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DEBT RELIEF
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C.A.R.D. Act Benefits Consumers
FDR Client Reminders • Spare Change
Save Money at Resale Shops
Inspiring Thoughts • It Pays to Stay Healthy

Welcome to the Freedom Debt Relief monthly newsletter! As part of our ongoing goal to enhance our services, we will be sending you a monthly newsletter filled with interesting articles and helpful financial tips and advice. We hope you enjoy this issue, and that you find the enclosed information helpful as you continue on the road to financial freedom.



C.A.R.D. Act Benefits Consumers

At this point, you may realize how burdensome credit card debt can affect your finances. According to a 2007 survey conducted by Cardweb.com, the average credit card debt load is nearly \$9,900. Based on an online poll of slightly more than 55,000 consumers, 61% said they carry over debt each month on their credit cards and an astonishing 13% of the same group said they carry total credit card balances in excess of \$25,000.

Recently, Senator Chris Dodd, Chairman of the Senate Committee on Banking, Housing, and Urban Affairs, introduced The Credit Card Accountability, Responsibility and Disclosure Act (C.A.R.D. Act), which is a proposed legislation that will target abusive practices in the credit card industry. Below are some specific aspects that this legislation intends to cover.

Eliminate universal default. This practice involves raising rates when creditors detect a problem on your credit report with any lender. For example, you may have missed a payment with Credit Card A and have a perfect history with Credit Card B. Unfortunately, Credit Card B can still raise your interest rate due to a blemish on your credit report with the other lender. In 2007, Citibank was the first credit card company that put an end to universal default. Also, legislators outlawed this practice in the state of New York last summer. As you can see, progress is being made and perhaps universal

default will not exist in the future due to the C.A.R.D. Act. Presently, a survey conducted by Consumer Action indicates that nearly half of U.S. banks use universal default, enabling them to legally raise credit cardholders' interest rates as high as 40%.

Payments need to be allocated more fairly. Oftentimes, consumers transfer balances because they are enticed by the low introductory rates such as 0% or 2.9%. Reading the fine print in the credit card agreement indicates that these rates in most cases, only pertain to the transferred balance, not to new purchases. Credit card companies have been known to apply monthly payments only to the transferred balance, which results in more finance charges on the new purchases. The C.A.R.D. Act would establish a more fair allocation system.

Ban excessive fees for sub-prime cards. Some credit card companies target consumers with poor credit histories and offer them cards with astronomical interest rates and approval fees. Upon approval of the card, issuers commonly charge the fees on these new accounts. Therefore, you

acquire a balance before you make any significant purchases. The C.A.R.D. Act would prohibit card companies from charging fees that amount to more than half of the credit line. Also, if the fees being charged to the card, amount to more than one-quarter of the credit line, cardholders would be allowed to pay these fees over a one-year period.

Enhance credit card disclosures and statements. Reading the fine print of a credit card disclosure can be a tedious task. The average consumer may think it is easier to simply pay the minimum payment and wait until next month. The C.A.R.D. Act would require issuers to give consumers a clear estimate of how long it would take to pay off the balance and the amount of interest that would accrue if they only make the minimum payment each month. If a cardholder's interest rate increases for any reason, this new legislation will also require lenders to give consumers a 45 day notice.

During the upcoming months, this newsletter will offer updates on the C.A.R.D. Act as information becomes available on the status of this new legislation. Although you may have already been a victim of abusive credit card practices, lawmakers seem to realize the need to address these issues so that future consumers will not be easily burdened with debt.



Other Credit Card Reforms Needed

Various consumer groups such as the National Consumer Law Center (NCLC) and Demos (www.demos.org), applaud the recent proposal of the C.A.R.D. Act. Below are a few other reforms that Congress is considering to put in the proposal as a result of input from consumers and advocacy groups.

Eliminate aggressive lending to young consumers: Applicants under the age of 21 may be required to obtain a signature of a parent or guardian. Young people may have to provide proof that they completed

a financial literacy course. Also, consumers under the age of 21 would have to choose to receive solicitations instead of having consumer reporting agencies automatically send them.

Outlaw repeat over-limit fees. These fees are only allowed to be charged once during a billing period.

Limit penalty interest rates. If a consumer fails to make a payment on time, issuers can only increase the interest rate to 7% above the previous rate.





