyone?
7. Maybe a little subprime mortgage scandal to boot?

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**15 Warning Signs of
Predatory Lending**

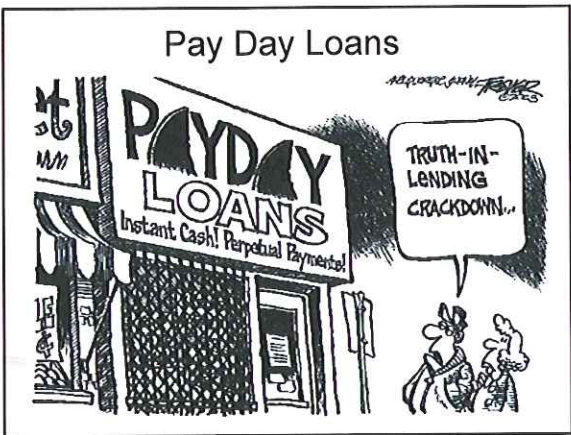
- | | |
|---|---|
| 1. Pressure, Pressure, Pressure | 8. Don't Talk to Anyone About This |
| 2. Terms Don't Match | 9. Requires Your Action Before They Can Act |
| 3. False or Missing Information on Loan Application | 10. Triple Digit Interest Rate |
| 4. Blank Signature Lines | 11. Short Minimum Loan Term |
| 5. Deferred Check Feature | 12. Single Balloon Payment |
| 6. Mandatory Arbitration | 13. Loan Flipping |
| 7. Prepayment Penalties | 14. Simultaneous Borrowing |
| | 15. Don't Care if You Have Ability to Repay |

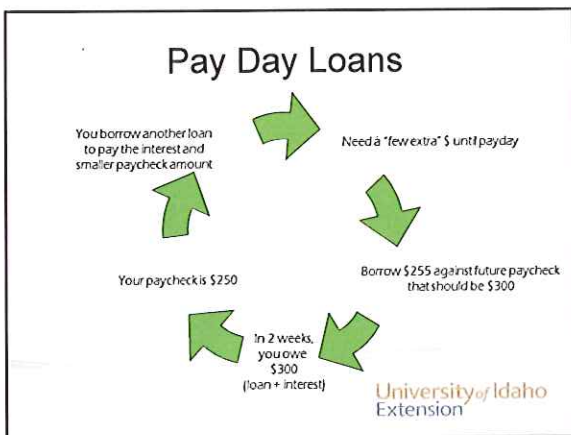
**Who Might Be a Predatory
Lender?**

- Pay Day Loans
- Car Title Loans
- Rent to Own Stores
- Pawn Shops
- Tax Refund Anticipation Loans
- Sub Prime Loans
- Mortgage/Foreclosure "Rescue" Scams



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The "Cost"

APR %

| Term (Days) | APR % | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----|
| 1 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 2 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 3 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 4 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 5 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 6 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 7 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 8 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 9 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 10 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 11 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 12 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 13 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 14 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 15 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 16 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 17 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 18 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 19 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 20 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 21 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 22 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 23 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 24 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 25 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 26 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| 27 | 4.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |

970.90%

Car Title Loans

- Similar to Pay Day Loans
- Use Your Car as Collateral
- Charge Triple Digit APR
- Usually Have One Month to Pay Back



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WE LOAN THE MONEY & YOU KEEP THE VEHICLE
CAR TITLE LOANS AND TITLE PAWNS

ANY YEAR, MAKE OR MODEL **as easy as 1-2-3**

What You Need to Bring* Apply Now How Much Can I Borrow?

Provide Clear Vehicle Title Complete Online Application We Loan the Money, You Keep the Vehicle

What You Need to Bring* Apply Now How Much Can I Borrow?

| Loan Qualification | Personal Information |
|---|--|
| <p>Yes No</p> <p><input type="radio"/> I have clear title in my name</p> <p><input type="radio"/> I have a landline phone bill in my name where I live</p> <p><input type="radio"/> I have been at my current residence for at least 12 months</p> <p><input type="radio"/> I have a lease or mortgage statement in my name</p> <p><input type="radio"/> I have been at my job for at least 12 months</p> <p><input type="radio"/> I have full coverage insurance on my vehicle</p> <p><input type="radio"/> I have gross income or benefits income of at least \$1,000.00 per month</p> <p><input type="radio"/> I am at least 21 years old</p> <p>*other restrictions may apply</p> | <p>First Name: *</p> <p>Middle Name(s):</p> <p>Last Name: *</p> <p>Email Address: *</p> <p>Street Address:</p> <p>City:</p> <p>State: * <input type="text" value="Select State"/></p> <p>Zip Code:</p> <p>Work Phone: *</p> <p>Home Phone: *</p> |

Rent To Own Stores

ASHLEY LIVING ROOM GROUP
Tyler Sable sofa and loveseat

\$19.99
Weekly Price

Number of Payments **78**

| | |
|---------------|--------------------|
| \$86.61 | 18 |
| Monthly Price | Number of Payments |
| \$1,559.22 | \$779.61 |
| Total Cost | Cash Price |

Item # 0404000532
Model # 1240130735
Serial # SA0E LRM

New Previously Planted

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Pawn Shops

- "Garage Sale Under One Roof"
- Trade Personal Property for Short Term Loan
- High Interest Charges & Storage Fees



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Tax Refund Anticipation Loans

- Cash Advance on Future Tax Refund Check
- Not "Quick Refund" – Is a "Loan"
- Other Resources Available to Help
 - E-Filing
 - Tax Software
 - VITA Sites
- Lost Benefit of Earned Income Tax Credit
- Additional Fees
 - RAL Fee
 - Administrative Filing Fee
 - Tax Preparation Fee



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Sub Prime Loans

- Target Audience
 - Has a Credit Score of 620 or Less
 - Can Only Invest a Small Down Payment if Any
 - Has Many Credit Challenges
 - Is Frequently Late in Paying Bills
 - Some Target Minorities
 - Prey on Inexperience
 - Inflate the Value of Property
 - Lie about Your Income Level
 - Exaggerate Your Credit Score
 - Encourage Refinancing
 - Include Prepayment Penalties & Other Fees



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Other Examples of Predatory Practices in Mortgage Lending



- Bait-and-Switch Schemes
- Equity Stripping
- Loan Flipping
- Loan Packing

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Other Examples of Predatory Practices in Mortgage Lending

- Home Improvement Scams
- Mortgage Servicing Scams
- Mortgage Foreclosure Scams
- Some Reverse Mortgages
- MANY Others!!!



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What's Dangerous About Using Predatory Lenders

- They Like It That You Don't Know What They Are Up To
- Things Happen
 - Spending Future Income
 - Falling Into That VICIOUS CYCLE
- Paying Fees to Use Your Own Money
- Loss of Valuable Possessions



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How To Protect Yourself?!?

- Start by Saying "No Thanks"

- Know What You Are Signing
 - Don't Understand – Ask
 - Never Sign What You Don't Understand
- Expect the Unexpected
 - Terms and Conditions
 - Fees
 - Early Payoff Penalty
- Realize that "It's Just Business"
 - Legal vs. Moral
 - Not Your "Friend"

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Idaho State Laws & Your Rights

- Know the Rules and Your Rights
- Contact:
 - The Creditor/Lender
 - Better Business Bureau - www.bbb.org/
 - ID Department of Finance (Consumer Finance Bureau) 1-888-346-3378 or finance.idaho.gov/complaint.aspx
 - Legal Aid - <http://www.idaholegalaid.org/>
- Truth in Lending Act
 - Federal Trade Commission - www.ftc.gov
- Predatory Lending & Housing – www.hud.gov/local/id/homeownership/predatorylending.cfm



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Solutions

- Small Loan Companies
 - "Same As Cash" Programs
- Secured Credit Cards
- Your Financial Institution
 - Do You Have A Good Relationship?
 - Overdraft Protection on Checking Account
- Credit Card Cash Advance



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**Payday Loan
Cost Comparison**

To Borrow \$300 and Repay in One Month:

| Type of Credit | Terms | Finance Charge | APR | Total Paid |
|--|--|----------------|--------|------------|
| Credit Card Cash Advance (Average) | 20.23% APR No grace period 3% Fee \$7 minimum fee | \$13.99 | 56.74% | \$313.99 |
| Credit Card Cash Advance (High Cost) | 27.5% APR No grace period 4% Fee \$5 minimum fee | \$12.73 | 76.16% | \$312.73 |
| Small Loan | 36% APR Cap | \$9.00 | 36% | \$309 |
| Payday Loan | \$17.50/\$100 15-day term w/ rollover | \$105 | 426% | \$405 |

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To Borrow \$500 and Repay in Four Monthly Installments:

| Type of Credit | Terms | Finance Charge | APR | Total Paid |
|--|--|----------------|--------|------------|
| Credit Card Cash Advance (Average) | 20.23% APR No grace period 3% fee \$7 minimum fee 3% min. mo. pmt. | \$48.86 | 23.1% | \$548.86 |
| Credit Card Cash Advance (High Cost) | 27.5% APR No grace period 4% fee \$5 minimum fee 3% min. mo. pmt. | \$66.77 | 33.28% | \$566.77 |
| Small Loan | 36% APR Cap | \$38.04 | 36% | \$538.04 |
| Payday Loan | \$17.50/\$100 15-day term w/ rollovers | \$700 | 426% | \$1200 |

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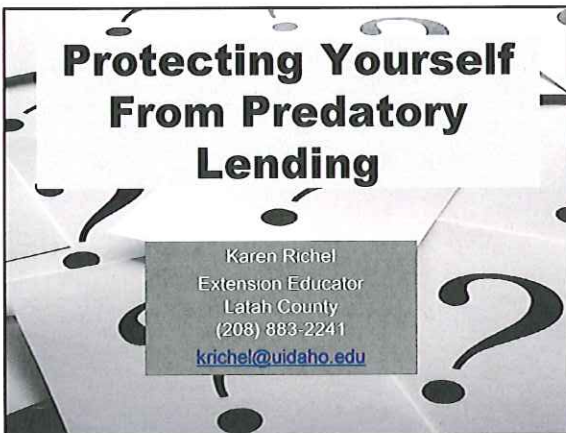
More Solutions...

- Back Up Plan
- Think Budget
- Reconsider the Purchase
- Consider Credit Counseling
– <http://www.nfcc.org/>
- Talk to Your Boss
- Payment Plan with Original Creditor
- Ask Family Members or Friends



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The “Nasty Nine”

Nine High-Cost Practices That Strip Cash from Hard-Working Rural Families

| | |
|---|---|
| Check Cashing | <ul style="list-style-type: none"> • Check cashing operations serve the almost one in four low-income families who do not have or cannot qualify for a bank account (<i>The Urban Institute 2008</i>). • They typically charge a fee of between 3% and 7% for cashing a check. It can cost over \$1000 per year to cash weekly \$500 paychecks. For tax refund checks alone, check cashers cost low-income families \$205 million in 2004 (<i>Consumer Federation of America, CFA</i>). • Check cashing operations often offer other costly financial transactions such as payday lending. In states that authorize them, two-thirds of check cashers also make payday loans (<i>CFA</i>). They can act as a “gateway” to other high-cost products by building trust and a customer relationship. |
| Buy Here/ Pay Here Auto Dealers | <ul style="list-style-type: none"> • No credit/poor credit auto dealers take advantage of a family's desperate need for an automobile to get to a job, get kids to school, and handle other daily tasks. These dealers buy the cheapest cars available at auto auctions and sell them for 50% to 100% more than they are worth with high interest/long-term financing. • In most cases, the down payment a customer makes covers the dealer's entire cost for the vehicle (<i>Aspen EOP</i>). • Interest rates charged typically begin at 25% APR and may run much higher. Customers pay for the car several times over compared to the payments on a conventional automobile loan. • Loan payments are based on what the customer can pay rather than the value of the automobile, often with an amortization period that extends far beyond the remaining useful life of the car. • If the car dies before the loan is paid, some dealers will roll the balance into a loan for another car, increasing both the interest rate and the payment. • Dealers often include an undated voluntary repossession agreement in the paperwork the borrower signs. They keep a spare set of keys, and will repossess the car the night after a payment is missed. The average car is repossessed and resold five times per year (<i>Aspen Institute Economic Opportunities Program, EOP</i>). |
| Overdraft Loans ^[1] | <ul style="list-style-type: none"> • Nearly all large mainstream banks now include “courtesy overdraft loans” in their standard account terms. • These loans, offered at the discretion of the bank, charge an average fee of \$34 per overdrawn check (<i>CRL</i>). • Because they are treated as loans, they are not subject to the consumer protections that limit overdraft fees. • Many banks have also adopted a practice of processing checks presented for payment from the largest to the smallest, and crediting deposits last, thus maximizing the number of fees charged in an overdraft situation. • If these loans are not repaid within a few days, most banks charge an additional sustained overdraft surcharge. • No APR can be computed on these transactions because the loan fee is a standard amount regardless of the overdraft amount involved. But it typically equates to several hundred to several thousand percent APR. • Banks charged at least \$17.5 billion in 2007 to issue \$15.8 billion in overdraft loans (<i>Center for Responsible Lending, CRL</i>). |
| Payday Loans | <ul style="list-style-type: none"> • Payday lending, where lenders make a loan secured by a post-dated check, is a quickly growing form of high-cost lending in America. • Interest rates and fees typically run between 650% and 780% APR (<i>Consumer Federation of America - CFA 2004</i>). A \$500 two-week loan will typically cost the borrower \$650 to repay. • Payday lenders make it easy to roll over a loan and discourage borrowers from paying off the principal, maximizing the interest and fees collected. The average customer rolls their loan over eight times and pays twice the original loan in interest (<i>Center for Responsible Lending, CRL 2005</i>). • At these rates, if a \$500 two-week payday loan is rolled over for just three months, it will cost the borrower over \$900 in fees and interest – for an entire year it would cost up to \$3,900. • A proliferation of Internet- and telephone-based services that claim the protection of interstate banking laws or are located offshore means that even communities without payday loan stores, or in states with protective laws, are vulnerable to this practice. |
| Refund Anticipation Loans ^[1] | <ul style="list-style-type: none"> • Refund Anticipation Loans (RALs) are short-term loans made by tax preparation chains which provide their customers with the chance to receive the expected refund within 24 to 48 hours. • The customers typically pay interest and loan fees averaging 235% APR in order to access their funds five to seven days earlier than with direct deposit (<i>CFA 2004</i>) – and this is in addition to very expensive tax preparation fees – averaging \$146 for a simple return. • In 2006, RALs cost working poor families in America at least \$900 million in loan fees and interest alone, plus \$90 million in “document processing fees” (<i>Consumer Federation of America - CFA 2008</i>). • Most families do not recognize that these “Instant Refunds” are actually loans, which they must repay if for some reason the IRS does not issue the refund. • Poor rural communities are frequent targets of these tax preparation chains, especially minority communities, Indian reservations, and towns near military bases. |

