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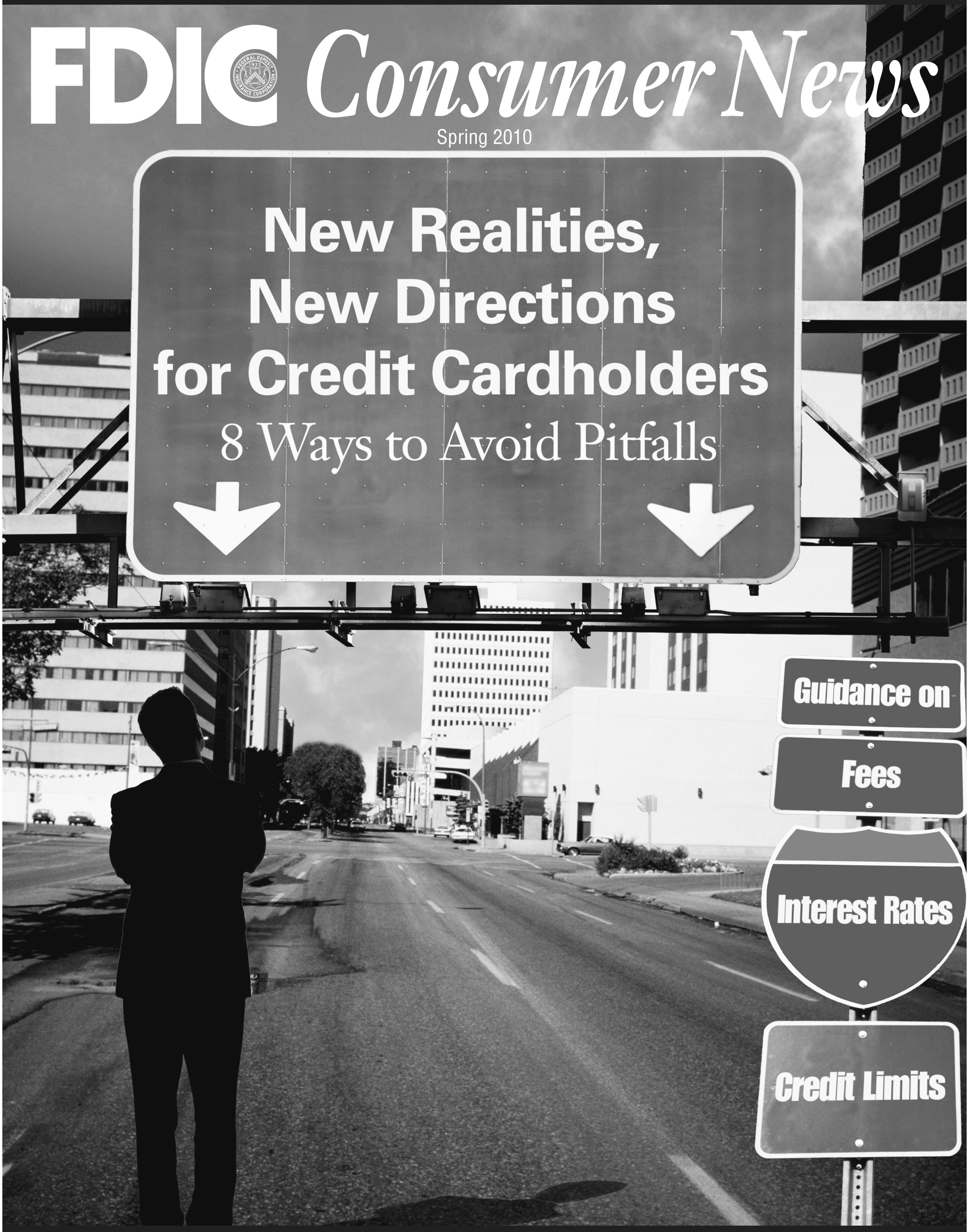
FDIC Consumer News

Spring 2010

New Realities, New Directions for Credit Cardholders

8 Ways to Avoid Pitfalls



New Realities, New Directions for Credit Cardholders

8 ways to avoid pitfalls in areas such as interest rate and fee increases

As previously reported, Congress in 2009 passed a new law for credit cards that helps protect consumers from most instances of sudden interest rate increases and other unfavorable changes in fees and account terms. Most of the rules implementing the law are now in effect, and the remaining provisions will be effective on August 22, 2010. (See a summary of the new consumer protections on Page 4.) But here's something else to know — it's possible consumers could face account changes going forward, such as interest rate increases on future transactions and the imposition of new fees or penalties.