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Client Reminders

Visit us on the web! Did you know that you can view your account information online? We have recently enhanced our web site for our clients. Go to www.freedomdebtrelief.com and click on the tab "Current Clients." Then, near the bottom of the page under the heading "Existing Client Login for Account Information" click on the button, "Click Here." Enter your e-mail address, and then follow the instructions to create a password and validate your information. You will now be able to view this information online!

Tax Debt? If you owe money to the IRS and would like information on how to reduce your tax debts, please contact our sister company, Freedom Tax Relief at 1-800-455-6TAX. Our tax attorneys and tax specialists are eager to immediately start helping you resolve your tax troubles. In addition, existing FDR clients are eligible for a \$100 referral bonus if they refer someone to Freedom Tax Relief.

American Consumers Union
FDR has a partnership with the American Consumers Union in order to provide additional support to our clients with respect to creditor harassment. All FDR clients are automatically given membership into the American Consumers Union, and are given the full use and support of the advocacy group, at no additional charge. This is a terrific benefit for our clients and we are happy to be able to provide this service to our clients at our expense. You can visit them online at www.myacu.org.

Customer Service Phone No:
1-800-655-6303

Hours of Operation:
Mon-Thurs: 6:00 a.m. – 6:00 p.m. PST
Fri: 6:00 a.m. – 5:00 p.m. PST
Sat: 7:00 a.m. – 11:00 a.m. PST

E-mail:
support@freedomdebtrelief.com



Spare Change:

News, financial tips, and other information regarding personal financial freedom

Some gas stations ban plastic.

According to a recent article in USA Today, many gas station owners are refusing to accept credit cards due to the increasing surcharges and interchange fees merchants are required to pay on credit card transactions. Many gas stations encourage customers to pay with cash by offering discounts or free products. In order to help merchants, VISA is restructuring consumer interchange for transactions at automated fuel dispensers and service stations. Interchange for Visa consumer debit cards will be capped at \$0.95 per transaction. This fall, Visa will also implement Real-Time Clearing, which means that transactions will be processed immediately instead of at the end of the day. This can significantly reduce the hold times that financial institutions place on cardholders' accounts. Gas stations will send a final transaction amount within hours - if not minutes - of a cardholder's purchase. Current fuel-payment processing can take up to two days or more. These changes can lower costs for oil companies and service stations and can be passed onto consumers at the pump.

Shop around for prescription drugs.

For consumers who pay for all or most of their prescription drugs out of pocket, a new price study by Consumer Reports finds that it pays to shop around. Not only do prices vary from store to store for the same drug, but the fluctuations can be dramatic, sometimes more than \$100 for the same prescription. Consumer Reports placed more than 500 calls to 163 pharmacies nationwide to gauge price differences among four prescription drugs. For example, prices ran from \$29 to \$85 for the drug Levoxyl (for treating hypothyroidism). Plavix,

which prevents blood clots, could cost anywhere between \$382-\$541. Costs for generic drugs may also differ. The price range for the drug alendronate (for osteoporosis) was \$124 to \$306. Overall, the study revealed that Costco was the cheapest for the four drugs, followed by AARP.com and Wal-Mart. The prices at major store chains such as Rite-Aid and Walgreens could also vary depending on the geographical location.

New regulations require financial institutions and creditors to have identity theft prevention programs.

Financial institutions and creditors are now required to develop and implement written identity theft prevention programs under the new "Red Flags Rules," which is part of the Fair and Accurate Credit Transactions (FACT) Act of 2003. Under these Rules, financial institutions and creditors with covered accounts must have identity theft prevention programs in place by November 1, 2008, to identify, detect, and respond to patterns, practices, or specific activities that could indicate identity theft.

Consumer understanding of credit scores only slightly improves.