| | |
|--|--|
| Rent-to-Own | <ul style="list-style-type: none"> • Rent-to-own stores capitalize on the credit problems of poor families by renting furniture, electronics, appliances and other goods to families at an interest rate that would typically be considered usurious (illegally high) if expressed as principal and interest in a financing agreement – rather than as a fee in a rental contract. • Customers make small weekly payments for an extended period of time. The total of these payments greatly exceeds the value of the item and any reasonable interest charges. • For instance, a rent-to-own contract for a \$200 television could run about \$8.50 per week for 78 weeks (1.5 years) with a one time \$37 “buy out fee.” Payments for this typical contract would total \$700. • Interest rates and fees on rent-to-own contracts usually range from 100% to 300% APR (<i>Wisconsin Department of Financial Institutions</i>). • In most states the laws governing merchants regaining possession of rental goods are much less stringent than for repossession of financed goods, increasing the potential for abusive practices. |
| Sub-prime Predatory Mortgage Lending ^[1] | <ul style="list-style-type: none"> • Sub-prime predatory mortgage lending has probably stripped more wealth out of low-income rural families than all other practices combined. While sub-prime mortgage loans (loans offered at higher interest rates due to additional credit risk) have a useful role in making credit available to low-income families, these loans <i>can become predatory</i> when they use practices like these: <ul style="list-style-type: none"> ✓ Steering a borrower who qualifies for a conventional loan into a more costly sub-prime loan ✓ Loading the loan up with excessive points and fees, or single-premium life or credit insurance policies, which are rolled into the principal and financed at high cost ✓ Assessing high prepayment penalties, trapping the borrower into a high cost loan – rural borrowers are 20% more likely than urban borrowers to have a prepayment penalty term of 5 years or more (<i>Center for Responsible Lending – CRL 2004</i>). ✓ Flipping – the practice of encouraging frequent refinancing designed to extract equity through additional fees ✓ Including a payment called a “yield spread premium” to a mortgage broker for steering the borrower to a higher cost loan ✓ Setting a high minimum mortgage size for a lender’s conventional loans, and steering low-income and rural borrowers who typically seek smaller loans to sub-prime lending subsidiaries regardless of their credit history • Estimates of the amounts extracted from low-income families by practices like these run into the billions of dollars per year, and these practices significantly increase the likelihood of default. |
| Title Loans | <ul style="list-style-type: none"> • Car title loans are one of the fastest growing and least regulated forms of high-cost lending, particularly in rural areas where most low-income families own automobiles. • Car title loans are short-term (30 day) loans secured by a car title which is held by the lender. • Car title lenders typically charge consumers 25% per month (300% APR) plus additional fees for small cash loans secured by the title to cars owned free and clear (<i>Consumer Federation of America - CFA 2005</i>). • Loans are for a small fraction of the car’s value, but failure to pay in full at the end of the month can lead to late-night repossession by lenders holding a duplicate set of keys. • Title loans typically cost consumers 10 times more than it would cost to get a loan to finance purchase of the same car. |
| Credit Cards ^[1] | <ul style="list-style-type: none"> • Common practices in the credit card industry sink millions of Americans into an ever-growing mountain of debt. • Frequently targeting youth with no credit history ^[2] and low-income families, credit card companies make most of their profits through high interest rates, late fees and penalties paid by families who cannot afford or choose not to pay off the balances on their cards each month. • In 2005, late fees and penalties equaled 75% of industry’s profit for the year. • Many lenders manipulate terms of their cards to increase these fees and penalties. “Universal default” is one particularly costly practice that traps millions into high rates. Universal default kicks in when a borrower falls behind on some other debt, or the borrower’s credit score declines. When this happens, the card issuer raises the borrower’s rate on existing and future balances by an average of 22 percent (<i>Consumer Federation of America - CFA 2005</i>), making it impossible for many families to repay their debt. ^[2] • Another costly practice is “two-cycle” or “double-cycle” billing, which averages out the balance for two previous bills and causes customers to get hit with retroactive interest on their previous bill if they carry a balance from one billing cycle to the next. ^[2] • Credit card companies often manipulate the payment order, applying customer payments to low interest balances first ^[2] • “Fee harvester Cards” are sub-prime cards that carry little credit and very high fees – fees that often take up most of an already low credit limit. ^[2] • In assessing penalties on past balances, the credit card industry is the only industry in America allowed to impose retroactive penalties on completed financial transactions (<i>CFA 2007</i>). ^[2] |

^[1] Not yet updated to reflect changes imposed by the Credit Card Act of 2009, the Financial Services Reform bill or other recent regulatory or legislative action

^[2] Partially or totally banned by Congress and/or Federal Reserve effective mid- to late- 2010

NINE SIGNS OF A PREDATORY PAYDAY LOAN

1. Triple digit interest rate

Payday loans carry very low risk of loss, but lenders typically charge fees equal to 400% APR and higher.

2. Short minimum loan term

75% of payday customers are unable to repay their loan within two weeks and are forced to get a loan "rollover" at additional cost. In contrast, small consumer loans have longer terms (in NC, for example, the minimum term is six months.)

3. Single balloon payment

Unlike most consumer debt, payday loans do not allow for partial installment payments to be made during the loan term. A borrower must pay the entire loan back at the end of two weeks.

4. Loan flipping (extensions, rollovers or back to back transactions)

Payday lenders earn most of their profits by making multiple loans to cash-strapped borrowers. 90% of the payday industry's revenue growth comes from making more and larger loans to the same customers.

5. Simultaneous borrowing from multiple lenders

Trapped on the "debt treadmill", many consumers get a loan from one payday lender to repay another. The result: no additional cash, just more renewal fees.

6. No consideration of borrower's ability to repay

Payday lenders encourage consumers to borrow the maximum allowed, regardless of their credit history. If the borrower can't repay the loan, the lender collects multiple renewal fees.

7. Deferred check mechanism

Consumers who cannot make good on a deferred (post-dated) check covering a payday loan may be assessed multiple late fees and NSF check charges or fear criminal prosecution for writing a "bad check."

8. Mandatory arbitration clause

By eliminating a borrower's right to sue for abusive lending practices, these clauses work to the benefit of payday lenders over consumers.

9. No restrictions on out-of-state banks violating local state laws

Federal banking laws were not enacted to enable payday lenders to circumvent state laws.

See more at: <http://www.responsiblelending.org/payday-lending/tools-resources/ninesigns.html#sthash.qXNIZwI7.dpuf>

LOOKING FOR EZ MONEY? EARLY PAYDAY?

CASH ADVANCE?

BEWARE – IT'S A DEBT TRAP!

Compare apples to apples

LET'S SAY YOU NEED A \$300 LOAN

If you borrow from a payday lender,
you pay at least

\$45 every 2 weeks!

That's 390% APR!

After 20 weeks, you've paid

\$450

With many bank or credit union loans,
or even credit card advances you pay

\$3 every 2 weeks or less!

That's 26% APR!

After 20 weeks, you've paid

\$30

...AND YOU STILL OWE THE ORIGINAL \$300 LOAN!

No partial payments are allowed on most
payday loans. You pay it off or pay the fee. **That's the trap.**

The average North Carolina payday borrower stays in payday
loans for 28 weeks of the year. That's a lot of apples!



AVOID THE DEBT TRAP

Consider these alternatives:

Contact credit counseling. A counselor can help you get out of debt and avoid a payday loan. See numbers below.

Shop around. Banks, credit unions and finance companies offer alternatives to payday loans, such as credit union cash advances at 1/30th the cost, credit card advances at 1/20th the cost, and small consumer finance loans at 1/10th the cost.

Ask your bank about overdraft protection tied to a credit card or savings account, but avoid so-called bounce protection programs that can end up costing 1000% interest in fees.

Make arrangements with creditors. Utility companies, credit card companies and landlords often allow extra time to pay.

Borrow from friends or relatives or seek assistance from religious institutions or social service agencies to save paying repeat fees for no new money.

If worse comes to worst, compare the cost of late fees. A one-time late fee is much cheaper than repeat fees to a payday lender.



**TAKE IT FROM
SOMEONE WHO
HAS BEEN THERE.**

“At the time it seems like the way out, but this is not a quick fix. It’s like a ton of bricks.”

Sandra H., Wilmington resident who was paying over \$600 per month in payday fees. Her car was repossessed and she was evicted from her apartment.

IF YOU’VE HAD TROUBLE WITH PAYDAY LOANS:

Free advice is available.

Contact a nationally accredited consumer credit counseling agency in your area.

1-800-388-2227 • www.debtadvice.org

Help stop predatory lenders. Tell your story.

Call the Coalition for Responsible Lending: 1-800-747-3207
CRL@responsiblelending.org • www.responsiblelending.org

COALITION FOR RESPONSIBLE LENDING

Protecting Home Ownership & Family Wealth

Thousands of North Carolinians have fallen into the debt trap. Don’t let scare tactics, like the threat of prosecution, pressure you into paying more. You took out a loan, you didn’t write a “bad check.”

PAYDAY LOANS IN IDAHO CONTINUED . . .

- ◆ Having outstanding payday loans to a borrower in excess of \$1,000
- ◆ Engaging in unfair or deceptive acts or practices in advertising or conducting business
- ◆ Accepting any property, title to property, or other types of collateral for a payday loan
- ◆ Renewing a payday loan more than three (3) consecutive times. After three (3) renewals the loan must be paid in full before another payday loan is extended
- ◆ Imposing any other fee to a payday loan borrower other than the agreed-upon finance charge

The Idaho Department of Finance is the regulatory and licensing authority for entities whose activities are regulated by the Idaho Credit Code, Idaho Residential Mortgage Practices Act, Idaho Mortgage Company Act, the Idaho Escrow Act, and the Idaho Collection Agency Act. The goal of the Department is to assure the availability and quality of consumer finance services, and ethical debt collection practices in Idaho.

For Idahoans who have a complaint against a licensee, the Department offers a consumer affairs response program. The consumer affairs response program relies largely on the cooperation of both parties to resolve a dispute and complaints are often resolved through this process. However, as determined solely by the Department, complaints may also result in civil or administrative enforcement actions.



IDAHO DEPARTMENT OF FINANCE



MISSION STATEMENT

To aggressively promote access to vigorous, healthy and comprehensive financial services for Idaho citizens. This is accomplished through prudent and efficient oversight of financial institutions, investment opportunities and credit transactions.

STATE OF IDAHO
DEPARTMENT OF FINANCE

PAYDAY LOANS IN IDAHO

A BORROWER'S RIGHTS AND REMEDIES



Idaho Department of Finance

THE IDAHO DEPARTMENT OF FINANCE

800 Park Boulevard, Suite 200

Boise, Idaho 83712

Telephone: (208) 332-8000

Toll Free in Idaho: (888) 346-3378

The Idaho Department of Finance maintains a list of its current licensees, including payday lenders, on its website (<http://finance.idaho.gov>).

PAYDAY LOANS IN IDAHO

A payday loan is a cash advance secured by a personal check or paid by electronic transfer. Most payday loans work like this: Say you need to borrow \$100 for two weeks. You write a personal check for \$120; \$20 is the fee to borrow the money. The lender agrees to hold your check until your next payday. When that day arrives, either the lender deposits the check or you roll-over the loan and are charged \$20 more to extend the financing 14 more days. If you agree to electronic payments instead of a check on your next payday the lender would debit the full amount of the loan from your checking account electronically, or extend the loan for an additional \$20. The cost of the initial \$100 loan is a \$20 finance charge, which works out to an annual percentage rate of 521 percent. If you roll-over the loan three times, the finance charge would climb to \$80 to borrow the \$100.

Payday loans are regulated under the Idaho Credit Code by the Idaho Department of Finance. The Department of Finance urges borrowers who may be considering a payday loan to become aware of what their rights are under the law, and consider all choices and alternatives before entering into a contract.

ALTERNATIVES AND CHOICES:

Borrowers in need of cash may be wise to consider options and compare loan fees offered by other lenders before borrowing.

When shopping for a loan, borrowers should always look for the lowest annual percentage rate (APR). Payday loans are likely to include the highest APRs. Options for lower APRs may include:

- ◆ Banks, credit unions, or smaller loan companies
- ◆ Employers

PAYDAY LOANS IN IDAHO

◆ Local government programs in the consumer's community

◆ Family members

◆ If a payday loan is the chosen option, the Department of Finance advises consumers to borrow only as much as they can afford to pay with their next paycheck and still have enough to make it to the next payday. Payday loan fees average about \$20 for every \$100 borrowed for a fourteen day period. Annualized, that amounts to a 521 percent annual interest rate.

◆ If you are behind on a payday loan payment, consider contacting your lender to request additional time to pay back your loan. Some payday lenders offer a short term non-interest-bearing payment program to help borrowers who need assistance. Borrowers also may want to seek the assistance of a licensed credit or debt counselor who can provide service to debtors in the management of their debts. Credit/debt counselors operating in Idaho are required to be licensed by the Idaho Department of Finance. A listing of licensed credit/debt counselors can be found on the Department's website at <http://finance.idaho.gov>.

PAYDAY REQUIREMENTS UNDER FEDERAL AND STATE LAW:

◆ Payday lenders doing business in Idaho are regulated by the federal Truth in Lending Act (Regulation Z) and the Idaho Credit Code. Truth-in-Lending laws require disclosures to be made to borrowers in plain language and in a conspicuous manner. In addition, Truth-in-Lending requirements mirror many of Idaho's requirements as outlined below.