How can you avoid potential pitfalls in the new world of credit cards? ***FDIC Consumer News*** offers these simple strategies.

1. Understand your right to cancel a credit card before certain significant account changes take effect. Under the new law, card issuers now must generally tell customers about certain changes in account terms — in areas such as interest rate and fee increases — 45 days in advance, up from 15 days in the past. In that same notice, they must inform consumers of their right to cancel the card before certain account changes take effect. These notices may come with your credit card bill or through a separate communication.

"It's important to read everything from your card issuer, even what appears to be junk mail," said Kathleen Nagle, FDIC Associate Director for Consumer Protection. "Be aware of when the new rate or fee will take effect, so you can have enough time to shop around for a new card, if necessary."

Consumers who notify their card company to cancel their card before fees are increased or certain other significant changes take effect will still be required to repay the outstanding balance, but they cannot be required to repay it immediately. However, the card company can increase the minimum monthly payment, subject to certain limitations.

For more about what can happen under the law if you exercise your right to cancel your card, see Page 4. Also note that there are exceptions to the 45-day notice requirement. For example, you will generally not receive advance notice of a rate increase on a card with a variable interest rate that will fluctuate based on an advertised index, such as the prime rate.

2. Keep an eye on your credit limit. Some people, even those with good credit histories, have recently seen their credit limits cut back. Reductions in credit lines can be harmful because your borrowing power will be diminished. Also remember that your credit score is based, in part, on what percentage of your credit limit you are using and how much you owe. Borrowers who carry large balances in proportion to their credit limit may see their credit scores fall. And a lower credit score can make it difficult or more expensive to get new credit in the future.

How can you reduce the risk that your credit limit will be cut or your credit card account will be canceled? One factor that credit card companies consider is how you pay your bills. "It's important to show a steady, timely payment history," reported Evelyn Manley, a Senior Consumer Affairs Specialist at the FDIC. Paying all your credit-related bills by the due date — that includes your credit card bills as well as your car loan, mortgage and other debts — shows that you're a responsible borrower.

Also, pay as much of your credit card bill as you can each month. If possible, pay in full, but definitely try to pay more than the minimum balance due.

What should you do if you've already had your credit limit cut? Put a renewed focus on lowering the amount of money you owe on your credit cards.

Also, consumers who have difficulty making their minimum payments on time may benefit from speaking with a reputable credit counselor to get help or guidance at little or no cost.

For a referral to a local counseling agency, one option is to call the National Foundation for Credit Counseling at 1-800-388-2227 or visit them at www.nfcc.org. For more information on how to safely pay down credit card debts, including how to avoid scams that target people in financial trouble, check out the new Federal Trade Commission fact sheet "Settling Your Credit Card Debts," online at www.ftc.gov/bcp/edu/pubs/consumer/credit/cre02.shtm.

3. Decide how you want to handle transactions that would put you over your credit limit. Under the new law, no fees may be imposed for making a purchase or other transaction that would put your account over the credit limit unless you explicitly agree, in advance, that the credit card company can process these transactions for you and charge a fee.

"Even if you agree to over-the-limit fees, you have the right to change your mind down the road," said Luke W. Reynolds, Chief of the FDIC's Community Outreach Section. "You would simply instruct your card issuer to deny any transactions that would exceed your credit limit and would trigger a fee."

In either case, he said, "you still should monitor how much you've charged on your card so you don't exceed the credit limit."

4. Be cautious with "no-interest" offers. Many retailers, such as electronics or furniture stores, promote credit cards with "zero-percent interest" on purchases for a certain amount of time. These cards allow you to buy big-ticket items, perhaps a sofa or a stereo system, without paying interest for anywhere from six months to more than a year. While the chance to avoid interest payments sounds like a terrific deal, keep in mind that if you don't follow the rules for these offers, this "no-interest" special could end up being expensive.

