

How To Be A Savvy Consumer

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Manufactured Homes Opportunities and Challenges

1. What is a “Manufactured Home?” What is a “Mobile Home?”

- Manufactured Homes and Mobile Homes are often used to mean the same thing. These homes generally are pre-built, more affordable houses that are transported to a single site (usually in a Mobile Home park) where they may be connected to utilities (water, electric, and gas).



2. What are the advantages of Manufactured Homes?

- They are often more affordable than conventional houses. Manufactured homes can cost as little as \$25,000 or \$30,000, but they also can cost over \$100,000.
- They are nice when they’re new. Newly-built homes come equipped with new appliances, nice kitchens, good bathrooms, and offer a lot of space for a growing family or a retired couple (see pictures above).
- Often, there are manufactured homes available for rent as well. These homes are generally used, and are often not equipped with the latest features.

3. Are there any risks or downsides to buying a Manufactured Home?

- Yes – especially if you don’t research them before you buy.

4. What are the Challenges of Manufactured Housing?



FINANCING

- Interest rates to purchase a manufactured home are often **MUCH** higher than a conventional or regular home. This means you could spend a lot more in interest when you purchase a manufactured home.
- For example, a conventional home mortgage might have a fixed finance rate of 6% for 30 years. A manufactured home could have a finance rate of 13.5% or higher for 30 years.

- These loans to buy manufactured homes are usually guaranteed (what banks or other lenders call “secured”) in much the same way as loans to buy a car or a TV. This means that if you don’t make payments, the lender can take (“repossess”) your house with little advance warning.
- Costs to install a manufactured home on a piece of land are usually added to your loan. This means you may end up owing more than the home is worth so that if you fail to make payments on the loan and the lender takes the home, you could still owe the lender money (what some lenders call “underwater”).
- Beware of “package” deals. These are deals that “package in” extra upgrades. The costs of these packages may just add to your debt, and possibly at a higher interest rate.



SALES PRACTICES

- Be wary of the sales practices that can be used to sell a manufactured home.
- Some Salespeople can be:
 - High Pressure (just like a car salesperson)
 - Some salespeople often want you to “trade up.” The buyer can get deeper in debt, and again may end up “underwater” (meaning the value of the house is lower than the amount owed).
 - Untrustworthy
 - There can be hidden costs, terms, and conditions that weren’t previously disclosed and can often worsen at the loan closing. This could include higher interest rates, additional loan fees, and other charges.
 - Some salespeople falsify loan documents so that you can qualify for more house than you might actually be able to afford.
 - Be wary of “free” incentives such as a vacation or furniture packages. These are often added to your loan and can put a buyer “underwater.”
- Arbitration and Cancellation Clauses: **DON’T SIGN ANYTHING UNTIL YOU COMPLETE ALL OF YOUR RESEARCH!!!** (See other information in this book).



WARRANTIES

- It is usually best to buy a manufactured home from the manufacturer because that means a single company builds, moves, and installs your home.
- **READ THE WARRANTY CAREFULLY.** A warranty generally enables the buyer to get any problems fixed that show up within the first year after the purchase, although this protection can extend up to five years depending on what the contract says.
- **KNOW WHAT IS AND ISN’T INCLUDED** in your warranty before you buy.
 - Often, the biggest areas of dispute are over “cosmetic” items.
 - The problem is that you and your seller might not agree on what is “cosmetic.”
 - Some warranties call things like wall cracks and leaky plumbing “cosmetic.”
- Also, find out who is responsible for performing the warranty work. It might be different depending upon the problem. Often, the retailer, manufacturer, and installer might split the warranty, and you need to know who to contact if a problem arises.

- If you're buying a used home, be EXTRA CAREFUL. Many of them come without any warranty at all. That may leave you with no protection from hidden defects or problems with the home.
- Be careful about purchasing a special "extended warranty." It can be expensive, and the extended warranty might not cover the same items as the original warranty.