◆ Idaho law requires the following from payday loan companies doing business in Idaho:

- ◆ Payday lenders doing business in Idaho must be licensed before offering payday loans (A payday

loan made in Idaho in violation of licensing requirements is void, uncollectable and unenforceable)

◆ Payday loans are limited to no more than \$1,000

◆ Each licensee must post a notice of fee costs, expressed in a dollar amount as a cost per \$100

◆ Before doing business with a borrower, licensees must disclose to the borrower that:

a. payday loans are short-term loans

b. the borrower will be required to pay additional fees if the loan is renewed

c. the borrower may rescind/cancel the loan, at no cost, no later than the end of the next business day following the day the payday loan was made

d. the costs for the payday loan must be disclosed as an annual percentage rate (APR) on a Truth-in-Lending form

◆ Payday lenders may charge any interest rate on the short term loan, so long as it is agreed upon by the borrower, and it is expressed in dollar amount and annual percentage rate in the contract.

PAYDAY LOAN VIOLATIONS OF THE ACT:

◆ Payday loan companies doing business in Idaho are prohibited from:

- ◆ Accepting payment for a payday loan through the proceeds of another payday loan made by the same payday lender



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Predatory Lending Fact Sheet

The State of Idaho is working hard to protect borrowers from illegal and improper lending practices while still making sure that people get the credit they need. Prospective home buyers and other borrowers need to do their part by being careful about the lenders they select. Educating yourself about the techniques that dishonest lenders use will help you avoid becoming a victim of predatory lending.

The term "predatory lending" is used to describe a variety of deceitful, fraudulent or unfair credit practices, including:

- Steering borrowers towards interest rates that far exceed the lender's risks.
- Charging excessively high fees and commissions.
- Persuading a borrower to repeatedly refinance a loan in order to charge high points and fees each time the loan is refinanced ("loan flipping").
- Misrepresenting the loan's terms and conditions.
- Requiring high-cost credit insurance ("packing").

Unscrupulous lenders who use these tactics often target vulnerable populations such as low-income borrowers and seniors.

Protect Yourself From Predatory Lending Practices

Shop Around

- Compare the interest rates and the total costs of loans offered by several banks and credit unions in your area.
- Ask lenders for names of other customers you can contact to see if they are satisfied with their experience.
- Check for consumer complaints against lenders you are considering by visiting our Web site at www.corp.ca.gov or by contacting your local Better Business Bureau.
- Don't take the first loan you are offered.

Use Caution

- Be wary of lenders who contact you first, through mail, e-mail, door-to-door sales or telemarketing solicitations.
- Be suspicious of lenders or brokers who guarantee loan approval regardless of your credit history.
- Beware of offers that are "only good for a short time."
- Steer clear of lenders who resort to high-pressure sales tactics.
- Be wary of promises to refinance the loan to a better rate in the future.
- Watch out for "hidden" terms, such as penalties for early pay-off of the loan.
- Avoid "balloon" payments—some loans keep monthly payments down by requiring a big payment at the end of the loan term.
- Make sure the monthly payments are well within your monthly budget.

Ask Questions

- Ask your lender exactly what is being offered—you have a legal right to know the total cost of the loan, the annual percentage rate, the monthly payments and how long you have to pay back the loan.
- Have all fees and points explained to you before applying for a loan.
- Always ask questions until you understand everything.

Before You Sign On The Dotted Line

- Make sure that you have received, read and understand all required disclosure documents.
- Check to see if the loan terms quoted to you match your loan documents.
- Before you sign the loan papers, have a lawyer, family member or friend go over them with you.
- Never sign a document with blank spaces; all spaces should be filled in before you sign.
- The bottom line: If you have any doubts, don't sign!

Protecting the Integrity of Idaho Financial Markets since 1905

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STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL
LAWRENCE G. WARDEN

Consumer Complaints

The Idaho Consumer Protection Act protects Idaho's consumers and businesses from unfair competition and deceptive business practices. The Act authorizes the Attorney General to file a lawsuit when he has reason to believe that a business has violated the Act or other laws that he enforces. Because our resources are limited, we bring lawsuits in cases of statewide significance.

The Attorney General represents the State of Idaho and cannot act as a private attorney for individual consumers. Any legal action we take is on behalf of the state.

We investigate complaints alleging a pattern or practice of unfair and deceptive acts or practices. Information from consumers allows us to identify and devote our resources to the most serious cases involving widespread injury to Idaho's consumers and its business environment.

Examples of commercial acts or practices that the Attorney General investigates include:

- Deceptive advertising
- Deceptive billing practices
- Deceptive door-to-door sales
- Deceptive catalog or Internet sales
- Deceptive pricing
- Deceptive telemarketing
- Unlawful use of the word "free"

If your complaint involves a commercial activity similar to those mentioned above, we encourage you to file a complaint.

If you are an Idaho resident, we will attempt to resolve your dispute through our informal dispute resolution process. We will forward your complaint to the business and mail the business's response to you. If we do not receive a response, we will notify you. It is unnecessary to call for status updates.

Our dispute resolution process is voluntary and requires the cooperation of all parties. We cannot guarantee a satisfactory resolution of your complaint. This service is offered only to Idaho residents.

Your complaint form and supporting documents are public records. As such, they may be inspected by the public under Idaho's Public Records Law. We also share our complaint forms with other law enforcement agencies.

To protect your privacy, we strongly recommend that you remove all personal confidential information, such as Social Security numbers, bank account and credit card numbers, and medical information from copies of any documents you include with your complaint.

Do not send our office any documents that contain private or confidential information. However, if the documents you send us do contain personal confidential information, the best way to conceal this information is by whiting it out, erasing it, or using a black marker to cover it.

If you need to "update" your complaint after submitting it, please do so in writing.

Other options are available to help you resolve your complaint:

1. Your local Better Business Bureau may be able to assist you in mediating a dispute with a business.
2. You can file an action in Small Claims Court if the amount in controversy is less than \$5,000.
3. If the business violated the Idaho Consumer Protection Act or the amount in controversy is more than \$5,000, you may have a private legal remedy. You should consult with an experienced attorney for assistance. If you do not have an attorney, you can contact the Idaho State Bar's Lawyer Referral Service at (208) 334-4500 or www.isb.idaho.gov.

Depending on the nature of your problem, you should consider filing your complaint with one of the agencies listed below:

1. If your complaint involves negotiating a mortgage modification, call the HOPE hotline at (888) 995-HOPE to speak to a housing counselor. Depending on your income status, you may be eligible for assistance through your local legal aid office.
2. If your complaint involves public benefits, domestic violence, fair housing, senior citizen issues, immigration, or discrimination, you may be eligible for assistance through your local legal aid office.
3. If your complaint involves an individual who is licensed through a professional board, file a complaint with that board. Many boards fall within the purview of the Idaho Bureau of Occupational Licenses. Complaint forms are available at www.ibol.idaho.gov.
4. If your complaint involves a national bank, file a complaint with the Office of Comptroller of the Currency. Complaint forms are available at www.occ.gov.
5. If your complaint involves a state-chartered bank, a collection agency, a debt management company, a mortgage broker, or a mortgage modification service provider, file a complaint with the Idaho Department of Finance. Complaint forms are available at finance.idaho.gov.
6. If your complaint involves a violation of the National Do Not Call Registry, [click here for information about how to file an online Telephone Solicitation Complaint with the Attorney General's Office](#).
7. If your complaint involves the receipt of SPAM, file a complaint with the Federal Trade Commission at www.ftc.gov. If you need emergency legal assistance, have questions about your legal rights or options, or need assistance in locating or understanding local, state, or federal laws, please call a private attorney.

Filing A Complaint With The Attorney General's Office

[Download the Consumer Complaint Form here.](#) (This form requires [Adobe Acrobat Reader 7.0](#) or later to download and use form functions.)

Please download the form to your computer, then **complete, print and sign it**. You should also save a copy of your complaint for your records. Send one signed copy to us with copies of the supporting documentation. Keep the other copy with the original supporting documents for your own files. **Do not attempt to e-mail this form. We will not receive it.**

Mail the completed, signed, and dated complaint form with any supporting documentation to:

Office of the Attorney General
Consumer Protection Division
954 W. Jefferson, 2nd Floor
P.O. Box 83720
Boise, ID 83720-0010



Contact us **(855) 411-2372**

- [HOME](#)
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Submit a complaint

Have an issue with a financial product or service? We'll forward your complaint to the company and work to get a response from them.

CHECK YOUR COMPLAINT STATUS

[Check status](#) [First login?](#)

Para presentar una queja en español, llamar al (855) 411-2372

Choose a product or service to get started

If you don't want to submit a complaint, you can [tell your story](#).

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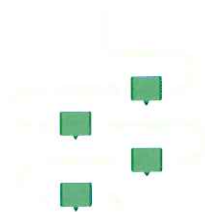
 [Vehicle or other consumer loan](#)

What happens after I submit a complaint?

We'll forward your complaint to the company and work to get a response. After we forward your complaint, the company has 15 days to respond to you and the CFPB. Companies are expected to close all but the most complicated complaints within 60 days.

You'll be able to review the response and give us feedback. If we find that another agency would be better able to assist, we will forward your complaint and let you know.

[Learn more](#)

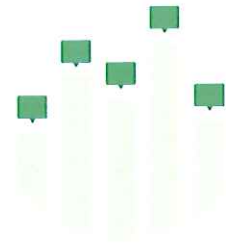


How will you use my information?

We forward the information you provide so the company can identify you and address your issue. We also share complaint data with state and federal agencies who oversee financial products and services,

and we publish a database of non-personal complaint information so the public knows what kinds of complaints we receive and how companies respond.

[Learn more](#)



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FEDERAL TRADE COMMISSION
 CONSUMER INFORMATION
consumer.ftc.gov

File a Complaint with the FTC

The FTC is the nation's consumer protection agency. If a business doesn't make good on its promises or cheats you out of your money, the FTC wants to know. File a complaint at ftc.gov/complaint.

The FTC and its partners in law enforcement use your complaints to investigate fraud and eliminate unfair business practices.

- [How to File a Complaint Online](#)
- [What You'll Need](#)
- [Types of Complaints](#)

How to File a Complaint Online



Visit ftc.gov/complaint, click on the FTC Complaint Assistant icon, and answer the questions. The Complaint Assistant works best from a computer (it's not optimized for mobile devices).

What You'll Need

The more information you can provide about the situation, the more useful your complaint will be. If possible, be prepared to provide:

- Your contact information
 - name, address, phone number, email
- The type of product or service involved
- Information about the company or seller
 - business name, address, phone number, website, email address, representative's name
- Details about the transaction
 - the amount you paid, how you paid, the date

The FTC cannot resolve individual consumer complaints, but we have tips to [help you get your money back](#).

Types of Complaints

The FTC accepts complaints related to many topics, including:

- Identity theft
- National Do Not Call Registry violations
- Computers, the internet and online privacy
- Telemarketing scams
- Credit scams
- Immigration services
- Sweepstakes, lotteries, and prizes
- Business opportunities and work-at-home schemes
- Health and weight loss products
- Debt collection, credit reports, and financial matters

August 2012

**Office of the
Attorney General**

Idaho Consumer Protection Manual



MARCH 2010

LAWRENCE WASDEN
Attorney General of Idaho
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www.ag.idaho.gov



**State of Idaho
Office of Attorney General
Lawrence Wasden**

Dear Fellow Idahoan:

Consumer fraud is a serious problem in Idaho. Fortunately, it is often preventable. As your Attorney General, I am committed to working with you to prevent fraud. I will also vigorously enforce Idaho's consumer protection laws.

As a consumer, you can protect yourself from fraud by understanding your rights and by making informed and intelligent decisions.

My office publishes the Idaho Consumer Protection Manual in order to help you avoid fraud and to assist you in exercising your rights if you become a victim of consumer fraud. I hope that it helps you become informed about topics of consumer interest.

In addition to this overview manual, my office fulfills its consumer education mission by publishing additional materials providing more detail on specific topics. All of the publications are available at no cost to you through the Consumer Protection Division and on my website at www.ag.idaho.gov.

If you have been a victim of consumer fraud, I encourage you to contact my Consumer Protection Division. The statewide, toll-free number is (800) 432-3545. In the Boise area, please call (208) 334-2424. TDD service for the

hearing impaired is available. We also have Language Line translation services for Idahoans who do not speak English.

Informed consumers are Idaho's best defense against consumer fraud.

LAWRENCE WASDEN
Attorney General

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THE CONSUMER PROTECTION DIVISION

The Consumer Protection Division is part of the Office of Attorney General. The Consumer Protection Division enforces the Idaho Consumer Protection Act, the Idaho Telephone Solicitation Act, the Idaho Pay-Per-Telephone Call Act, the Idaho Charitable Solicitation Act, the Idaho Competition Act and related rules on behalf of the State of Idaho. You can read these laws and rules on the Attorney General's Internet site at www.ag.idaho.gov.

The Consumer Protection Division also helps consumers and businesses resolve disputes.

In 1971, the Idaho Legislature passed the Consumer Protection Act to protect consumers and businesses against unfair methods of competition and unfair or deceptive business practices. The Office of Attorney General, as authorized by the legislature, has promulgated rules interpreting the Consumer Protection Act.

The Attorney General enforces the Consumer Protection Act on behalf of the State of Idaho. The Consumer Protection Division investigates complaints involving ongoing patterns of illegal activity in trade and commerce, with emphasis on the most serious cases involving widespread injury to Idaho consumers.

The Consumer Protection Act also allows consumers to seek legal remedies through private lawsuits.

The Consumer Protection Act encourages consumers who have been damaged by deceptive trade practices to seek redress. A court may award the consumer a minimum recovery of \$1,000, recovery of attorney fees and, at the judge's discretion, costs and punitive damages upon the showing of a violation of the Consumer Protection Act or the

Idaho Rules of Consumer Protection and a loss to the consumer.