The reason is, with many of these offers, you must pay off the *entire purchase* by the time the promotional period ends to take advantage of the zero-rate offer. If you don't, the lender will charge you interest from the date you bought the item. You would then have to pay interest — at the lender's standard rate — from the date of purchase. And if the Annual Percentage Rate or APR on the retailer's card is higher than what you would pay on another card you have, the extra costs could really add up. The APR is the cost of credit expressed as a yearly rate, including interest and other charges.

5. Keep only the credit cards you really need and then periodically use them all. Some consumers have too many credit cards. Among the concerns: Those extra cards can lead some people to overspend. Also, having many cards with no existing balance or a very low balance can reduce your credit score because prospective lenders can conclude that you have the *potential* to use them and get into debt.

For the average person, two or three general-purpose cards are probably enough. Consider cancelling and cutting up the rest. However, also remember that closing a credit card account can temporarily lower your credit score, especially if the cancelled card was one you owned and used responsibly for many years.

With the credit cards you do keep, remember to avoid large balances on them in relation to the credit limit. And in the new environment, it also may be beneficial to periodically use all of your cards. Here's why. Even if you pay your card bill in full each month and never pay interest, using your card earns money for the card company because merchants pay a fee each time you use the card. So, consumers who regularly use their cards and repay their debt may be considered valued customers, even if they pay on time and don't pay interest. "Regular purchases promptly paid off may be enough to reduce the risk of a credit line reduction, inactivity fees and other penalties," said Susan Boenau, Chief of the FDIC's Consumer Affairs Section.

6. Do your research before paying high annual fees for a "rewards" card. Rewards sound great in advertisements for credit cards, but the points formula can be complicated, the rules are subject to change, and the benefits may not be as generous as you think. You should always read the fine print and be realistic about your likely use of the card before you accept an expensive annual fee in return for rewards.

For more information about using rewards programs wisely, see our article "Points, Cash Back and Other 'Rewards' from Your Bank: How to Cash In on the Right Deal," in the Summer 2009 issue of ***FDIC Consumer News*** at www.fdic.gov/consumers/consumer/news/cnsum09/bank_rewards.html.

7. Take additional precautions against interest rate increases. "Although the law puts new limits on interest rate increases, you need to remain vigilant," Manley added. For example, while card companies cannot increase the interest rate on *existing* balances except in certain circumstances, they may raise rates on extensions of credit for *new* purchases as long as proper notice is provided.

"If you receive a notice that your interest rate is increasing," Manley said, "determine whether you have another way to make future purchases, such as by waiting until you have saved enough money for the purchase or by using a card with a lower interest rate."

Rate increases also may come in another form. For example, some fixed-rate cards may be converted to variable-rate cards after a notice has been sent to cardholders. This would result in variable rates being applied to new balances.

Also note that a credit card company *can* increase the rate on an existing balance if the consumer fails to send the minimum payment within 60 days of the due date. So, it's very important to avoid being more than 60 days late on a credit card. If you miss a due date, you can avoid a "penalty" interest rate on that existing balance by getting your payment in within 60 days. And if you're more than 60 days late and that does trigger a rate increase, get current on your credit card payments as soon as possible and then start consistently paying on time. Card issuers are required to reduce the penalty rate if they receive prompt payments for six months.

In general, what else can you do to get the best rates? Keep in mind that a credit score is built up over long periods, not just over one or two years, so make all your loan payments on time. Even if you have past blemishes, you can improve your credit score over time by managing your credit well. Be aware that if you can only afford to pay the minimum amount due, you probably won't get the best rates. But if you can pay more than the minimum each month — as much more as possible — that will work in your favor.

Also, carefully read the terms of a new credit card before using it. If the card has a high interest rate or fees, shop around for a better offer.

8. Parents of young adults have a new opportunity to teach responsible management of credit cards. The new law includes protections for young consumers, including a requirement that anyone under 21 who wants to obtain a credit card must have a qualified co-signer on the account or must prove he or she alone can repay any debt. This is intended to protect young people from getting overwhelmed by credit card debt. But it also offers an opportunity for parents to teach their kids about responsible use of credit cards.

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"Parents should have discussions with their children about how credit cards should be used and repaid," said Reynolds. "They may even want to make sure their kids have taken a financial education course before they have access to a credit card."