SAFETY AND INSTALLATION

- Home safety is critical. Make sure that you're protected from water, fire, weather and indoor pollutants. Correct installation also helps to protect from problems.
- Moisture in manufactured homes can be a big problem. Make sure that your roof has an overhang, if possible, to keep water out of the walls and windows.
 - Also, check to see if the manufactured home you're purchasing or renting has "belly wrap." This keeps moisture from getting under the house and also helps keep rodents out.
 - Fire is a big threat to manufactured home owners. Keep yourself safe by:
 - Making sure your home has smoke alarms (a minimum of two smoke alarms is recommended).
 - Testing smoke alarms regularly and replacing their batteries every six months.
 - Keeping debris out from the underside of the home so that it won't catch in the heating system and cause a fire.
- Extreme weather can also threaten manufactured homes. Be sure to purchase a home that is RECOMMENDED for:
 - The wind zone in your area.
 - The energy zone in your area (you need more insulation in places where it is colder – like Colorado and its mountain areas).
 - The roof-load zone in your area. This is important in case you're in an area with heavy snowfall (like Nederland or Ward).
- Home installation is critical. A certified and licensed installer should do the install.
 - Check references and ask other manufactured home owners who they used.
 - Make sure that you're protected with a warranty from your installer in case your home isn't properly installed.



LAND RENTAL AND PURCHASE

- Many dealers will only sell you the home if you agree to rent space in their parks and this is usually illegal in Colorado.
- If you buy your land, you need to make sure that the park and the utilities will be maintained.
- If you rent your land, you need to know what is included in the rental.
 - Be careful to make sure that the park owner can't suddenly raise your lot rent or cancel your lease. Park owners have been known to raise rents, and this could impact your ability to pay your loan.
 - Know how your utility bill will be calculated.

MANUFACTURED AND MOBILE HOMES



“A Checklist for Safer Purchasing”

- Prior to the sale, become as educated as you can about the home you’re considering.
 - Talk to people who’ve bought the same kind of home.
 - Ask people in the mobile home park about the landlord’s service.
 - Try to compare utility bills of your neighbors. Know what to expect.
 - Read the warranties that cover each part of the home.

- Determine how much house that you can afford.
 - Decide if you’re going to rent or buy the land.
 - Calculate your monthly payment.
 - Make sure that you’ve included transportation and installation costs, as well as utilities, taxes, maintenance, repairs and other costs.
 - Compare the overall costs of a manufactured home to apartments, condos, etc.

- Select a home site and location.
 - Be careful about what are called “zoning restrictions.” These stop people from putting manufactured homes in the neighborhood or area.
 - Look at all of the park rules, lease terms, and allowable rent increases.
 - Find out what the park owner’s policy is regarding children, pets, parking, etc.

- Make sure that you pick a home that is safe and designed to last.
 - Know how your house is constructed.
 - Check to see if your home meets the weather standards for Colorado.

- Find an installer and find out how much they’re going to charge for the install.
 - Make sure you have a solid foundation for any home that you buy or rent.
 - Make sure the house is tied down properly to the land.
 - Check to see if the installer has a good reputation.

- Read loan papers and contracts.
 - Know what your interest rate is, and look for high added fees (may be called “origination”, “points”, and “buyer” fees).
 - Understand what happens if you do not make payments on the loan.
 - Hold back some of your money until the house has been checked for problems and fixed under any warranty that comes with the home.
 - Know the difference between a down payment and a deposit.
 - i. A deposit (which should be small) will hold a particular home for you.
 - ii. A down payment is part of the home purchase price and commits you to the home. Do not make a down payment until you have the loan to pay for the home and have read all the documents and contracts.

- After you buy the home, check it for problems and take good care of it.

KNOW YOUR RIGHTS

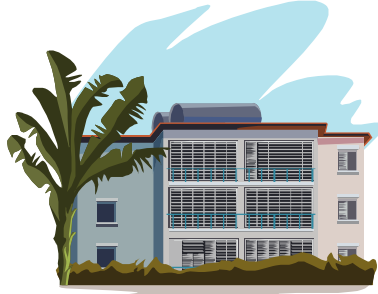
“Manufactured Home Purchasing in Colorado” Mobile Home Park Act (C.R.S.A. §§ 38-12-201 – 220)