Although consumer understanding of credit scores has improved over the past year, it remains poor, according to the latest credit score survey commissioned by the Consumer Federation of America (CFA) and Washington Mutual Bank (WaMu). Less than one-third of Americans understand that credit scores indicate risk of not repaying a loan. Many Americans fail to understand that one's credit score reflects only how they use credit. Significant percentages erroneously believe that credit scores are influenced by income (74%), age (40%), marital status (38%), the state in which they live (29%), level of education (29%), and ethnicity (15%). While more than three-quarters (78%) correctly understand that making a monthly payment more than 30 days late lowers one's score, less than three-fifths (59%) know that maxing out a credit card by using the entire credit line also lowers scores. Large majorities correctly understand that they can learn their credit scores if they are denied a mortgage loan (72%) or declined for a credit card (65%). But, an even larger majority, (79%), incorrectly believe that credit scores can be obtained for free once a year. (Only credit reports can be obtained annually for free.) Those who obtain their scores know more about credit scores than those who have not. For a free copy of your credit report, visit www.annualcreditreport.com.



Tax-Free Days:

Visit the web site of the Federation of Tax Administrators (FTA) located at www.taxadmin.org and click on the link at the top of the page entitled "2008 State Sales Tax Holidays." Many states are waiving sales tax for back-to-school shopping.



Save Money at Resale Shops



Many consumers know that you can find good deals on pre-owned items at flea markets, Ebay, Craigslist, and various classified ads. In recent years, many franchise specialty resale shops have emerged on the retail market. These stores allow shoppers to shop for specific specialized goods and also may give you cash for your unwanted items. Below are some descriptions and web sites that have a growing number of locations across the nation.

ONCE UPON A CHILD: With more than 230 stores nationwide, Once Upon a Child buys and sells gently-used children's toys, furniture, and clothing. Most parents know that kids outgrow everything very fast. Therefore, this resale shop can save families money on items that children use for a short time. Those bags full of gently-used clothes that children wore for a few months could also earn parents some extra cash. For more information, visit www.ouac.com.

PLATO'S CLOSET: This store has a similar concept to Once Upon a Child, except it is geared towards teens. Plato's Closet, a franchise resale shop that buys and sells gently-used teen apparel, specializes in designer brands such as Express and Abercrombie & Fitch.



In addition to purchasing stylish clothes for a fraction of the cost, your teen can also get cash for clothes that they do not wear anymore. Visit www.platoscloset.com for a store near you.

PLAY IT AGAIN SPORTS: Participating in school or community sports produces positive results for your child. However, parents are sometimes burdened with bills for costly equipment and transportation fees. Play It Again Sports allows you to turn in your used sporting goods for credit towards new purchases. This store also gives cash for used fitness equipment. View them on the web at www.playitagainsports.com.

HALF PRICE BOOKS: By the name of this store, it is easy to assume that it carries a wide variety of used books. However, they also stock pre-owned music, movies, and games. Most items are at least half off of the publisher's original

price. If you are an avid reader, this store may be a good alternative to the pricey bookstores that sell only new items. Half Price Books also gives you cash for your used books, CDs, movies, etc. According to this store's web site (www.halfpricebooks.com), associates will make an offer on every one of your items.

CD WAREHOUSE: This resale store buys, sells, and trades used CDs, DVDs, VHS tapes, games, and vinyl records. The amount of cash you receive for CDs depends on the current inventory of the individual store. The CD Warehouse also provides a great way to unload the music that you no longer listen to or have converted to MP3 format. Music buffs can also find interesting and rare tunes for a low price. Visit www.cdwarehouse.com for more information. This franchise also operates under the names of Disc Go Round, CD Exchange, and Music Trader.

COMPUTER RENAISSANCE: Keeping up with the latest computer technology can be a costly endeavor. Computer Renaissance offers consumers refurbished name brand computers and also custom builds new computers. When it comes time to upgrade your system, you may be able to receive trade-in value for your equipment and apply it to the cost of a new computer. For more details, visit www.compren.com.

RETOOL: Household tools can be a surprise expense because some people may only buy them when they absolutely need them while others like to tackle various home improvement projects as a hobby. ReTool offers an array of new and used tools which includes everything from table saws to nails. All used tools are inspected to ensure they are functional. This store will also buy your unwanted tools or give you credit to trade up to a different model. Find a location near you at www.re-tool.com.



INSPIRING THOUGHTS

A hundredload of worry will not pay an ounce of debt. -George Herbert

At this time, the idea of your debt may consume every one of your thoughts and emotions. If you attempt to think about something else, you receive a call from a rude collector and your worries and uncertainties become the forefront of your mind.