If you're considering co-signing for a credit card with a young adult, it's best to have an understanding (if not a written agreement) that you will get early notice of any troubles, including late payments, so you can keep on top of the credit card and work out problems with the lender before your own credit record is damaged. "One way or another," Reynolds added, "parents should make clear their expectation to their child — the cardholder — that the child will pay the credit card bill on time, and that the child keeps this fact in mind when using the card."

And what if, despite your best planning, your child (or any other co-signer for a credit card or loan) can't or won't make the payments? As a co-signer, you are obligated to pay the debt to the lender, and not doing so can damage your own credit report.

Final Thoughts

"By enhancing required disclosures, making them more understandable, and limiting the ability to change terms and interest rates on existing balances, the law has given consumers greater control of their credit cards," said Reynolds. "But the first step in taking advantage of these legal protections and the competitive marketplace is to become more proactive in simple areas such as reading all the communications from your lender and by shopping around for the best deals."

For additional information about other aspects of the law, see our article in the Summer 2009 issue at www.fdic.gov/consumers/consumer/news/cnsum09/newlaw.html. For more on managing credit cards, visit the U.S. government Web site www.mymoney.gov.

The New Consumer Protections on Credit Cards: An Overview

Prohibitions and Restrictions on Interest Rate Increases: Card issuers generally can't increase the interest rate on a credit card for one year after an account is opened, and after that, the rate can generally only rise on new transactions. However, there are several exceptions that allow for rate increases during the first year and on existing balances. For example, card companies can increase the interest rate on an existing balance when the advertised, market-based "index" (such as the prime rate) that a variable-rate card is tied to goes up, a promotional rate expires or the consumer is more than 60 days late on payments.

Card issuers also must generally provide a 45-day notice before applying an interest rate increase to new transactions (those made more than 14 days after the date of the notice). For example, if customers receive a notice from their card company stating that the Annual Percentage Rate will increase to 24.9 percent, and the notice is provided July 1, that higher rate would apply to transactions made on or after July 16. However, interest on new transactions would only be charged at the higher rate if there is still a balance due after August 15 (the close of the 45-day notice period). As always, if you pay the balance in full by the due date, you can avoid interest charges.

Restrictions on Fees: As with a rate increase on new balances, card issuers also must generally provide a 45-day advance notice of other significant changes, such as new fees or increases in existing fees. However, in addition, cardholders must be notified that they now have special rights when they reject a change in fees. Those who say they want to cancel the account because of the change cannot be required to immediately repay the outstanding balance. The card company can either continue offering the existing payment method on the outstanding balance, give the consumer five years (or more) to pay the balance, or increase the minimum payment up to double the current level.

In addition, consumers will no longer be charged a fee when a transaction causes an account to exceed its credit limit unless the consumer has agreed in advance.

And, initial fees are significantly limited for subprime cards (for consumers with a limited credit history or a bad credit record). In the first year, and with the exception of three types of fees — those for late payments, going over the credit limit or returned payments due to insufficient funds — total fees cannot exceed 25 percent of the card's initial credit limit.

Note: Proposed rules governing card fees are pending at the Federal Reserve Board. One proposed rule would prohibit credit card issuers from charging penalty fees (including late payment fees and over-the-limit fees) that exceed the dollar amount associated with the consumer's violation of the account terms. Another proposed rule would ban inactivity fees. Final rules will take effect on August 22, 2010. For updated information, visit www.federalreserve.gov.

Better Billing Practices: Periodic statements must be mailed or delivered at least 21 days before the payment due date.

The law also requires that payments be allocated a certain way to minimize finance charges. For cards with multiple interest rates, payments over the minimum must be applied first to the balances with the highest rate.

In addition, payment due dates must fall on the same numerical day each month.

Protections for Young Adults: The marketing of credit cards on college campuses is restricted. Also, consumers under 21 must have a qualified co-signer or must prove they have the ability to make the required payments for the account.

Using an Agent or Broker to Place a Bank Deposit? Ask These Questions First

Most consumers put money in checking, savings and certificate of deposit (CD) accounts by going directly to FDIC-insured banks. However, some people turn to a variety of "agents" to place deposits on their behalf. Those may include financial companies, such as brokerage firms, that help customers deposit funds at banks. In addition, organizations ranging from consumer groups to alumni and professional associations sometimes "endorse" the deposit-placing services of these companies on their Web site or elsewhere.