1. All persons who rent a Manufactured Home or a Manufactured Home space must have a written lease that states, time period, any additional charges, and the date the rent is due.
2. Homeowners' lease can't be terminated without a written notice.
3. Homeowners must receive at least 30 days notice to move their Manufactured Homes or fix the problem giving the park owner the right to tell the owner to leave (60 days notice if it's a multi-section Manufactured Home).
 - a. The notice can be moved up 10 days (15 days for multi-section homes) if the homeowner:
 - i. Breaks local or state laws.
 - ii. Engages in conduct that annoys other home owners or interferes with the park management.
 - iii. Breaks rules of the park.
 - iv. Lies on his/her application.
 - v. Endangers other homeowners or maliciously damages others' property.
4. Homeowners or renters must be given at least 60 days notice prior to any rental increase.
5. A Manufactured Home can be removed for failure to pay rent with 5 days notice.
6. A homeowner must be given notice if the landlord is going to cancel the lease.
 - a. There is a “right to cure” period which allows the owner to fix a problem that led the landlord to cancel the lease.
 - b. However, your lease cannot be cancelled just to make way for someone else.
7. Homeowners have the right to meet and have a homeowners' association.
8. Your security deposit cannot be greater than one month's rent (or two month's rent if it is a multi-section home).
9. You cannot be evicted to pay for utility charges, but the landlord can sue you to get those bills paid.
10. If you are evicted for valid reasons, you will have 48 hours to remove your Manufactured Home from the space. After that, the landlord and the sheriff have the right to remove it.
11. Park owners cannot charge their tenants fees just for “entry,” or selling or moving their homes.
12. The owner or operator of a Mobile Home park must treat all persons equally in renting or leasing available space.
13. The landlord is responsible for the maintenance and repair of: sewer lines, utility service lines, or related connections owned and provided by the landlord; any accessory buildings or structures, including sheds and carports, owned by the landlord and provided for the use of the residents.
14. Homeowners and managers must try to resolve disagreements outside of court before filing an action in court.
15. Homeowners have a right to adequate notice before any change in park management.

For Problem Resolution, you can call the Colorado Consumer Hotline at **1-800-222-4444**.

Apartment Leases

The Rights of Tenants and Landlords



Usually, if you want to rent an apartment you have to sign a standard-form lease. This lease is probably offered to you by your landlord as “take it or leave it.” In other words, if you do not sign the lease agreement you will not be able to rent the apartment. Many people who rent apartments do not read their lease, so they are not familiar with its terms. Each state has its own landlord-tenant laws. It is important that you understand your lease and the laws that apply to it, so that you can know your rights and the rights of your landlord in case you have a conflict.

Signing a Lease



Security Deposits

Before you are allowed to rent an apartment, your landlord will probably make you pay a security deposit in addition to your first month’s rent. Your landlord will hold this deposit until you move out. It is used to repair any damages you might cause to the apartment. Here are some important things to know about security deposits in Colorado:

- Your landlord has to return to you your full security deposit within one month after you move out (unless your lease gives your landlord 60 days).
- Your security deposit cannot be used to pay for normal wear and tear.
- Your landlord can use your security deposit to pay for repair work, cleaning, unpaid rent, moving out before your lease expires, or unpaid bills.
- If your landlord keeps some or all of your security deposit to pay for damages, the landlord has to give you a written statement explaining what was fixed and how much it cost to fix it.
- Your landlord will mail your deposit and/or the written statement to your last known address, so you must update your landlord with a current address after you move out.
- If your landlord doesn’t return your security deposit or a written statement by the one month deadline, they have given up their right to hold *any* part of the security deposit. You can therefore get back your full security deposit. You also can get 3 times your deposit plus attorney’s fees and court costs if you have to sue to get that deposit back.

Fair Housing

According to federal law (called the Federal Fair Housing Act), your landlord is not allowed to discriminate in renting you an apartment or in keeping their landlord responsibilities for any of these reasons:

- Race
- Nationality
- Religion
- Sex
- Family Status
- Disability

In Colorado, your landlord also cannot discriminate against you if you are a victim of domestic abuse. Here are some important things to remember if you are abused:

- A tenant always has the right to call the police or other needed emergency assistance
- Any part of your lease that says you “waive” this right is not enforceable.
- Your landlord cannot evict you or give you any penalties for calls to the police or other emergency assistance when domestic abuse is involved.
- If you are a victim of domestic abuse, and you show your landlord a police report and a valid protection order within 60 days of the incident, you are allowed to move out and break your lease without any penalties.
- You will still have to pay one month’s rent after you move out, and your landlord will not have to return your security deposit until this rent is paid.

Landlord and Tenant Responsibilities

Paying Rent

You need to pay rent on time so that you do not violate your lease. In Colorado, landlords and tenants have responsibilities when it comes to dealing with “late rent.”

- Usually, your landlord will consider a rent payment as “on-time” through the third day of the month.
- Your landlord will write you a notice letting you know when you are late paying your rent.
- This notice will probably explain that you need to get caught up on your rent and any “late fees,” or move out.
- If you do not respond to this notice within three days, your landlord can file for eviction (a court order to kick you out) in court.
- Your landlord can’t force you out of your apartment if they do not have a court order.
- If you have been evicted, you have 30 days to move out of your apartment before being forced out.