Idaho law allows consumers who are at least 62 years old or who are disabled to recover additional damages from an individual who violates the Consumer Protection Act. Elderly and disabled consumers are entitled to receive the greater of \$15,000 or triple the amount of actual damages if the court finds: (1) the offender knew or should have known that the victim was elderly or disabled; and (2) the offender's conduct resulted in the loss or encumbrance of the elderly or disabled victim's home or the loss of more than 25% of the victim's income, money or retirement funds.

HOW TO CONTACT THE CONSUMER PROTECTION DIVISION

You can call the Consumer Protection Division, toll-free, from any location in Idaho. In the Boise calling area, our number is (208) 334-2424. Outside the Boise area, call (800) 432-3545.

The Consumer Protection Division is located near the corner of 10th and Jefferson on the 2nd floor, 954 W. Jefferson, Boise. Our hours are 8 a.m. to 5 p.m. (Mountain Time), Monday through Friday.

Our mailing address is:

Office of the Attorney General
Consumer Protection Division
PO Box 83720
Boise, ID 83720-0010

Consumers wishing to file a complaint must complete a written complaint form and return it to the Boise office. You will find a "print and mail" complaint form on the Attorney

General's Internet site, www.ag.idaho.gov, or you may call us, and we will mail a complaint form to you.

WHAT THE CONSUMER PROTECTION DIVISION DOES

The Consumer Protection Division helps protect individuals and businesses from deceptive practices by working in three major areas:

- Consumer education
- Complaint mediation
- Litigation

Consumer Education

The Consumer Protection Division helps Idaho consumers help themselves. We focus our educational efforts on:

- Helping consumers learn to prevent a problem from occurring; and
- Helping consumers learn how to deal with a problem that has occurred.

To accomplish these goals, the Consumer Protection Division provides consumer information through the Attorney General's website, sponsors television and radio public service announcements, publishes pamphlets on consumer topics, informs the media about current scams and makes presentations to community groups. To schedule an educational presentation, call the Consumer Protection Division.

Mediation of Complaints

Mediation relies on the voluntary cooperation of both sides of a complaint--usually a business and a consumer. Each of

our Consumer Specialists acts as a "go between" or buffer for the parties who may find it difficult to communicate with one another directly. Because of the large number of complaints we receive, almost all of the mediation is accomplished by correspondence. A Consumer Specialist forwards a consumer's written complaint to the business, along with a letter requesting a response from the business. Mediation will often resolve the consumer's complaints. When mediation is not successful, the complaining party may choose to consult with a private attorney and consider pursuing legal action privately.

Litigation

The Consumer Protection Division files lawsuits on behalf of the State of Idaho as determined by the Attorney General on a case-by-case basis. Three statutory requirements must be met before the Attorney General can begin a consumer protection lawsuit:

- The Attorney General must have reason to believe that a person is using, has used or is about to use any method, act or practice in violation of the Act;
- Legal proceedings must be in the public interest;¹ and
- Except in limited circumstances, the Attorney General must have allowed the business or individual the opportunity of entering into an Assurance of Voluntary Compliance or Stipulation and Consent Judgment.

Once the Attorney General determines that litigation is

¹ Some of the factors the Attorney General considers in making this determination are: 1) potential numbers of victims (i.e., statewide or regional significance); 2) dollar amount involved; 3) the offensiveness or outrageousness of the acts and 4) likelihood of continued violations of the Act without state intervention.

warranted, the methods used to stop the illegal act may vary. The Attorney General is authorized to seek injunctions, restitution, civil penalties and other remedies.

WHAT THE CONSUMER PROTECTION DIVISION DOES NOT DO

The Attorney General's Office cannot provide legal advice or opinions to individuals or businesses. Tip sheets, brochures and news releases are available to the public, but our only client is the State of Idaho. The Consumer Protection Division may act only for the public interest. We cannot represent the interests of private individuals.

PROTECTING YOURSELF FROM CONSUMER FRAUD

GENERAL RULES

Before you make a major purchase, we recommend you read this manual and consider these ten tips for consumer survival:

1. If it seems too good to be true, it probably is.
2. Read. Ask questions. Comparison shop. Know the market.
3. Insist that all claims, promises and warranties be in writing.
4. Never sign anything you haven't read or don't understand.
5. Cool off for 24 hours before you buy. In most cases, you don't have the right to change your mind after you make a major purchase.
6. Never give your credit card or checking account number to a telephone or mail solicitor if you don't know and trust the company.

7. Obtain written estimates before you have any repairs made.
8. Know whom to call for help. Check with your local Better Business Bureau or the Attorney General's Consumer Protection Division.
9. Keep receipts, sales slips and warranties for as long as you own the product.
10. Remember, it is your money. Don't be intimidated. You can always take your business elsewhere.

ADDRESSING PROBLEMS

If you are already involved in a transaction you believe violates the Consumer Protection Act, gather all the written information you have pertaining to the problem. This may include ads, brochures, contracts, letters, warranties and other documents. Write a short statement about what happened to you. Include the name of the company, how much money you paid, how much you owe, with whom you spoke, when the transaction took place, names of witnesses and other important information. This information will be important in contacting the business, as outlined below.

CONTACTING THE BUSINESS

Many consumer problems can be quickly and satisfactorily resolved by contacting the business directly. These suggestions might make your contact with the business more efficient and productive:

Calling or Visiting the Business

- Be prepared. Have ready all the information you will need to explain the problem.

- Speak to the person with the authority to grant the remedy you desire and make a note of his or her name.
- Be polite but firm.
- Concisely state the problem and the resolution you would like.
- Conclude the call with a restatement of what has been agreed.
- Make written notes about the call.
- Write a letter to confirm the conversation and the substance of any agreement.

Writing a Letter to the Business

- Write a neat business letter, typed, if possible.
- Address it to the person with the authority to grant the remedy you desire.
- Supply the necessary facts, including identification of the goods, what happened, your previous attempts to get satisfaction, the remedy you desire and any serious consequences you have suffered because of the problem.
- Maintain a calm, rational tone.
- Request specific action by a specific date.
- Keep your letter short.
- Enclose copies (not originals) of receipts, contracts or other relevant information.
- Make a copy of your letter and save it.
- Send the letter certified mail, return receipt requested.

FILING A COMPLAINT

If the business has engaged in false, misleading, deceptive or

unconscionable acts or practices, the Consumer Protection Division may be able to help. You should contact the business directly and try to resolve your dispute before contacting the Consumer Protection Division.

If your contact with the business has been unsuccessful, you may file a complaint with the Consumer Protection Division. You can obtain a complaint form from the Attorney General's website at www.ag.idaho.gov or by calling the Consumer Protection Division.

The Consumer Protection Division cannot give you specific legal advice, and it cannot act as your private attorney. However, we will contact the business in writing and ask for a response to your complaint. This frequently takes several weeks and sometimes may take months.

Because we receive a large number of complaints, your complaint must be in writing.

In stating your complaint, be specific. If your statement is too long to fit in the space provided, use additional paper. Include the details about representations you believe are deceptive, misleading or false. State the kind of relief you are seeking from the business, such as an exchange, a repair or a refund. Attach copies of relevant papers, such as contracts, invoices, brochures and canceled checks. **Do not send any original documents.** Be sure to sign and date the complaint form before mailing it to the Consumer Protection Division.

NOTE: We will send your complaint to the business that is the subject of your complaint, unless you specifically ask us not to forward it. Your complaint will also become part of the Consumer Protection Division's permanent

records and will be available to the public under Idaho's Public Records Law.

PRIVATE CAUSE OF ACTION - SMALL CLAIMS COURT

Every county in Idaho has a small claims court in which claims for up to \$5,000 may be brought against any Idaho resident. The lawsuit must be filed in the county where the defendant resides or in the county where the dispute arose. While they are official court cases, small claims hearings are designed to be quick and somewhat informal - to provide parties with an inexpensive method of settling minor claims. Information on how to file a small claims suit is available at your local Court Assistance office or, online, at www.courtselfhelp.idaho.gov.

Attorneys may not represent clients in small claims court. However, before you decide to bring an action in small claims court, you may be wise to seek a private attorney's advice on how to proceed with a private cause of action under the Consumer Protection Act.

CONTRACTS

Virtually all consumer purchases are made pursuant to a contract. Sometimes the contract is oral, sometimes it is in writing. Whether you are buying a car, getting cell phone or Internet service, or renting an apartment, it will be pursuant to a contract. As a result, it is imperative that you read and understand the contract before you complete the purchase. Keep the following points in mind when you are considering any purchase:

- There is no 3-day right to cancel in Idaho. Except for telemarketing and certain door to door sales, there is no 3-day cooling off period.

- If you sign a contract, it is binding. If you break the contract, you can be sued. Your signature on a contract indicates that you have read and understood the contract -- even if you haven't.
- Protect yourself by getting a written agreement. The terms agreed on must be in the contract. Oral contracts are legally binding but difficult to enforce. You can still be legally responsible if you make an oral contract.
- The contract governs. In cases such as landlord/tenant leases, there are not many laws regulating specific details.
- Not all contracts have the word "Contract" typed across the top. Receipts, sales slips, tickets, guarantees --even parking valet stubs -- can all serve as contracts.

BEFORE YOU SIGN A CONTRACT:

- When you're making a major purchase, insist on seeing the contract well in advance of signing it. Take a copy home overnight so you have plenty of time to read and understand it.
- Don't let the salesperson pressure you into signing.
- Don't rely on the salesperson's summary of what the contract means. Read the entire contract and make sure you understand it. If you have trouble with the language, get someone to help read it with you.
- Study the content to make sure the terms you and the seller agreed upon are included.
- Never sign a contract that contains blanks. Negotiate for terms that you are comfortable with.
- Be aware that some contracts eliminate the right to sue. Often, contracts require binding arbitration.

- If you want a clause added or deleted for your protection, write it in or ask for a manager. If the business refuses, consider taking your business elsewhere.
- Read credit applications before you sign. Don't sign if the information is not true.
- Make your signature big when you sign a contract. Sign your name large enough so that it overlaps the lines above it, so it's hard for the company to cut and paste.
- Never leave the business without a signed copy of your contract in hand.

RESOLVING PROBLEMS WITH YOUR CONTRACT:

- If you think you were misled or deceived, you can file a complaint with the Attorney General's Office. You can get a complaint form at www.ag.idaho.gov or by calling (208) 334-2424 or, toll-free, (800) 432-3545.
- You can file a complaint with the Better Business Bureau at www.bbb.org.
- If you need help finding a private attorney, contact the Idaho State Bar Lawyer Referral Service at (208) 334-4500 or visit the State Bar's website: www.isb.idaho.gov.

MOTOR VEHICLES

BUYING A NEW CAR

Before you start shopping for a new car, determine what you can afford to pay. Then stick to your budget. Learn the true value of the vehicle you are considering before beginning to discuss trade-in values and credit terms. Negotiate the purchase price, trade-in and financing **separately**. These are

really three separate transactions. Check with several financing sources before you purchase a vehicle on credit.

Be wary of automobile dealers who adjust the figures on your trade-in to "make the deal look better to the bank." This is an illegal activity intended to deceive the bank into believing it is adequately secured on the loan when it is not. If the dealer suggests this type of unlawful activity, walk away. If you enter into this type of illegal transaction you are most likely "getting in too deep." If you can't make your payments, your car may be repossessed, and you could be required to pay the remaining balance and other fees after the vehicle is resold.

Don't allow pressure, guilt or intimidation to influence your decision, and don't be pressured into buying something you don't want or need. It is always a good idea to comparison shop before making your decision to purchase. A great offer today will most likely still be available tomorrow or next week. Take your time. Wait a day or two before you make a final decision. You can avoid buyer's remorse after-the-fact by being a smart shopper before-the-fact.

Idaho does not have a "cooling off" period applicable to vehicle purchases. Do not be misled into thinking you can buy a car and then cancel the purchase contract within three (3) business days if you change your mind.

Read and understand the new car warranty before you buy. The Federal Trade Commission requires the dealer to make all warranties available prior to the sale. Inspect the vehicle before you take delivery. If you find any problems, refuse delivery until they are corrected. Do not accept oral promises such as, "We'll take care of those problems at the first service." Oral promises are difficult to prove and enforce. Insist that all promises and warranties be made in writing.

Some, but not all, Idaho automobile dealers charge a "dealer documentation fee" for completing sales paperwork. A "dealer documentation fee" is not a state imposed fee. It is unlawful for a dealer to charge such a fee if it has not been clearly and conspicuously disclosed in connection with the advertised price.

BUYING A USED CAR

Federal law requires used car dealers to display a "Buyers Guide" sticker on each used car. The Buyers Guide gives you important information and suggestions to consider, including:

- whether the vehicle comes with a warranty and, if so, what specific protection the dealer will provide;
- whether the vehicle comes with no warranty ("as is") or with implied warranties only;
- that you should ask to have the car inspected by an independent mechanic before you buy;
- that you should get all promises in writing and
- some of the major problems that may occur in any car.

Before you buy a used car, find out as much as you can about the car's history and maintenance record. Check a trusted database for information on the car's history, such as title, damage, and odometer data. Remember, there is no three-day "cooling off" period when purchasing a new or used car. If a used car is sold "as is", there is no express or implied warranty. If the dealer makes oral promises, make sure the dealer writes those promises into the Buyers Guide before you sign it. Keep copies of all warranties. Without them, you may have no recourse against the seller if you have problems with the car.

The federal Anti-Tampering Odometer Law protects car buyers from the deceptive practice of concealing a car's true mileage by turning back or disconnecting the odometer. The Act also prohibits odometer fraud. Every seller of a motor vehicle must provide, at the time of sale, a written statement, which includes the following information:

- the odometer reading at the time of the transfer;
- the date of the transfer;
- the seller's name, address and signature;
- the make, body type, year, model and vehicle identification number;
- a statement certifying that the seller is complying with the Motor Vehicle Information and Cost Savings Act of 1972 and is aware of his civil liability under this provision and
- if the seller has reason to believe that the mileage reading on the odometer is incorrect, the disclosure statement must indicate that the actual mileage traveled is unknown. The term "seller" includes any person who transfers a motor vehicle, whether by purchase, gift or any other means.