The FDIC wants to help consumers make an informed decision before entrusting an agent with their deposits. As noted in an FDIC consumer alert issued on April 7, 2010, "When you purchase a deposit product through an agent, you are relying on that agent to tell you all the important things you need to know about your account. For example, the agent should tell you what will happen to your money, the terms and conditions that apply, and whether your funds are eligible for FDIC insurance coverage."

Here are questions you'll want answers to, either from the account documentation you receive or from the agent.

What is the name of the bank where my deposit will be placed? Is it an FDIC-insured institution? Knowing this information is important for several reasons.

• *Not all companies with bank-sounding names are actually banks or are insured by the FDIC.* That's why you should verify that the institution is FDIC-insured. You can use our Bank Find service at www2.fdic.gov/idasp/main_bankfind.asp or by calling the FDIC toll-free at 1-877-275-3342.

• *You'll want to know if the agent plans to put your money into a bank where you already have deposits.* If the institution fails, the FDIC will determine your insurance coverage by adding together the accounts opened by the agent and the account you opened directly with the bank. And if the combination of the agent-placed deposits and your existing accounts could push your total deposits over the current $250,000 federal insurance limit per bank, you should know that in advance, so you can take action to avoid having uninsured funds at that bank.

For help or information, contact the FDIC using the Web site or the phone number at the end of this article.

> *You'll want to know if the agent plans to put your money into a bank where you already have deposits. If the agent-placed deposits could put you over the federal insurance limit, you can take action to avoid having uninsured funds.*

• *You should consider taking your business elsewhere if the agent can't or won't identify the bank, or if the name of the bank in the materials provided by the agent doesn't match what you're being told otherwise.* That's because there have been cases reported of unscrupulous brokers allegedly misleading or defrauding investors with CD offers. "It's important that consumers feel confident that the agent or company they select to place their money with is worthy of their trust," said FDIC attorney Joe DiNuzzo.

Will my funds be placed in an insured deposit account? The FDIC only insures deposit products, such as checking accounts, savings accounts, money market deposit accounts and CDs. The FDIC does NOT insure money invested in stocks, bonds, mutual funds, life insurance policies, annuities or municipal securities, even if you purchased these investments at an FDIC-insured bank.

What is the interest rate and maturity being promised by the agent? Is that rate significantly higher than what is being offered by other banks? As previously reported in ***FDIC Consumer News,*** some non-bank companies have advertised above-market rates on CDs. These advertisements, according to FDIC attorney Richard M. Schwartz, "are schemes devised by finance companies and insurance agents eager to get consumers in the door" to eventually purchase a non-insured investment.

In one example, a non-bank company boasted about offering a higher rate on a short-term, FDIC-insured CD by adding a little of its own money, as a "bonus," to raise the consumer's total return above the bank's interest rate. Once that CD matured a few months later, no similar high-rate offer was made, and the company steered the consumer into purchasing a non-insured investment that was a poor choice for the customer but lucrative for the sellers.

"We believe that these sorts of high-rate advertisements are in violation of federal law, and perhaps state law," said Schwartz. He advised consumers to "research the going interest rates from banks locally and around the country, and if you find an offer that sounds too good to be true, be aware that there will definitely be strings attached."

Other Precautions

How else can you protect yourself before depositing money through an agent?

James Deveney, Chief of the FDIC's Deposit Insurance Outreach Section, cautioned consumers to be aware that deposits sold by brokers and other agents sometimes can be complex and may carry more risks than traditional CDs sold directly by banks, especially in terms of your ability to lock in an

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attractive interest rate or get your money back early. "Ask yourself if the maturity on a CD is something you are willing to live with," he said, "because with some agent-sold CDs, you could lose the interest you've earned if you liquidate early."

You also may want to ask your agent whether the FDIC's requirements for the titling of deposit accounts placed by agents will be met. For example, if the account is titled in the name of the agent, and not in your name, you want the account records to indicate that the money is held by the agent on behalf of others, and that the records maintained by the bank or the agent identify the actual owner or owners of the funds. That way, each depositor can qualify for up to $250,000 of FDIC coverage.