Being a Peaceful Neighbor

In an apartment community where many people live close to each other, it is important to be a good neighbor and to respect the community values of your neighbors and of your landlord. After you sign your lease, your landlord will probably give you a set of “community rules.” Some of these rules are enforceable, especially if they are the same as city regulations. Others might not be enforceable – for example, a rule that prohibits you from calling the police to the property for any reason. In Colorado, you can be evicted for:

- A legal violation that happened in or near your apartment that is dangerous to your landlord, any person living with you, or any other person living near your apartment.
- Committing a drug-related felony.
- Any crime that carries potential jail time of 180 days or more, *and* is considered by law to be a public nuisance.

Your landlord will give you a written notice of the violation. If you do not respond to the notice within three days, your landlord can file to evict you.

Landlord-Tenant Dispute Resolution

A lot of times, tenants get into disagreements with their landlords because they do not understand the terms of their lease. That is why it is very important that you read your lease before signing it, and that you ask your landlord to explain any parts that you do not understand. Most terms in a lease are enforceable. If you have a problem, it is usually a good idea to speak with your landlord first. Suing your landlord can be very expensive. Also, a judge might make you first try to solve your problem outside of court through what is called “mediation” (meaning a third party will help you resolve the disagreement or problem without suing in court) anyway. There are lots of resources that can help tenants and landlords understand their leases and their legal rights before bringing a case to court:

- Community Housing Services, Inc.
1212 Mariposa St.
Denver, CO 80201
(303)831-1935
www.chsico.org/landlordtenant.html
 - Counselors available to answer questions and offer basic legal information
 - Mediation/arbitration referrals
- City of Boulder Community Mediation Services
(303) 441-4364

- City of Longmont Community Relations
(303)651-8444

- Department of Housing and Urban Development
Denver Office
1-800-877-7353
 - Hears complaints for violations of Federal Fair Housing Act
 - Investigates your complaint at no charge

- Colorado Civil Rights Division
Department of Regulatory Agencies
1-800-262-4845
 - Hears complaints under Colorado Fair Housing Act

Final Point

These topics represent typical landlord-tenant relationships, but they do not clarify everything you need to know about *your* lease. As a tenant, it is important that you understand the terms of your lease, your rights, and the rights of your landlord. Being in the know about your lease, or about any contract that you are involved in, can help you avoid and/or overcome problems.

ARBITRATION : **WHAT YOU NEED TO** **KNOW**



WHAT IS ARBITRATION?

- When two or more people have a disagreement or dispute but are either unwilling or unable to file a lawsuit in court they may be able to settle their problems by having another person listen to each person's side of the story and decide how the problems should be taken care of.
- All sorts of problems can be resolved through arbitration. Typical problems decided through arbitration include:
 - Landlord/Tenant disputes
 - Family and Divorce matters
 - Employment disputes
 - Construction disputes
 - Consumer disputes

We are all consumers when we buy products and services for ourselves or our families, and need to be aware that our agreements or contracts with these sellers may require us to have any problems we later have with the sellers decided in arbitration instead of court. The part of an agreement or contract that requires this is usually called an **arbitration clause**. ...

WHAT ARE ARBITRATION CLAUSES?

- The portion of a contract that requires the parties to resolve their disputes through an arbitration process. This is usually in the small typeface or "Fine Print" of the contract.
 - Some consumer contracts which are likely to have an arbitration clause:
 - Lease Agreements
 - Cable/phone contracts
 - Purchase agreements [almost any big ticket item – TV, Computer, etc..]
 - Credit Card contracts
 - Gym memberships
 - Health insurance

WHY IS THIS IMPORTANT TO YOU?

- **Enforceable:**

- Arbitration clauses are generally enforceable, meaning that a court will force you to arbitrate if you do not do it voluntarily. This is usually true even if you didn't realize that your contract had an arbitration clause.

- **Difficult to Spot:**

- Arbitration clauses are usually in the "Fine Print" of a contract and are likely to be overlooked unless you make a conscious effort to look for them.

- **Rights You are Giving Up:**

- An arbitration clause usually stops you from going to court to have your problems or claims decided. Instead, you have to have them decided outside of court in the arbitration.
- This means that instead of presenting your case to a jury or judge you will have to present it to the "arbitrator" (the person unconnected to the case that decides the case but is not a publicly chosen judge).

- **Knowledge is Power:**

- You should read your contracts before signing them to see if they contain arbitration clauses, and pay attention to the particular procedures you have to follow if you do later have disputes or problems with that seller or company.