This daily stress can really make you lose sight of the unique person that you have become. Your favorite pastimes, interests, and hobbies may seem like a nostalgic distant memory. It almost seems like your sole purpose is to pay off debt.

Although this intense dedication to pay off debt is extremely noble, try not to forget the meaningful aspects of life and the person that you have become. Despite your financial crisis, you still have your friends and family and you can still recall positive memories that you shared with them. You are still allowed to play your favorite CD, read an intriguing novel, or watch your favorite sitcom when you want to relax. Small pleasures such as these may be the diversions that we need, especially on difficult days. When the pressures of our money situation become unbearable, relaxing occasionally may give us strength and perseverance to accomplish our goals.

Dealing with stress effectively can also prevent anger and bitterness. As most of us know, life involves good and bad experiences. Instead of dwelling on the negative, think of your current situation as a learning experience.

Do not automatically assume that enjoying yourself requires a significant amount of money. It is true that it may not be realistic to book a lavish vacation or make a weekly appointment at an upscale spa. As mentioned previously, simple activities such as listening to music and reading can be relaxing. You also may want to explore what your local community has to offer. Summertime is a great time for free concerts and walks in the park. Taking the kids to the playground or going out for an ice cream cone can also give you a break from thinking about debt.



Frugal Green Tip

According to the U.S. Department of Energy, 75% of the energy used to power electronics in the home is consumed while the products are turned off. Consider unplugging items such as microwaves and cell phone chargers when not in use.



It Pays to Stay Healthy

Many Americans aspire to lose weight by following fad diets or buying gimmicks that promise unrealistic results. In fact, the Federal Trade Commission (FTC) reports that Americans spend \$38 billion on weight loss products each year. If you want to lose weight, but not money, here are some thoughts to keep in mind as you search for the best way to shed unwanted pounds.

Consult a physician for dieting advice. Before beginning any diet regimen, seek the guidance of a doctor. Everyone has a different metabolism and health concerns. A medical professional may advise you on the proper way to lose weight and still obtain the nutrients and vitamins that you need.

Avoid diet products that seem too good to be true. You may have seen commercials on television or magazines that claim you can lose weight while you sleep or lose 30 pounds in a month. However, in-depth studies conducted by the FTC found that 55% of weight-loss ads contain false or unsupported claims. During the past decade, the FTC has filed more than 100 cases against weight loss manufacturers that make deceiving or bogus promises. Realistically, healthy dieting usually involves losing no more than one or two pounds per week as a result of lifestyle changes, exercise, and better food choices. The FTC recommends that you research a diet product thoroughly before wasting any money on gimmicks that simply do not work. If you have purchased a diet product that you feel did not live up to its promises, you may file a claim with the FTC at www.ftc.gov.

Discover low-cost ways to exercise.

Joining a gym or health club may provide modern exercise equipment. However, before enrolling, make sure you can afford the membership fees and that the facility offers hours that fit into your schedule. You may also consider other less expensive ways to exercise and stay in shape. For example, walk or jog in a park with family members or do floor exercises while playing your



favorite music. Check out fitness videos from your local library or look in thrift stores for low-cost workout DVDs. Again, consult a medical professional before starting an exercise routine.

Develop healthy habits. If joining a gym or buying exercise equipment does not fit into your budget or your schedule, consider changing simple aspects of your daily lifestyle. For instance, take the stairs instead of the elevator at work. Also, prepare meals at home and bring your lunch to work instead of dining out. You have the ability to read ingredients and control your portions. Visiting restaurants and fast food joints on a frequent basis can really deplete your food budget.

Find a support system that works for you. Achieving major goals such as losing weight is often easier when you have a support system. According to a study by the Agricultural Research Service (ARS), nutritional scientists

concluded that dieters who have the help of a support group may experience less stress than those who go at it alone. Therefore, many people pay to join organized support groups. Although these programs may work for some dieters, the fees may be quite hefty and the company may try to persuade you to purchase their brand name pre-packaged food. An alternative could be to organize your own support group among your family and friends.

The Freedom Debt Relief newsletter is published by The Premier Institute for Financial Freedom. While articles in this newsletter are factual and accurate, they are not intended to replace the advice of professional financial, accounting, and/or legal advisers. As with all decisions regarding your finances, the advice, techniques, ideas and suggestions offered herein should be followed under the supervision of the appropriate competent professional.



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