IDAHO'S LEMON LAW

Idaho's Lemon Law governs motor vehicles that are subject to a manufacturer's written warranty. If your motor vehicle is a "lemon," the manufacturer is required to replace it with a comparable new vehicle or refund the purchase price, including the value of any trade-in, not to exceed one hundred five percent (105%) of the manufacturer's suggested retail price of the motor vehicle. The manufacturer may deduct a reasonable charge for your use of the vehicle.

To be considered a "lemon," the vehicle must have a defect that substantially impairs its use, value or safety, and the

manufacturer, its agent or dealer must not have been able to correct the problem after a reasonable number of attempts. The vehicle is not considered a "lemon" if your abuse, neglect or unauthorized modifications or alterations of the vehicle caused the problem.

The law presumes the manufacturer had a reasonable number of attempts to repair the motor vehicle if, within two years of the date you took delivery or 24,000 miles (whichever comes first), the vehicle was in for repairs for the same problem at least four times, or it was out of service because of repairs for a total of 30 or more business days. You may still have a Lemon Law claim if repairs occur after 24,000 miles or two years but before the manufacturer's warranty expires, provided that you first reported the problem to the manufacturer, its agent or authorized dealer during the term of the vehicle's applicable express warranty. However, this type of claim will be much harder to prove.

To qualify under Idaho's Lemon Law, your motor vehicle:

- must have been purchased or licensed in the state of Idaho;
- must be subject to the manufacturer's written warranty;
- must be a car, truck or van weighing 12,000 lbs. or less and
- must normally be used for personal, family or household purposes.

If you need to have your vehicle repaired during the warranty period, it is important to get repair orders for all warranty work performed. This will help you preserve your legal remedies under Idaho's Lemon Law. Ask for detailed repair orders. Keep them in a file. Be sure the repair orders indicate how many days the motor vehicle was in the shop

and that the repair orders describe the problem(s) in detail. Make sure that the same description is used on the repair order each time the motor vehicle goes in for the same problem.

Idaho's Lemon Law provides a private cause of action. The Attorney General's Office does not represent consumers with Lemon Law claims. However, more information is available in a separate publication, *Idaho's Lemon Law*, available from the Consumer Protection Division and on the Attorney General's website.

REPAIRING A CAR

When you leave your car with a mechanic for repairs, you should expressly limit the dollar amount you authorize for repairs, improvements or services. It is an unfair and deceptive practice for the provider of the repairs, improvements or service to exceed that limit without first obtaining your express oral or written consent.

Remember, however, that if you request an estimate for the cost of repair, it is just an approximation of the amount that may be involved in the repair work. When the work is actually done, the cost may be more or less than was estimated. If your car needs unforeseen repairs or improvements that would unreasonably or substantially increase the originally-estimated cost, the repair person must obtain your oral or written authorization before performing and charging you for the additional repairs. If the repairperson fails to obtain your authorization for the additional costs of repair, you are not legally obligated to pay those additional costs under the Consumer Protection Act and related rules.

You are entitled to get your old parts back if you so requested when new parts were installed, unless the

replacement was made under a warranty or unless the price of the new parts was reduced in consideration for keeping the old parts.

You are entitled to an itemized billing or a copy of the work order if you ask for one, unless you agreed in a contract to be billed on a lump sum basis.

REPAIRING OR REMODELING YOUR HOME

RESIDENTIAL CONSTRUCTION

There are several things you should consider when selecting a general contractor for residential construction or home improvement.

CONTRACTOR REGISTRATION

Idaho law requires contractors to register with the Idaho State Contractors Board. To verify that a contractor you are considering hiring is registered, call the Bureau of Occupational Licenses at (208) 334-3233 or contact the Board at:

Idaho Contractors Board
Idaho Bureau of Occupational Licenses
700 West State Street
PO Box 83720
Boise, ID 83720-0063

Although contractors must register, it is still your responsibility to do sufficient research before hiring a contractor. You must decide what work is to be done, what it will take to do the job, how much you are willing to spend and what type of professional you need.

You should also protect yourself from many of the common

pitfalls of building or remodeling. The most frequent consumer complaints are about higher than expected cost, missed deadlines and poor workmanship. Sometimes these problems are not evident when the work is completed. Instead, they can surprise you months later.

To avoid costly mistakes and misunderstandings with a contractor, consider the following information.

NOTICES

In Idaho, the general contractor must give the homeowner or residential real property purchaser a disclosure statement before entering into a contract with a homeowner or a residential real property purchaser, if the contract exceeds \$2,000. The disclosure statement must inform the homeowner or residential real property purchaser that the homeowner has the right to:

- require the general contractor to obtain lien waivers from any subcontractors working with the general contractor (at the reasonable expense of the homeowner);
- ask the general contractor for proof of general liability insurance and workers compensation insurance, as required by law;
- purchase an extended policy of title insurance covering liens and
- require a surety bond (at the expense of the homeowner) in an amount up to the value of the construction project.

By the end of the project, the general contractor must give the homeowner or residential real property purchaser a list of all subcontractors, material men and rental equipment providers directly hired or working for the contractor who

have done work or supplied materials in excess of \$500. The list should include business names, addresses, and phone numbers. The list must be given to the homeowner before the closing of the sales agreement or before the homeowner provides final payment to the general contractor.

HOW TO CHOOSE A CONTRACTOR

Select a general contractor with great care and consider the following:

- Ask friends and family members for recommendations.
- Ask the general contractor for the company's full business name, address and telephone number, and verify them. A post office box, with no street address, is not acceptable.
- Verify that the contractor is registered with the Idaho State Contractors Board. Inquire as to whether the contractor has been subject to disciplinary action by the Board.
- Call the Better Business Bureau (BBB) in the area where the contractor's business is located, or check on the web at www.bbb.org, to see if any complaints have been filed against the company. Check to see if there are any unresolved cases and how long the contracting company has been in business under its current name. Some of the less reputable companies frequently change names in order to avoid being located.
- Check the records at the county magistrate court and district court to see if any claims have been filed against the contractor or company.
- Ask if the contractor is a member of a professional or trade association that has a code of ethics and a

process to arbitrate disputes, such as the Idaho Building Contractors Association. You can write to the Idaho Building Contractors Association at 6206 N. Discovery Way, Suite A, Boise ID 83713, or call (208) 377-3550.

- Ask for a list of previous customers whom you can contact for references. Contact the references to find out if they are satisfied with the contractor, if there were problems and, if so, the nature of the problems and whether the problems were resolved to the customer's satisfaction.
- Compare construction costs by getting written itemized estimates or bids from several contractors. Each estimate should describe the same building specifications, materials and time frame for completion.
- Verify prices for building materials quoted in the estimate by contacting building supply companies. You may also ask the supply company about previous dealings with your prospective contractor.
- Avoid contractors who pressure you into quickly signing a contract.
- Do not automatically select the lowest bidder.
- Beware of:
 - Unknown or out-of-town businesses in unmarked trucks or vans.
 - Door-to-door salespeople and telephone solicitors promising quick jobs and bargain prices.
 - Organizations that offer a bargain rate because their "equipment is already in the neighborhood."
 - Businesses that advertise "special introductory offers."
 - Contractors who use high pressure, scare or threatening sales tactics.

WHAT YOU SHOULD KNOW ABOUT THE GENERAL CONTRACTOR'S INSURANCE COVERAGE

Ask to see a copy of your general contractor's insurance certificate or the name of the insurance carrier and agency. Verify the coverage. General contractors should have property damage insurance to protect you from lawsuits if an accident happens on your property. A general liability policy in the sum of at least three hundred thousand dollars (\$300,000) is required to meet contractor registration requirements under Idaho law. Worker's compensation coverage should also be considered to cover potential worker injuries that may occur. Do not do business with any general contractor who does not have sufficient coverage.

RESIDENTIAL CONSTRUCTION/HOME IMPROVEMENT CONTRACT

A residential construction or home improvement contract should be in writing and include:

- The date of the contract.
- The general contractor's full name, street address and telephone number.
- The names of any subcontractors.
- A complete description of all work to be done.
- The grade and quality of all materials to be used.
- An agreed upon starting and completion date.
- The cost of the total project.
- A payment schedule showing the amount and date of each payment.
- A copy of all warranties and guarantees.
- Documentation of any financing arrangements.

Tips To Consider Before Signing a Contract

- Before signing any contract, you may want to consult a private attorney because, once signed, the contract will govern legal rights in your relationship with the contractor.
- Make sure that the contract contains all the terms of the agreement and that you have read and understand everything in the contract.
- Keep a signed, readable copy of the contract in a safe place.
- Make sure all verbal promises are included in the written contract. Be sure that the materials you select are what you want. Be sure the contract includes everything you feel is important to the job.
- Avoid costly overruns by making your construction decisions before construction has begun.
- If you need to borrow money to finance the construction work, add a clause to your contract stating that it is valid only if financing is obtained.
- Don't agree to a large down payment. Payments should be made upon the progress of the work. You should include a contract provision allowing you to withhold a certain sum, such as ten percent (10%), until the work is completed satisfactorily.
- Never sign a partially blank contract. Fill in or draw a line through any blank spaces.
- If you have any questions about the contract or do not understand any of its terms, ask for clarification before you sign it.
- If you sign a home improvement contract at home and it's for more than \$25, you have three days to cancel the contract, as outlined under the Door-to-Door Sales section of this manual.

WHAT TO KEEP IN A JOB FILE

You should keep a file with all papers related to the residential construction or home improvement job, including:

- The contract and any change orders.
- Plans and specifications.
- Bills and invoices.
- Canceled checks.
- Letters, notes and correspondence with the general contractor.
- Lien releases from subcontractors and material suppliers.
- A record sheet on each subcontractor, listing the work performed and the length of time on the job.

WHAT TO DO WHEN THE PROJECT IS FINISHED

- Thoroughly inspect all work before making final payment.
- Review the entire project with the general contractor.
- Immediately point out any defects, and be sure they are corrected.
- Require the general contractor to provide an affidavit of completion when the work is finished.
- Do not sign a completion certificate until the city/county building inspection department has certified that all work was performed in accordance with code standards, you have proof that all subcontractors have been paid in full and you are completely satisfied with the job.
- Withhold the percentage agreed upon in the contract until the job is completed, you are satisfied with the work that has been done and you have proof that all

subcontractors and employees have been paid.

WHAT TO DO IF YOU HAVE A COMPLAINT

First, discuss the problem with the contractor. Speak to the manager or the owner about the problem, and follow up by sending a certified letter confirming all details of the conversation. Keep records of all conversations you have with the contractor and any letters you send to or receive from the contractor. If direct contact with the contractor does not solve the problem, file a complaint with the Bureau of Occupational Licenses at:

Idaho Bureau of Occupational Licenses
700 West State Street
PO Box 83720
Boise, ID 83720-0063

You can also file a complaint online at www.ibol.idaho.gov or call (208) 334-3233 for more information.

LIVING TRUSTS

Living trusts are not for everyone. However, they can be a valuable estate planning tool if your estate justifies it. Living trusts are frequently marketed as a way to protect an estate from probate, but, for most people, probate is a relatively quick and inexpensive process.

The sale of living trusts is unregulated in Idaho, and many people selling living trusts are inadequately informed to advise you on the issues relating to living trusts and estate planning. Senior citizens are frequently targeted by people selling living trust packages.

Consumers who have purchased living trusts frequently complain that, after paying a substantial sum for the trust documents, they are left with inadequate direction or help in

funding the trust. Without proper funding, a trust is ineffective and, upon death, your estate would probably have to be probated. In that situation, heirs may experience frustration and increased expenses in trying to unravel your estate.

Other consumer complaints against marketers of living trusts include:

- exaggeration of the time, cost and complexity involved in probating a will;
- false assurances that assets in a living trust cannot be attached by creditors;
- false assurances that the income of living trusts in Idaho, drafted according to laws of other states, is exempt from Idaho income tax;
- the misleading use of estates of wealthy, famous people as examples to illustrate the benefits of living trusts when, in fact, the average consumer's estate cannot reasonably be compared to such examples and
- misrepresentations regarding a consumer's ability to control assets placed in a living trust.

If you are concerned about estate planning issues, contact your lawyer, accountant or tax planner to discuss what estate planning tools will best serve your needs.

LIVING WILLS

Living wills provide direction on how medical treatment should be provided or withheld if you become unable to communicate your wishes due to sickness or accident.

Forms for Living Wills with Durable Power of Attorney for Health Care are available from the Attorney General's website at www.ag.idaho.gov.

The State of Idaho maintains a health care directive registry in the Idaho Secretary of State's Office. Idaho residents may place their living wills and durable powers of attorney on the registry for a fee. In case of an emergency, you or your health care providers would be able to access your registered documents from different locations.

A living will is often sold as part of a living trust package. You should be suspicious of salespeople who point to living wills as a justification for high costs of a living trust package.

In order to determine which plan will best benefit you, the Attorney General strongly urges you to seek estate planning advice from professionals.

TELECOMMUNICATIONS

THE NO CALL LAWS

Idaho's No Call Law helps you reduce the number of unwanted phone solicitations you receive. Under Idaho law, it is illegal for telemarketers to call Idaho phone numbers registered on the National Do Not Call Registry.

The National Do Not Call Law operates similarly to Idaho's No Call Law. Telemarketers may not call registered telephone numbers. A telemarketer who does call a registered number can face court action and civil penalties under state and federal law.

Registering for the No Call Laws

The Federal Trade Commission (FTC) administers the National Do Not Call Registry.

The Attorney General encourages Idahoans who do not want to receive telephone solicitations to register their residential

and mobile phone numbers. Registration is free.

You can register your home and/or cellular phone number(s) on the National Do Not Call Registry by going to the FTC's online registry at www.donotcall.gov or by calling, toll-free, (888) 382-1222. When you register on the FTC's registry, your numbers are covered by both the state and federal No Call Laws. For convenience, there is a link to the FTC registration site on the Attorney General's website.

Filing a Complaint

If you have been registered on the National Do Not Call Registry for at least three months and have received a telemarketing call, you may submit a telemarketer complaint to the Attorney General's Office as well as the FTC. Information on how to file an Idaho No Call Law complaint is available on the Attorney General's website. A telemarketing call is defined as an unsolicited phone call from someone with whom you do not have a business relationship (no transaction within 18 months and/or no inquiry regarding the caller's products or services within 3 months), and the ultimate purpose of the call is to sell products or services. Examples of unsolicited phone calls that are exempt from the No Call Laws include: requests for donations to charitable or political causes, requests for political support, surveys/polling/research and debt collection.