- **What to Look For:**

- Look for *who chooses* the arbitrator.
 - It is better for you and the company to have some input on this rather than just the company making the decision.
- A **sample** arbitration clause reads something like this:

Any dispute or difference arising out of or in connection with this contract shall be determined by the appointment of a single arbitrator to be agreed between the parties, or failing agreement within fourteen days, after either party has given to the other a written request to concur in the appointment of an arbitrator, by an arbitrator to be appointed by the President or a Vice President of the Chartered Institute of Arbitrators.

- Notice that this arbitration clause allows both the customer and company to have input into the selection of the arbitrator and if that fails it turns the decision over to an outside authority or person who does not have any stake or interest in the case.
- Also look to see if the clause says that arbitration is *Binding*.
 - This means that the arbitrator's decision is final, and you have to accept that decision. You can't go to court to have problems resolved.

- If the arbitration is binding, then you can't go to court for a full appeal, as you would be able to do with a trial or court judgment.
- Most contracts will state that arbitration is binding.

PICKING THE ARBITRATOR

• Who is the Arbitrator?

- The "neutral" (impartial, has no stake in the case) person who will decide your case is called the "Arbitrator" and
 - It is her job to ultimately decide who wins and who loses.
 - In many ways, the Arbitrator plays the same role as a Judge in the court room, except that the Arbitrator is not acting in a public way and subject to the same restrictions as are judges. In addition, the people who are having the dispute get to pick who the arbitrator is.

• Who Picks the Arbitrator?

- This issue about **who gets to pick** the arbitrator is important!
 - Who would you rather have decide who wins the big race at recess-- your mom or the other kid's mom?
- As mentioned earlier who gets to pick the arbitrator is usually decided by the contract you first signed.
- Many times, the contract will say that rules put out by an outside group, such as the American Arbitration Association, will decide how the Arbitrator is chosen.

• Is the Arbitrator an Attorney?

- Parties will want to choose an arbitrator that has some significant **experience** in the area of their dispute.
 - **For instance** if the dispute involves an apartment lease then it would be best for everyone involved if the arbitrator is experienced in the area of landlord tenant disputes and leases.
 - Although it is not necessary for the arbitrator to be an attorney, often the arbitrator will be an attorney with experience in the area of the dispute.
 - Because the arbitrator is making binding decisions affecting your legal rights, most people feel more comfortable with an arbitrator who is an attorney with the specific legal background necessary for the issue.

ARBITRATION COMPARED TO COURT

- Arbitration is very similar to court except that it can be much **less formal**.
- Similar to court, there usually will be an arbitration **hearing** where both sides are given the chance to tell their side of the story and present evidence and witnesses.
- Arbitration is generally much more flexible and faster than going to court.

DO I HAVE TO HIRE AN ATTORNEY?

- You are allowed to have an attorney in arbitration but you are not required to.
 - Be aware that even if you decide to not have an attorney, the other side still can.
- **If you choose to not have an attorney:**
 - It is a good idea to at least speak with one prior to the hearing for advice about your legal rights and what witnesses and evidence you may want to give the arbitrator.
 - Remember that the arbitrator is supposed to be neutral so she will not give you legal advice during the process – so speaking with an attorney before is your chance to ask questions and get any advice.

BENEFITS OF ARBITRATION

- **Timing**
 - Arbitration usually gives the parties a way to end their disputes or problems more quickly than if they had to go to court.
- **Binding Outcome**
 - The parties can agree that the arbitration decision will be final.
- **Choice of Arbitrator**
 - Arbitration gives parties the ability to choose arbitrators with expertise and good judgment, which may increase the likelihood of a reasonable and fair outcome.
- **Confidential**
 - Arbitration is generally private and confidential, unlike litigation.
- **Saves Time and Money**
 - Arbitration is often much less expensive than litigation.

PITFALLS OF ARBITRATION

- **Loss of Choice**
 - Because of the use of “Arbitration Clauses” in contracts consumers are often forced to give up their right to a jury trial in order to do business with the company providing the contracts
 - Often there are no alternatives because almost all companies in a certain area may use these clauses.

- **Difficult to Appeal**
 - If the arbitration is binding, then the decision of the arbitrator is “final” and the parties cannot later go to court and have a judge reconsider the merits of the case.
 - Often, even seemingly unfair decisions must still be followed unless the consumer can show some major problem with the arbitration process, such as a biased arbitrator who did not tell the consumer that she had a relationship with the company on the other side.

