

Credit Tips

When shopping for credit – a cash loan, a credit card, any purchase – keep the following in mind.

Shop, Shop, Shop!

Compare the costs of credit from different lenders. “Buy” credit like you would buy anything else.

Beware of “now or never” offers

If it’s a good deal. It will probably still be there after you’ve had time to think about it.

Ask Questions

You are the customer; you wouldn’t buy a car without knowing its features.

Read the Contract

Don’t just sign it because you feel pressured. The most common excuse given by consumers with a complaint is they “trusted” the salesperson and didn’t read the contract.

Don’t sign anything you don’t understand completely

Better to understand before the fact than afterwards.

Don’t sign anything if it has ANY blanks

A signed contract with blanks can be completed as anyone wishes and it will be legally binding.

Keep all paperwork

If there are any questions, you will have your agreement in writing.



This brochure is provided at no charge to you by the Texas Office of Consumer Credit Commissioner, a state agency responsible for enforcing laws regulating credit transactions.



TEXAS OFFICE OF CONSUMER CREDIT COMMISSIONER

<http://occc.texas.gov>

CONSUMER ASSISTANCE

(800) 538-1579

Office of Attorney General
(800) 252-8011

Federal Trade Commission
(877) 382-4357

CREDIT BUREAUS

Equifax 888.548.7878
www.equifax.com

Experian 888.397.3742
www.experian.com

TransUnion 800.888.4213
www.transunion.com

If your credit is in poor condition, only with time and making better credit decisions can it be restored.



Facts About Consumer Credit

QUESTIONS

&

ANSWERS



Frequently Asked Questions

What are my credit options?

RETAIL INSTALLMENT SALE

Some creditors use retail installment contracts to finance the purchase of vehicles, retail goods, and services. Sometimes creditors may include contract provisions where they do not assess finance charges for a short period of time. However, pay attention to the contract because when these "interest free" periods end, if there is still a balance, the finance charges can be added back into the balance.

REVOLVING CHARGE ACCOUNTS

More commonly called credit card accounts, these allow flexibility by offering a credit line that can be accessed when you wish and by allowing you to pay for a purchase over a flexible period time.

SIGNATURE LOANS

These are small loans that usually extend over a short duration, offer help for an immediate need, and generally do not involve collateral.

PAWN LOANS

These are one month loans where tangible personal property is held by the lender until repayment is made. Should you not pay, the pawnbroker takes ownership of the property; however, this does not negatively affect a borrower's credit record.

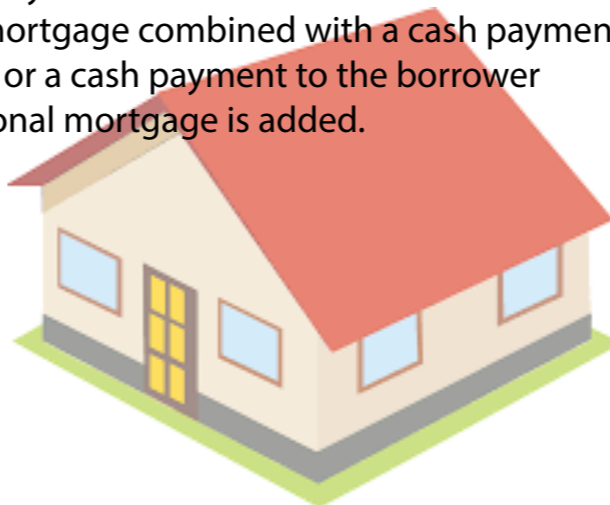
SECURED LOANS

These are loans usually in excess of 90 days with personal property used as collateral. If you default, the lender can take your property.

When you choose the type of loan you want compare rates, repayment terms, and understand that any property guaranteeing the loan can be lost. Also keep in mind that if you default on any kind of loan it can damage your credit rating.

HOME EQUITY LOANS

These loans are collateralized by your homestead which is pledged in case of default. These loans are larger, have long repayment periods, and generally have lower interest rates. Most often consumers use the funds to consolidate their debt, make home improvements, or to pay some large expense like a child's college education. These loans usually take two forms – either the refinance of the primary mortgage combined with a cash payment to the borrower, or a cash payment to the borrower where an additional mortgage is added.



Do I have the right to cancel within three days after buying something on credit?

A three day right of rescission only exists when a creditor takes a lien on your home (except for initial purchase) or you sign a contract for credit in your home. Generally there is a no other right rescission for other transactions, however, there are a few minor exceptions, such as a contract with a health club.

Who decides my credit rating?

A record is kept by credit bureaus and includes; your name, address, social security number, payment history (good and bad), previous credit amounts, employer, income, court judgments, and bankruptcy filings. Incorrect information may be removed for free by disputing the credit bureau. If you have been denied credit or believe you are a victim of fraud, you are entitled to a free report.

What credit terms should I understand?

FINANCE CHARGE

The "cost" of credit. Finance charges include: interest, transaction fees, and service fees. Interest is the charge for lending or extending credit.

ANNUAL PERCENTAGE RATE (APR)

This measures the cost of credit expressed as a yearly rate. It is intended to provide a single value for a consumer to compare cost of credit between one lender and another.

COLLATERAL

Property pledged by a borrower as security for repayment of a loan to the creditor; the creditor may take ownership of the pledged property in case of default.

PRINCIPAL

The amount of money owed upon which finance charges are assessed.

TERM/REPAYMENT PERIOD

The amount of time specified in the contract that you have to repay your obligation.

What if I don't repay my obligation?

The creditor can use reasonable means to collect the debt which may include reporting non-payment on your credit record, taking possession of collateral, obtaining a judgment (a court decision directing payment which is reported on a credit record), or turning your debt over to a collection agency. Collectors cannot lawfully threaten violence or other criminal means to harm you, your property or your reputation; use obscene or profane language; publicize your debt; place annoying or repetitive telephone calls; or make anonymous phone calls.