TELEPHONE SOLICITATION

While many telemarketers are engaged in legitimate business, many people report deception by telemarketers. In response, the legislature enacted the Idaho Telephone Solicitation Act. This law grants consumers certain rights and places specific duties upon telephone solicitors. It is

designed to safeguard the public against deception and financial hardship.

The best way to combat deceptive telemarketers is to be informed. Take time to research a business and to carefully consider a purchase before finalizing it.

Consumer Rights

Under the Telephone Solicitation Act, you are entitled, in most situations, to:

- receive written confirmation regarding any purchase of goods or services made during the course of a telephone call,
- request and be provided with an itemized billing of goods or services purchased,
- cancel any purchase made over the phone, without obligation, up to three (3) business days after receiving written confirmation and
- pursue a private lawsuit against a telemarketer who has engaged in deceptive and/or misleading selling tactics during an unsolicited sales call.

Notice of Cancellation

As noted, you may cancel a telephone sales transaction, without penalty or obligation, within three business days of the date you receive written confirmation of the purchase.

The business must return your payments within ten business days of receiving the cancellation notice.

When you cancel a transaction, you must return the goods to the business within 21 days of the date the refund is received.

To cancel the transaction, you must mail or deliver a written cancellation notice, signed and dated. This must be done no later than midnight of the third business day after receiving the written confirmation of the purchase.

Contact the business for its return mailing address if the business does not clearly provide a return mailing address.

Telemarketer Responsibilities

- Telemarketers must clearly state that they are making a sales call.
- Telemarketers must clearly identify the company and the nature of the product or service being offered for sale.
- If the call is in regard to a prize promotion, the telemarketer must state, "No purchase or payment is necessary to win." (This must be clearly explained to the consumer before or with the prize description.)
- Upon the request of a consumer, telemarketers must disclose their telemarketing registration number that has been assigned by the Idaho Attorney General's Office. The registration number does not indicate that the Attorney General's Office is endorsing the business; it is simply for reference and record keeping purposes.
- A telemarketer is restricted to making phone calls between the hours of 8 a.m. and 9 p.m. They may call seven days a week and on holidays.

Unlawful Acts

It is unlawful for a telephone solicitor to:

- intimidate or torment any person in connection with a telephone solicitation,

- fail to hang up and free a consumer's telephone line immediately upon request,
- misrepresent the price, quality or availability of goods or services being offered for purchase,
- use any device or method that may block the phone number or mislead the recipient as to the identity of the solicitor on a caller identification device (NOTE: Due to their location, some telephone numbers may display as "unavailable" or "out of area.") and
- advertise, represent or imply that they have approval or endorsement of any government office or agency unless such is a fact. (It is a good idea for consumers to verify this with the government agency directly before making a purchase with the organization.)

The Attorney General's Office does not endorse businesses or solicitations. If a telemarketer claims that the office has endorsed a telemarketer or his products, you should consider the claim false and report the false claim to the Attorney General.

CRAMMING

Cramming is the term used to describe the addition of charges to your telephone bill for services you did not knowingly authorize. Unauthorized charges for voice mail service, 800 number service or calling cards are common forms of cramming.

Cramming is a violation of the Idaho Consumer Protection Act. It is also prohibited by Federal Communications Commission (FCC) rules.

To protect yourself from cramming, check every page of your phone bill each month to make sure you are not being charged for services you did not order.

If you discover unauthorized charges, here are some steps you can follow:

First, notify your local phone company that you are disputing the unauthorized charges.

Second, contact the company that placed the unauthorized charges on your account and request that your account be cleared of all charges. The name of each service provider and its toll-free number should be listed on your telephone bill.

Finally, you may file a complaint with the Consumer Protection Division against the company that added the charges to your account. You may also file a complaint with the FCC and the Idaho Public Utilities Commission.

UNSOLICITED FAXES

Unsolicited fax advertising is illegal in Idaho. Businesses and residences receive unsolicited advertising over their fax machines every day. The ads are frequently “fax blasted” by third party marketing companies. To help you limit the number of junk faxes you receive, you may consider the following options:

If you receive faxes through your computer, you can install a fax-filtering program that will prevent junk faxes from reaching you.

Unplug your fax machine whenever you’re not using it. If you have different fax and phone numbers, you can disable your fax machine when you aren’t sending or expecting a fax.

You have a private right of action for a violation of the federal Telephone Consumer Protection Act, 47 USC 227.

For additional information about filing a lawsuit against a faxer, contact a private attorney.

You may file a complaint with the Attorney General's Consumer Protection Division or the FCC.

900 PAY-PER-TELEPHONE CALL SERVICES

Most "900" telephone calls range from a few dollars per minute to \$50 or more per minute. Federal law requires advertisements to disclose the per-minute rate or flat fee. When a 900 number is dialed, there must be an introductory message describing the service and the cost of the call.

Always check your phone bill for 900 number charges. Each charge should include the date, time and, if billed on a per-minute rate, length of the call. There should also be a local or toll-free number to call about the pay-per-call charges.

If you find an error on your bill, follow the instructions on your statement. They will tell you who to call or write to dispute the charges. You must notify the company listed within 60 days from the date the first statement containing the error was sent.

Your telephone company cannot disconnect your phone for failure to pay these "900" charges. For policy information related to long distance carriers, call the carrier or the Idaho Public Utilities Commission.

The Idaho Pay-Per-Telephone Call Act requires full disclosure of all the costs of every "900" call that will cost more than \$2.00.

Furthermore, the Act requires a "presubscription or comparable agreement" from the caller before charges for adult entertainment calls can be collected. A presubscription or comparable agreement is:

1. a written contractual agreement between an information provider and a legally competent person that is executed for the sole purpose of arranging purchase of pay-per-telephone call services; or
2. a disclosure of a pre-existing credit, prepaid account, debit, charge, or calling card number, along with authorization to bill that number.

You do not have to pay the bill if these requirements are violated. In addition, the violator is subject to civil penalties. The Idaho Pay-Per-Telephone Call Act also grants enforcement powers to the Attorney General.

COUNTERFEIT CHECKS

In the last couple of years, the Attorney General's Office has noticed a significant increase in fraud involving counterfeit checks. Consumers have received counterfeit checks in connection with promotions and scams involving lotteries, prizes, tax refunds, government grants, and "mystery shopping" services.

We have also encountered instances in which a consumer received a counterfeit check as payment for an item sold through a classified ad or an Internet auction site. In this version of counterfeit check fraud, the payment is usually for an amount much larger than the agreed upon price. When the seller contacts the buyer about the overpayment, the buyer will typically say he made an error in the amount, indicate that he trusts the seller and encourage the seller to cash the check, keep the amount owed and send the buyer a personal check for the difference.

Fraudulent international lottery scams involving counterfeit checks are also common. In this scam, you will receive a letter notifying you that you have won a lottery in a foreign country, often Canada. The letter will include a check for a

few thousand dollars and instructions that you should cash the check and send back another check for a lesser amount to cover taxes legal fees or other expenses. Once your check is received, the letter promises, your full lottery winning will be sent to you.

In all of these variations, the check you received, no matter how realistic it looks, will turn out to be counterfeit. The fact that a bank cashes a check, or accepts it for deposit, does not mean the check is valid. It can often take several weeks for a security expert to determine a check is counterfeit.

Counterfeit checks are illegal. If you cash a check and it proves to be counterfeit, you will have to repay the money to the bank. If you send money to the scammer, it is almost certain that you will never get your money back.

RED FLAGS

Be suspicious of checks you did not expect to receive or checks that are for amounts greater than you expected. No one sends you money out of the blue without expecting to make money in return. Be equally suspicious of unexpected money orders.

IF YOU RECEIVE A SUSPICIOUS CHECK

If you receive a suspicious check, you should shred it. If you would like to send it to the Attorney General, we always welcome information that helps us warn Idahoans about active scams. However, please understand that most counterfeit checks come from foreign countries, and we are unable to pursue the senders. The Federal Deposit Insurance Corporation (FDIC) posts alerts when banks report receiving a counterfeit check. The web address is www.fdic.gov.

FREE PRIZES/MAIL SWEEPSTAKES

FREE PRIZES

"Prize" promotions are unlawful in Idaho if they require any kind of purchase or similar payment in order to participate. Even where no purchase or other payment is required, Idaho law provides that "prize" promotions or solicitations must not be deceptive or misleading as to your chances of winning or as to the value of the prizes.

If you receive a "prize" promotion or sweepstakes offer that requires a credit card number or payment of a fee to receive a prize, the best course of action is simply to throw the solicitation away. If the offer comes over the telephone, just hang up.

MAIL SWEEPSTAKES

You have probably received certificates in the mail congratulating you as a "guaranteed" grand prize winner in a promotional sweepstakes. However, the sweepstakes may only drag you along, mailing after mailing, trying to get you to purchase products or pay fees to claim your prize. Before you respond to a sweepstakes offer, here are some things to consider:

- Many of these promotions are fraudulent, and you will not receive the promised prizes of money or merchandise.
- The prizes (gems, watches, jewelry, etc.) may be worth much less than implied or stated in the sweepstakes.
- Never call a 900 number to claim a prize. You will be charged a very high fee for each minute of the phone call, and the promoters will keep you on the phone as long as possible!

- Never pay postage, processing fees or taxes to a sweepstakes. Whatever you pay will be more than the so-called free prize.
- Never give out your credit card number, social security number or your bank account number.
- A true prize requires nothing of you!

Very sensible people have lost thousands of dollars by simply believing that a huge sum of money would be mailed to them soon.

If you would like to reduce the mailings coming to your home, you can:

- Tear up and throw away questionable promotional sweepstakes mailings. When you participate in these sweepstakes, your address is sold to more mail solicitors.
- Write to:

Direct Marketing Association
 PO Box 643
 Carmel, NY 10512

Ask them to remove your name and address from these lists. Be sure to enclose a check for \$1, payable to "Mail Preference Service".

DOOR-TO-DOOR SALES

Idaho Consumer Protection Rules protect you from high-pressure or deceptive door-to-door salespersons.

If you make a purchase of \$25 or more from a door-to-door salesperson for personal, family or household purposes, that salesperson is required to furnish you with written

notification that you have a three-working-day grace period in which to cancel the purchase. The salesperson should give you a contract or receipt for your purchase and two copies of the Notice of Cancellation form. You may cancel your purchase by signing and dating one copy of the form and mailing or delivering it to the seller within the three-day period. Keep a copy for your records.

Within ten days of your cancellation, the seller must refund all your money, return any trade-in you may have given, cancel any contracts you have signed and let you know when or how the merchandise will be returned.

You have these rights even if the seller did not furnish you with the Notice of Cancellation forms. If you were not provided with the forms, you may cancel your purchase by writing a letter to the seller within three business days of the transaction, stating your desire to cancel. It is a good idea to send the letter certified mail, return receipt requested, and keep a copy for your records.

If you used credit to purchase goods or services from the door-to-door salesperson, the Idaho Credit Code allows you three business days to cancel the purchase, regardless of the price of the item. The three-day right to cancel does not apply if the sale is made entirely by mail, if you discussed or placed the order at the seller's place of business or if the sale is of real estate, insurance or securities.

PYRAMID AND CHAIN DISTRIBUTION SCHEMES

Pyramid marketing is inherently fraudulent due to the mathematical impossibility for most people to achieve the promised income.

Pyramid schemes take many forms, from the simple chain

letter asking you to send money to individuals named in the invitation letter, to more sophisticated chain distributions offering to pay you money to bring others into the scheme. Idaho law defines a pyramid promotional scheme as a plan or operation whereby you pay for the opportunity to receive compensation, derived primarily from the recruitment of other persons into participating in the plan or operation rather than from the sale of goods, services or other intangible property by the person or other persons introduced into the plan or operation. A chain distribution scheme operates in a similar manner. Financial gain is made through the recruitment of other participants.

Pyramid promotional schemes violate the Consumer Protection Act and Idaho's criminal law. Participants in pyramid schemes may face felony criminal charges and monetary penalties. Chain distribution schemes violate the Consumer Protection Act.

SALES PRACTICES

REFERRAL SALES

If a merchant offers a reduction in price on a purchase in exchange for recruiting additional buyers, this is known as a referral sale. It is an unfair and deceptive act or practice for a seller to engage in any referral sale unless you are given the discount at the time names of potential purchasers are given. The discount cannot be based on the future purchase of goods or services to others.

If you are induced to enter into an agreement to purchase on credit because of a referral sales tactic, you may rescind the agreement or retain the goods and the benefit of any services performed, without any obligation to pay. This applies only to goods purchased for personal, family or household purposes.

IMPLIED WARRANTIES

The Uniform Commercial Code (UCC), Title 28, Idaho Code, provides an implied warranty when goods are purchased from a merchant who deals in those goods. This means the goods automatically come with a guarantee that they are fit for the ordinary purpose for which they are used. In addition, if you rely on the seller's skill or judgment in selecting goods for a particular purpose, the law also implies a warranty of fitness for that particular purpose.

The implied warranty protects you only from defects that substantially impair the product. It does not cover minor defects, such as scratches or problems that do not prevent the product from doing what it is supposed to do.

You may return the merchandise and request a refund only after the seller has had a reasonable opportunity to repair or replace it. What is reasonable will depend on the circumstances.

To get your money back or a replacement, you must revoke your acceptance of the product by offering to return it to the seller within a reasonable time after the defect is discovered. You should put your revocation to the seller in writing and keep a copy for your records.

Under the UCC, you have an obligation to take care of the product as long as it is in your possession. If it costs you money to take care of it, or if you suffer a loss because the item is defective, you may be able to recover your expenses. The implied warranty does not apply if you purchase a product marked "as is" by the seller. This means the seller does not make any promises about the condition or quality of the item. If something goes wrong, the seller is not obligated to repair or replace the item or to give you a refund.