The FDIC also is encouraging consumers to carefully review all the account documentation. "Before you consider purchasing a CD, whether it's directly from your bank or indirectly from an agent such as a brokerage firm, make sure you fully understand all of its terms and conditions," said Deveney. "Carefully read the disclosure statements, including any fine print."

Finally, make sure you are dealing with an agent or broker you can trust. That's a common thread in much of what we have discussed here.

"When you elect to use a third party to place a deposit instead of going to the bank directly, you are taking a chance," commented Martin Becker, an FDIC Senior Deposit Insurance Specialist. "If the agent is dishonest and steals the money, your only recourse is against the agent — not the FDIC insurance fund or the bank where the agent said the money was deposited."

For additional information about FDIC deposit insurance coverage, go to www.fdic.gov/deposit/deposits or call 1-877-275-3342 to talk to an FDIC Deposit Insurance Specialist. Also, see "Certificates of Deposit: Tips for Savers" at www.fdic.gov/deposit/deposits/certificate.

News Briefs

Rule on Overdraft Fees at ATMs, Sales Terminals Taking Effect

As reported in our Winter 2009/2010 issue, a new rule from the Federal Reserve Board that takes effect on July 1, 2010, will prohibit financial institutions from charging overdraft fees for ATM and one-time debit card transactions unless the consumer agrees to those fees in advance. For more information, including suggestions from FDIC officials about how consumers can keep down the costs of overdraft programs, see our article at www.fdic.gov/consumers/consumer/news/cnwin0910/new_rules.html.

New FDIC Resources on Deposit Insurance

The FDIC has issued updated versions of two brochures that help explain how deposit insurance works and how to estimate the coverage on your deposits. One is "Your Insured Deposits," a comprehensive guide to the insurance rules. The other is "When a Bank Fails," featuring facts for depositors, creditors and borrowers. You can see and order these publications and other resources, including videos, by visiting www.fdic.gov/deposit/deposits. You also can place an order by calling 1-877-ASK-FDIC (1-877-275-3342).

Full Guarantee Program Extended Through 2010

In April, the FDIC announced that the temporary program to fully guarantee deposits in noninterest-bearing transaction accounts and certain NOW accounts at participating institutions would be extended through year-end 2010. While the program was expected to apply primarily to businesses with large balances in their checking accounts, any depositor can qualify. For details, visit www.fdic.gov/deposit/deposits/changes.html or call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342). Depositors also are advised to confirm that their bank is among the nearly 6,000 participating in the program (that's three-quarters of all FDIC-insured institutions) before relying on the full guarantee.

FDIC Providing Quick Tips for Consumers Over the Internet

The FDIC has begun to deliver timely tips on money management on the agency's Web site and through an e-mail subscription service. The FDIC's "Consumer Tip of the Week" may be found at www.fdic.gov/consumertips. To receive the weekly tips electronically, use the e-mail update link on that same Web page. "We believe this new service — delivering simple, practical tips on an ongoing basis over the Internet — will make it easier and more convenient for people to stay informed about issues that may affect their financial decisions," said FDIC Chairman Sheila C. Bair.

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New Look, New Tools for Federal Web Site for Financial Education

Mymoney.gov, the federal government's one-stop source for financial education resources for consumers, has been enhanced with a new design and new tools that include a financial savings calculator, worksheets for establishing a household budget, and a college preparation checklist. Check it out at www.mymoney.gov.

Advice for Seniors: Understand the Risks and Costs of Borrowing With a Reverse Mortgage

A reverse mortgage is essentially a loan against your home that you do not have to pay back for as long as you live there. It allows homeowners age 62 or older to borrow cash from the equity in their homes without having to make monthly payments. A reverse mortgage is often advertised as a great source of easy money for older homeowners to supplement their income, pay healthcare expenses or use the money as they please. But as ***FDIC Consumer News*** has reported in the past, while there are potential benefits to a reverse mortgage, it may not be the best option for everyone. With the number of potential borrowers growing with the aging population, it's important that homeowners fully understand the risks involved. Here are our latest tips.

Remember that a reverse mortgage is a loan that must be repaid. "Not all advertisements clearly indicate that a reverse mortgage is a loan," said Mira Marshall, an FDIC Section Chief specializing in consumer issues. "In fact, a reverse mortgage is a very complicated loan that uses home equity as collateral, just like the mortgage you probably used to purchase your home."