NEGATIVE OPTION

In a negative option promotion, a business offers something free for a period of time. After that, the business bills you for the goods or services unless you request that the service be discontinued. In Idaho, businesses are prohibited from using certain negative options. Businesses must obtain your written consent before using negative option arrangements. Book and recording clubs may continue to use negative option mailings if the members have agreed up-front to that arrangement, and the transaction complies with existing federal law and Idaho's Unordered Goods and Services Rule.

USED GOODS

It is an unfair and deceptive practice to represent, directly or indirectly, that goods are new or unused if the same is not true. Clear and conspicuous disclosure must be made if goods are used or if they contain used, rebuilt, re-manufactured or reconditioned parts.

RAIN CHECKS

A store is required to have enough advertised items to meet the reasonably expected public demand for the goods, unless the advertisement states the quantity is limited. If, for some reason, the advertised item is not available, offering rain checks or substitute goods of the same or better quality is a mitigating measure under the Consumer Protection Act.

LAY-AWAY

If you purchase something on lay-away, the seller must lay aside the actual goods you have chosen, or exact duplicates, unless you are given a clear and conspicuous disclosure that this will not be done. The seller may not increase the price of the goods laid away after the original agreement has been

made. At the time of the purchase, the merchant should provide you with a written disclosure of the store's lay-away policy. The written disclosure must be on the initial lay-away receipt, on a separate sheet of paper or clearly and conspicuously posted at the store's lay-away desk.

CREDIT

CREDIT PURCHASES

Purchasers who use credit are protected under the federal Truth in Lending Act. This law applies if you use any type of credit card. It also applies when payment books or other similar devices are used.

Under the Truth in Lending Act and related regulations, if you use credit to buy a product that proves to be defective, you do not have to pay the credit bill, provided three conditions are met.

First, the cardholder must have made a good faith attempt to resolve the matter with the merchant.

Second, the amount of credit involved in the disputed transaction must be more than \$50.

Third, the transaction must have occurred in the same state as the cardholder's current address or within 100 miles from that address.

The question of where a transaction occurs (as in the case of mail or telephone orders, for example) is determined under state law.

Even if your transaction does not meet these three criteria, you should request a charge back (a credit to your account of the disputed amount) from the issuer of your credit card,

because the issuer may have agreements with other businesses that give you additional rights.

You must, however, give the seller a reasonable opportunity to repair or replace the item just as you would if you had paid cash.

Payment of a disputed balance waives the right to assert a claim or defense as to the credit card issuer.

The credit card issuer cannot demand payment of your bill until your dispute with the seller is settled. If the credit card issuer demands payment in spite of your situation, you may sue and collect from \$100-\$1,000, depending upon the size of your purchase. Under the Federal Trade Commission's Holder in Due Course Rule and Idaho Consumer Protection Rules, you have the same right to refuse payment to the finance company as you have against the seller. This rule also protects you if the seller referred you to a particular finance company for credit. You must notify the finance company in writing that you are revoking your acceptance with the seller.

These rules do not apply in situations in which you arranged for your own loan without any help from the seller. If you borrowed money from a bank or other third party, and the loan was made directly to you without any help or recommendation from the seller, you are legally obligated to repay the loan in full.

If you lose your credit cards or suspect that someone has stolen them, immediately send the card issuer a letter (certified mail, return receipt requested) that includes your name, account number and the charges that you question, along with a concise explanation.

THE CREDIT REPORT PROTECTION ACT

The Credit Report Protection Act allows you to place a “security freeze” on your credit report and prohibits a person from intentionally releasing your Social Security number to the general public. A security freeze, often called a “credit freeze,” generally prohibits a consumer reporting agency from giving your credit information to a third-party creditor. If you believe that your personal or financial information has been disclosed without your permission, you should consider requesting a security freeze.

To obtain a security freeze, you must mail a written request to each of the three major credit reporting agencies asking them to place a freeze on your credit report. You must pay a fee of up to \$6 to each credit reporting agency from which you request a freeze. However, if you are a victim of identity theft, you can obtain a security freeze for free. To obtain a free security freeze as a victim of identity theft, you must file a police report and provide a copy to the credit reporting agencies.

If a credit reporting agency violates the Credit Report Protection Act, and you are harmed by it, you should consult with a private attorney about your legal rights and options. You also can file a consumer complaint with the Attorney General’s Office.

FREE CREDIT REPORTS

Under federal law, you have a right to receive a free copy of your credit report once a year from each of the three national credit reporting agencies.

The annual free reports are available only through the centralized source set up by the three credit reporting

agencies. If you contact the companies directly, you will be charged for your credit reports.

In order to obtain the credit reports, you will be asked for identifying information, including your Social Security number. Providing this information will ensure that credit reporting agencies send you your credit report.

To obtain your free credit reports:

- Call, toll-free, (877) 322-8228; or
- Order online at www.annualcreditreport.com; or
- Complete the Annual Credit Report Request Form, available at www.ftc.gov/credit, and mail it to:

Annual Credit Report Request Service
PO Box 105281
Atlanta, GA 30348-5281

When you apply for your free credit reports, the credit reporting agencies will likely attempt to sell you upgraded services. You are under no obligation to purchase any upgraded services. You may simply say no to these options and receive only your free report.

CREDIT REPAIR

Beware of any business that promises to erase bad credit. Time and good credit practices are the only cures for a poor credit history. Any promises to the contrary are false and misleading. Idaho law requires all companies making credit repair claims to be licensed by the Idaho Department of Finance.

FAIR CREDIT BILLING

Congress passed the federal Fair Credit Billing Act (FCBA)

to protect and assist consumers seeking to resolve disputes with creditors. To protect your rights under the FCBA, you must send a written “billing error notice” to the creditor within 60 days after the first bill containing the error was mailed to you. The creditor must acknowledge your “notice” in writing within 30 days of receipt, unless the problem is resolved within that period. In addition, within two billing cycles or within 90 days, the creditor must conduct a reasonable investigation and either correct the mistake or provide an explanation as to why the bill is correct. During this dispute resolution, the creditor may not threaten damage to your credit rating or report you as delinquent to anyone.

TRUTH IN LENDING

The federal Truth in Lending Act requires disclosure of the true costs of consumer credit so that you can make informed choices among credit sources. This allows you to shop for the best credit terms and to fully understand the credit agreement.

One important required disclosure is the finance charge, the amount it will cost to borrow or buy on credit. Another important disclosure is the annual percentage rate, also known as APR. The APR discloses the interest rate being charged. Other Truth in Lending disclosure requirements include:

- the identity of the creditor making the disclosure;
- the amount financed (the amount of credit provided);
- a breakdown of the amount financed (where the money goes);
- the number, amounts and timing of installment payments;
- the total amount of payments (the total amount of all scheduled payments);

- whether the obligation must be repaid on demand;
- the total sale price (the total price of the purchase on credit, including any down payment);
- if there will be a penalty or a partial refund of the finance charges if the debt is paid off early;
- any charges for late payments and
- the existence of a security interest in the purchased product.

Truth in Lending disclosures must normally be made at or before the time of the transaction. If they are not, and you are damaged by the failure to disclose, you may recover your actual damages. You may also recover court costs and reasonable attorney fees.

TRUTH IN LEASING

The federal Truth in Leasing Act regulates consumer leases because they represent an alternative to buying on credit. The Act requires disclosure of certain information to ensure you do not confuse leasing with purchasing on credit and to provide adequate information for you to make informed decisions.

If a lease advertisement contains any of the following two triggering terms, then specific disclosures must also be included in the advertisement. These triggering terms are: 1) a statement of the amount of any payment (for example, "Pay a mere \$140 per month") or 2) a statement that any or no initial payment is required at the beginning of the lease (for example, "Zero Down," "Low Down Payment," or "Lease now and make no payments for three months"). If these triggering terms are used in a consumer lease advertisement, then the advertisement must clearly and conspicuously state, as applicable, the following five disclosures:

- that the transaction advertised is a lease;
- the total amount of any initial payments required on or before consummation of the lease or delivery of the vehicle, whichever is later;
- whether a security deposit is required;
- the number, amount and timing of scheduled payments and
- with respect to a lease in which your liability at the end of the lease term is based on the anticipated residual value of the vehicle (open-ended leases), that an extra charge may be imposed at the end of the lease term.

Truth in Leasing disclosures must normally be made at or before the time of the transaction. If you are damaged as a result of a failure to disclose, you may recover your actual damages, and you may also recover court costs and reasonable attorney fees.

THE CONSUMER FORECLOSURE PROTECTION ACT

Due to an increase in mortgage foreclosures, the number of so-called “foreclosure rescue” companies has multiplied. These companies advertise that they can help financially distressed consumers save their homes from foreclosure, but, in fact, they often strip consumers of their equity and make them tenants in their own homes.

The Consumer Foreclosure Protection Act requires certain businesses to include written disclosures in any contract with a homeowner who is facing foreclosure. Contracts must include a notice informing the homeowner about the consequences of entering into a foreclosure rescue contract. The notice must provide information about resources the homeowner may consult. It also must include a five-day

right to rescind the contract. Certain businesses, including licensed mortgage lenders and brokers, banks, and credit unions, are exempt from the Act's disclosure requirements.

For additional information about foreclosure rescue schemes, refer to the Attorney General's publication *Foreclosure Prevention: A Workbook*. It is available at www.ag.idaho.gov or by calling the Consumer Protection Division.

For additional information regarding how to avoid foreclosure, visit the U.S. Department of Housing and Urban Development's website at www.hud.gov or call HUD, toll-free, at (800) 569-4287. You should consult with your private attorney before you sign any contract involving the ownership of your home.

RAFFLES, BINGO & PROMOTIONAL DRAWINGS

Idaho law authorizes bingo and raffle games only when operated by qualified charitable organizations in the pursuit of charitable purposes. The charity may need to obtain a license from the Idaho Lottery Commission.

Under Idaho law, a game of chance in which you must pay money, make a purchase or give anything of monetary value in order to have a chance to win a prize is considered a lottery. It is unlawful in Idaho for anyone other than the Idaho Lottery, a charity licensed by the Idaho Lottery Commission or an Indian Tribe on its reservation to conduct lotteries, bingo games or raffles. Games of skill are not considered lotteries.

Merchant promotional contests and drawings conducted incidental to bona fide non-gaming business operations are

allowed if participants do not have to pay money or other consideration in order to play.

CHARITIES

The Charitable Solicitation Act prohibits unfair, false, misleading or deceptive conduct in the solicitation of funds for a charitable organization. The Attorney General enforces this law through the Consumer Protection Division.

Many charities use professional fundraisers to solicit donations by telephone. It is common for a charity to authorize professional fundraisers to use the charity's name. They will tell you the proceeds go to the charity. However, professional fundraisers often keep 85% or more of your contribution as their profit and to cover their operating costs. If you are not interested in the product or event, you will provide a greater benefit to the charity by sending a check directly to the charity and bypassing the fundraiser altogether.

You should carefully check out any organization that solicits you for a donation. For information about a particular national charity's activities, finances and fundraising practices, contact the Council of Better Business Bureaus' Wise Giving Alliance, Ste. 800, 4200 Wilson Blvd., Arlington, VA 22203, (703) 276-0100, www.give.org.

Before you agree to make a purchase or donation:

- Ask how your contribution will be used. Ask what percentage of your contribution will go to the charity itself. Ask if your contribution will be used locally or elsewhere. Get written information.
- Call the charity directly to verify whether the fundraiser is working on behalf of the organization. If you cannot verify the claim, report the solicitation

to your local law enforcement officials and the Consumer Protection Division.

- Do not believe a fundraiser's suggestion that you'll receive special treatment for donating. No fundraiser can guarantee that you won't be stopped for speeding if you have a police organization's decal in your car window.
- Don't feel intimidated about declining to give. A caller who uses intimidation tactics or emotional pleas is likely to be a scam artist. Report the call to your local law enforcement officials and the Consumer Protection Division.

If you do give, be careful how you do it. Avoid cash gifts; cash can be lost or stolen. Never give your credit card number over the phone to someone who calls you. Write a check and make it out to the charity – not the solicitor.

INTERNET SAFETY

One of the greatest risks of the Internet is that it is an anonymous place with no face-to-face contact. Thieves and predators take advantage of this anonymity and pretend to be someone other than whom they really are. For more detailed information read the Attorney General's manual *Internet Safety*.

SHOPPING ONLINE

Use a secure browser

A browser is the software you use to explore the Internet. Your browser should comply with industry security standards. Most computers come with a secure browser already installed.

You can determine whether your browser is secure from your web browser window. Select the "HELP" menu option and then select "ABOUT." The information pop-up window will display the encryption level.

Shop with companies you know.

Anyone can set up a business under almost any name on the Internet. If you are not familiar with a business, look for a physical address, a phone number and an e-mail address. Contact the business and ask for a brochure or catalog of merchandise and services. Request a copy of the business's refund and return policy. Contact the Better Business Bureau and the Consumer Protection Agency in the business's home state to find out what kind of track record the business has. Check with the Secretary of State to see if the business is registered. If you are purchasing an item from an Internet auction, check the seller's feedback rating.

Before you make a purchase, make sure that you know what you are paying for. Review the description, price information, and any limitations on purchases. (For example, goods may not be available for delivery outside of the country; there may be minimum quantities that must be ordered; etc.) If possible, compare the description to an actual physical model of the same item.

Review the fine print and look for words such as "refurbished," "close-out," "discontinued" or "off-brand."

Keep a paper copy of your purchase

When you order something over the Internet, keep a printed copy of your purchase order, receipt or confirmation number. A paper record will help resolve problems with your purchase.

If you are purchasing an item from an Internet auction, review the auction site's recommended payment options. Decide whether you are willing to risk sending your money before you receive the product. Some Internet auction sites warn against paying by cash wire transfer, as this kind of payment is not traceable and usually impossible to recover in case of fraud.

The federal Mail or Telephone Order Merchandise Rule also covers purchases made over the Internet. Unless otherwise indicated, this rule requires that the merchandise must be delivered within 30 days. The company must notify you if the merchandise cannot be delivered within that time frame.

Internet auction sites

Shopping on an auction site does not automatically protect you from fraud. In fact, some auction sites may be wholly fraudulent. Shop only on sites that you know or can verify are legitimate.

When shopping on an auction site, you should always understand and follow the site's guidelines. Going outside the site to pay for a purchase puts you at greater risk of fraud and loss of money. Some sellers or buyers will offer to deal with you directly through your e-mail, for example claiming that your bid won a "second chance" offer. This is a tactic often used by scammers as an attempt to lure you away from the site's protection guarantees.

Be especially cautious of buyers and sellers outside of the United States. Much of the fraud reported on these sites occurs with foreign transactions. If you lose money in an Internet scam, you will have practically no chance of getting it back, especially if the seller is in a different country.

If you have a dispute with an auction site purchase, contact the seller through the auction site's system. Don't communicate "off-site" or by direct e-mail. If you are not satisfied with the seller's response, use the auction site's dispute process. Be sure to act within the site's allowed timeframe. Don't let the seller delay until the dispute deadline has passed. If you pay with a credit card, you may also be able to dispute charges with your credit card company.

E-MAIL

Advance Fee Scam

Advance Fee Scams include requests for your personal bank account information or asking you to pay an advance fee for taxes, attorney fees and other transactional costs in order to receive a benefit or money.

"Phishing" or Verification Scam

If you are a target of this scam, you will receive an e-mail or pop-up message that appears to be from a trusted company. The e-mail will indicate that the company needs to verify information for its records and will ask you to provide your credit card number, automatic teller PIN (personal identification number), Social Security number and/or other confidential information. This kind of e-mail is an attempt to obtain information that can be used to steal your identity or your money.

The companies with whom you do business already have the information they need. Legitimate companies will not contact you by e-mail to verify information you have already provided.

If you receive an e-mail similar to these scams, do not respond. Forward it to the Federal Trade Commission at spam@uce.gov and then delete the original e-mail from your computer.

SPAM

Bulk electronic mail advertisements, or “spam,” are the e-mail version of junk mail: unwanted messages from people you do not know seeking to sell you a product or service.

The Federal “CAN-SPAM” Act of 2003 requires spammers to allow you to “opt out” from receiving future e-mails. Many people, however, report that they receive additional e-mails from other spammers after they ask to be removed from one spammer’s list. You can report spammers that do not honor your “opt out” request to the FTC.

A recipient of spam e-mail may also file a complaint with the Idaho Attorney General’s Consumer Protection Division.

CHILD SAFETY

Here are some Internet safety tips for parents and kids:

- Communicate. Talk to your child about the potential hazards of the Internet.
- Keep the computer in a central room.
- Use parental controls and/or blocking software.
- Keep track of the websites viewed by your children.
- Maintain access to your child’s account and randomly check e-mail.
- Teach your children not to give out any information about themselves.
- Do not allow your children to use chat rooms. Even seemingly safe “kids” chat rooms can be dangerous.

The Attorney General has produced *ProtectTeens* to educate children and their parents about the dangers from sexual predators on the Internet. You can watch the *ProtectTeens* video, view the supporting materials and request a free copy of the *ProtectTeens* CD by visiting the Attorney General's website.

The National Center for Missing and Exploited Children has also assembled a very useful, informative and fun Internet safety program for parents and kids. You'll find it at www.netsmartz.org.

APPENDIX

DIRECTORY FOR CONSUMER ASSISTANCE

Independent Organizations

Better Business Bureau Website:

www.bbb.org

Better Business Bureau of Southwest Idaho

4355 Emerald, Ste. 290

Boise, ID 83706

Phone: (208) 342-4649

www.boise.bbb.org

Better Business Bureau of Eastern Idaho & Western Wyoming

453 River Parkway

Idaho Falls, ID 83402

Phone: (208) 523-9754

www.idahofalls.bbb.org

Better Business Bureau of the Inland Northwest

152 S. Jefferson, Ste. 200

Spokane, WA 99201

Phone: (509) 455-4200

www.spokane.bbb.org

State Agencies

These Idaho state agencies cover most, but not all, consumer related problems.

Office of the Attorney General Consumer Protection Division

954 W. Jefferson, 2nd Floor

PO Box 83720

Boise, ID 83720-0010

Phone: (208) 334-2424

Toll-free in Idaho: (800) 432-3545

www.ag.idaho.gov

Idaho Department of Finance

800 Park Blvd., Ste. 200

Boise, ID 83712

PO Box 83720

Boise, ID 83720-0031

Phone: (208) 332-8000

Toll-free in Idaho: (888) 346-3378

finance.idaho.gov

Idaho Department of Insurance

700 W. State St., 3rd Fl.

PO Box 83720

Boise, ID 83720-0043

Phone: (208) 334-4250

Toll-free in Idaho: (800) 721-3272

www.doi.idaho.gov

Idaho Bureau of Occupational Licenses

700 West State Street

PO Box 83720

Boise, ID 83720-0063

Phone: (208) 334-3233

www.ibol.idaho.gov

Idaho Public Utilities Commission

472 W. Washington St.

PO Box 83720

Boise, ID 83720-0074

Phone: (208) 334-0369

Toll-free in Idaho: (800) 432-0369

www.puc.state.id.us

Medicaid

Benefits Customer Service Center

1720 Westgate, Suite A

Boise, ID 83707

Phone (208) 334-6700

Toll-free: (866) 326-2485

www.healthandwelfare.idaho.gov

Federal Agencies

These federal consumer offices can provide assistance or information in the subject areas listed.

Consumer Information

Federal Citizen Information Center (FCIC)

1800 F St. NW
Washington, D.C. 20405
Phone: (202) 501-1794
Toll-free: (888) 8PUEBLO (catalog orders only)
www.pueblo.gsa.gov

Federal Trade Commission (FTC)

600 Pennsylvania Avenue, NW
Washington, DC 20580
Toll-free: (877) 382-4357
www.ftc.gov

Product Recalls

Consumer Product Safety Commission (CPSC)

4330 East West Highway
Bethesda, MD 20814
Toll-free: (800) 638-2772
www.cpsc.gov

Drugs and Cosmetics

Food & Drug Administration

Consumer Inquiries Office
10903 New Hampshire Drive
Silver Spring, MD 20993-0002
Toll-free: (888) 463-6332
www.fda.gov

Environment

Environmental Protection Agency

US EPA, Region 10
1200 Sixth Avenue, Ste. 900
Seattle, WA 98101
Phone: (206) 553-1200
Toll-free: (800) 424-4EPA
www.epa.gov

Job Safety

Occupational Safety and Health

200 Constitution Avenue, NW
Washington, DC 20210
Toll-free: (800) 321-6742
www.osha.gov

Mail Fraud

U.S. Postal Inspection Service

Criminal Investigations Service Center
Attention: Mail Fraud
222 S. Riverside Plaza, Suite 1250
Chicago, IL 60606-6100
Toll-free: (877) 876-2455
postalinspectors.uspis.gov

Medicare

Social Security Administration

Office of Public Inquiries
Windsor Park Building
6401 Security Blvd.
Baltimore, MD 21235
Toll-free: (800) 772-1213
www.ssa.gov

Radio and Television

Federal Communications Commission

445 12th St. SW
Washington DC 20554
Toll-free: (888) 225-5322
www.fcc.gov

Finding an Attorney

Lawyer Referral

Idaho State Bar
525 W. Jefferson St.
PO Box 895
Boise, ID 83701
Phone: (208) 334-4500
www.state.id.us/isb

Idaho Legal Aid Services, Inc.

Administrative Office
310 N. 5th St.
PO Box 1683
Boise, ID 83701
Phone: (208) 345-0106
www.idaholegalaid.org

Consumer Protection Manuals

| | |
|---|--|
| Buying a Home | A Parents' Guide to Social Networking Websites |
| Charitable Giving | Pyramids, Gift Schemes & Network Marketing |
| Credit and Debt | Residential Construction |
| Foreclosure Prevention: A Workbook | Rules of Consumer Protection |
| Guidelines for Motor Vehicle Advertising in Idaho | Rules of Telephone Solicitations |
| Idaho Consumer Protection Manual | Senior Citizens Manual |
| Idaho Lemon Law | Service on an Idaho Nonprofit Board of Directors |
| Identity Theft | Telephone Solicitation |
| Internet Lingo Dictionary | Young Adult Handbook |
| Internet Safety | |
| Landlord and Tenant Guidelines | |

Funds collected by the Attorney General's Consumer Protection Division as the result of enforcement actions paid for these pamphlets. No tax monies were used to pay for these publications.

The Consumer Protection Division enforces Idaho's consumer protection laws, provides information to the public on consumer issues, and offers an informal mediation process for individual consumer complaints.

If you have a consumer problem or question, please call (208) 334-2424 or in-state toll-free (800) 432-3545. TDD access and Language Line translation services are available. The Attorney General's website is available at www.ag.idaho.gov.



C.L. "BUTCH" OTTER
Governor

GAVIN M. GEE
Director

Dear Consumer:

Attached is the Complaint Form you requested. Please complete this form and submit copies of supporting documents to the Department at the address located at the bottom of this letter. If you have not already attempted to resolve your dispute with the business or person you are complaining against, you are encouraged to do so prior to submitting a complaint.

By submitting your complaint, you acknowledge and understand that the Idaho Department of Finance does not represent individual consumers in the handling of complaints, and the Department's consumer response process may not result in a resolution that is satisfactory to you.

The Department investigates complaints that allege business practices that violate laws enforced by the Department. The receipt of this information allows the Department to identify and devote resources to serious cases involving the potential for widespread harm to Idahoans. Information provided by consumers, like you, is indispensable to the Department's law enforcement efforts.

Unless you specifically request otherwise, your complaint will be provided to the business or person complained against, with a request for a written response.

In addition to filing a complaint with the Department of Finance, you may also want to consider the following options:

1. The Better Business Bureau may be able to assist you in mediating your dispute with a business.
2. You may want to consider filing a claim in small claims court if the amount in controversy is less than \$5,000.
3. If the amount in controversy is more than \$5,000 you may wish to consult a private attorney. If you do not have an attorney you may contact the Idaho State Bar Lawyer Referral Service at: Idaho State Bar, P.O. Box 895, Boise, Idaho 83701, (208) 334-4500. The Idaho State Bar and Idaho Law Foundation, Inc.'s website can be located at: <http://isb.idaho.gov>.
4. Depending upon household income and other factors, you may qualify for legal assistance from the Idaho Volunteer Lawyers Association. More information about this program can be found online at: http://isb.idaho.gov/ilf/ivlp/seeking_legal_assistance.html.

Your written complaint will become part of the Department's file concerning the business or person complained against, and will assist the Department in determining whether further action is warranted on behalf of the state of Idaho.

Please be advised that once submitted, your complaint will become a public record that may be inspected by the public if a request is made under Idaho's public records law. Your time and attention in submitting this information is appreciated.

Sincerely,

The Idaho Department of Finance

CONSUMER FINANCE BUREAU
800 Park Blvd, Suite 200, Boise, ID 83712
Mail To: P.O. Box 83720, Boise ID 83720-0031
Phone: (208) 332-8002 Fax: (208) 332-8096
<http://finance.idaho.gov>

PROTECTING THE INTEGRITY OF IDAHO FINANCIAL MARKETS SINCE 1905

Idaho Department of Finance Complaint Form

Idaho Department of Finance
800 Park Blvd., Suite 200
Boise, ID 83712

YOUR INFORMATION

| | | | |
|--|-----------------|-------------|------|
| Salutation: Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Mrs. <input type="checkbox"/> | | Other: | |
| First Name: | Middle Initial: | Last Name: | |
| Street Address: | | | |
| City: | | State: | Zip: |
| Home Phone: | | Work Phone: | |
| Email: | | | |
| What is the best way to contact you? Phone <input type="checkbox"/> Mail <input type="checkbox"/> Email <input type="checkbox"/> | | | |
| What is the best time to contact you? Morning <input type="checkbox"/> Afternoon <input type="checkbox"/> Evening <input type="checkbox"/> | | | |

ADDITIONAL CONTACT INFORMATION

If you want the Idaho Department of Finance to communicate with someone else, such as a family member, attorney, or other person representing you about your complaint, please provide that person's information below. If you list someone else and sign this form, you are authorizing the Department to communicate with and provide relevant information about you and your complaint to that person.

| | | |
|-------------------------|--------|------|
| Name of Representative: | | |
| Relationship: | | |
| Street Address: | | |
| City: | State: | Zip: |
| Phone: | | |

INFORMATION ABOUT THE BUSINESS OR PERSON BEING COMPLAINED AGAINST

| | | |
|---|--|--------------------------------|
| Name of Business or Person: | | |
| Street Address: | | |
| City: | State: | Zip: |
| Phone: | | |
| Type of account(s): Credit Card: <input type="checkbox"/> Checking <input type="checkbox"/> Mortgage <input type="checkbox"/> Other: <input type="checkbox"/> | | |
| Have you tried to resolve your complaint with the business or person? Yes <input type="checkbox"/> No <input type="checkbox"/> | | |
| If yes, when? | How? Phone <input type="checkbox"/> Mail <input type="checkbox"/> In Person <input type="checkbox"/> | Other <input type="checkbox"/> |
| Have you filed a complaint or contacted another government agency? Yes <input type="checkbox"/> No <input type="checkbox"/> | | |
| If yes, agency name? | | |

COMPLAINT INFORMATION

Describe events in the order in which they occurred, including any names, phone numbers, and a full description of the problem with the amount(s) and date(s) of any transaction(s). You should also include any response that you have received from the business or person being complained against. Be as concise and complete as possible to make the explanation clear.

Please be advised that the issues described in this complaint will be shared with the business or person complained against, to allow them to respond.

Add more pages if necessary

DESIRED RESOLUTION

What action by the business or person complained against would resolve this matter?

ACKNOWLEDGEMENT AND CERTIFICATION

Once completed and submitted, this complaint will be a public record and as such may be inspected by the public if a request is made under Idaho's public records law.

I certify that the information provided on this form is true and correct to the best of my knowledge. I understand that the Department of Finance cannot act as my private attorney, but rather acts on behalf of the public by enforcing laws governing financial service providers when it is in the public interest to do so. I understand that the Department of Finance does not represent private individuals seeking the return of their money or other remedies. I am, however, filing this complaint to notify the Department of Finance of the activities of this company.

Signature: _____ Date: _____