Reverse mortgages allow homeowners to receive cash in a lump sum, through monthly payments, as a line of credit whenever they need money, or any combination of these options. Unlike traditional mortgage products, homeowners do not make any monthly payments to the lender. However, they eventually *do* have to repay the principal and interest when they move, sell the house or pass away. And, because no monthly payments are being made, the amount owed will grow over time as interest costs build up and, in some cases, as additional funds are advanced.

The borrower also is still responsible for paying the property taxes and insurance and maintaining the house. Failure to do so can cause the reverse mortgage to become immediately due and payable in full.

The rules to determine how much you can borrow through a reverse mortgage are complex. For example, the total amount of cash available is a percentage of the home's value that will vary by the age of the borrower and the location of the property. And if there's a co-borrower, the value is determined by the age of the youngest borrower.

Let's say your house has a market value of $250,000, you owe nothing on a mortgage and the youngest co-owner is 70 years old. Even though your home equity is about $250,000, with a reverse mortgage and depending on the location of the property, you can borrow only up to approximately $130,000. In contrast, with a traditional home equity loan, it may be possible to borrow up to 100 percent of the value of the home.

Be aware that not all reverse mortgages carry insurance and other protections from the federal government. The most common type of reverse mortgage — the Home Equity Conversion Mortgage or HECM — is offered as part of a program from the U.S. Department of Housing and Urban Development's Federal Housing Administration. The FHA has protections for the lender as well as the borrower. In the case of the latter, for example, if the borrower or heirs sell the home to repay the reverse mortgage (instead of keeping the house and repaying the loan otherwise), the total debt will never be greater than the value of the home.

However, there are several types of reverse mortgages that are *not* FHA-insured. These are mostly reverse mortgages developed and offered by private companies, nonprofit organizations, and state and local governments. They may not offer the same guarantees and protections as an FHA-insured HECM.

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Understand the costs and fees, which can be significant. Most reverse mortgages have an origination fee, closing costs and periodic servicing fees. There also is an additional monthly insurance premium for an FHA-insured reverse mortgage. The total amount of fees will depend on the loan product. And while the costs and fees can be added to the reverse mortgage instead of being paid up front, doing so increases the loan balance and incurs interest charges.

Borrowers also should keep in mind that the more cash they take out and the longer they go without making loan payments, the interest charges and other costs can use up much or all of the equity, leaving fewer and fewer assets for the borrower or heirs. And if you or your heirs want to keep the house instead of selling it, the full loan amount would be due and payable from your own funds, even if it's more than the value of the property.

"Because the costs and fees can be extremely high," said Mike Evans, an FDIC Fair Lending Specialist, "most experts generally advise homeowners not to take out a reverse mortgage if they plan to stay in their home less than five years or if they simply need extra money for small expenses."

Do your research and shop around before committing to a reverse mortgage. To understand the potential pros and cons of a reverse mortgage, talk to financial advisors and qualified housing counselors. Depending on your circumstances, there may be other, less expensive options available to you. Explore different kinds of loans (including a mortgage refinancing, a home equity loan and a home improvement loan) and programs from local government agencies or nonprofit organizations. In some cases, it may even make financial sense to sell your home and downsize to a less expensive home or even a rental.

If you decide that borrowing money is the way to go, contact several lenders and compare the costs and benefits of the options they offer.

"Most financial experts also agree that it is never a good idea to use the funds from a reverse mortgage to purchase other financial products or services," added David Lafleur, an FDIC Senior Examination Specialist. "Not only will you immediately incur expensive interest charges and other fees in connection with the reverse mortgage, but having large deposits or annuities may make it tougher for you to qualify for certain entitlement programs that take assets into consideration, such as Medicaid. Also, if you tie up money in CDs or annuities, you will be giving up easy access to funds you may need to meet your expenses."

Additional information and guidance on reverse mortgages is available from HUD at www.hud.gov/offices/hsg/sfh/hecm/rmtopten.cfm or by calling 1-800-569-4287.

Note: To receive an FHA-insured reverse mortgage, you must first speak with a HUD-approved counselor, who can provide you with information on this product and other alternatives so you can determine what is suitable for you.