- **Choice of Arbitrator**
 - Sometimes consumers have no say in choosing an arbitrator because of the arbitration clause.

- **Arbitration Clauses**
 - Consumers are often unaware they have agreed to a binding arbitration clause which may be tucked away in a paragraph of fine print or even provided as a separate form.

ADDITIONAL RESOURCES

There are numerous practicing attorneys in Boulder County who are trained arbitrators. **The Boulder County Bar Association** has a hotline available to help put individuals in contact with various mediation and arbitration organization in Boulder County. For more information call the **Appropriate Dispute Resolution**: Telephone Number: (303) 441-4902

Additionally the Colorado Bar Association has extensive listings of arbitrators categorized by county on their website at <http://www.cobar.org/directory/>

Consumer Protection in Colorado

I. Introduction:

Exploiting consumers is big business. In 1999, the “FTC” (short for the federal agency called the Federal Trade Commission that deals with consumer issues) estimated the annual cost of mail fraud alone to be up to \$ 40 billion. Telemarketing fraud has been estimated to cost consumers an additional \$ 40 billion. In 1996, FTC estimated that deceptive marketing of health care products alone cost \$100 billion. In the post-September -11th world, even the terrorist organizations are accused of raising funds through consumer protection violations such as credit card fraud. Now, the amount may be over \$ 200 billion each year.

II. Who can help you---except calling your family members and friends, or hiring lawyers?

FTC ----Federal Trade Commission (a federal agency)

<http://www.ftc.gov/>

FTC may investigate consumer violations, launch sting operations targeting a group of perspective defendants, prosecute consumer protection law violators, and settle the cases. FTC may also issue rules, position papers and guides on the consumer protections.

Through the FTC, you can get information:

About a Company, an Organization, or a Business Practice

Online: Use the secure complaint form: English or Spanish
Phone: Call the toll-free helpline: 1-877-FTC-HELP (1-877-382-4357);
TTY: 1-866-653-4261
Mail: Write to:
Federal Trade Commission
Consumer Response Center
600 Pennsylvania Avenue, NW
Washington, DC 20580

About Identity Theft

Online: Use the secure complaint form: English or Spanish
Phone: Call the toll-free Identity Theft helpline: 1-877-ID-THEFT (1-877-438-4338); TTY: 1-866-653-4261
Mail: Write to:
Federal Trade Commission
Consumer Response Center
600 Pennsylvania Avenue, NW
Washington, DC 20580

About so-called “Spam” & “Phishing”

Email: spam@uce.gov

Forward unsolicited commercial email (spam), including [phishing](#) messages that are just trying to get your personal information, directly to the FTC at spam@uce.gov. These messages will be stored in a database law enforcement agencies use in their investigations.

National Do Not Call Registry

FTC manages the National Do Not Call Registry, which gives you a choice about whether to receive telemarketing calls at home. You can register your phone numbers to avoid these calls:

Online: Use the secure [registration form](#).

Phone: Call the toll-free Do Not Call helpline: 1-888-382-1222; TTY: 1-866-290-4236

Report Violations

If your number has been on the National Do Not Call Registry for at least 31 days and you receive a call from a telemarketer that should be covered by the Do Not Call provisions of the Telemarketing Sales Rule, file a complaint:

Online: Use the secure [complaint form](#).

Phone: Call the toll-free Do Not Call helpline: 1-888-382-1222; TTY: 1-866-290-4236

We will need the name or telephone number of the company that called you, and the date the company called you.

Information for Businesses & Consumers

Online: www.DoNotCall.gov

Order Free Education Materials

FTC offers practical information on a variety of topics to help you avoid rip-offs and exercise your consumer rights, and to help businesses comply with the law.

Single Copies

Online: [View, print, and download publications](#) from the website.

Mail: Send your name, organization, address, telephone number, the publication titles, and the number you need of each to:

Federal Trade Commission

Consumer Response Center

600 Pennsylvania Avenue, NW

Washington, DC 20580

Bulk Orders (50 or More Copies)

Online: Order from the [bulk order website](#).

Attorney General of Colorado—state agency

http://www.ago.state.co.us/consumer_protection.cfm?MenuPage=True

The structure is different, but the function is similar to FTC, except on the state level

Addresses & Phone Numbers:

Attorney General

1525 Sherman St.

7th floor

Denver, CO 80203

(303)866-4500

FAX: (303)866-5691

III. Help yourself—Know Your Rights

1. General protection

- a. Courts may refuse to enforce contracts that are very unfair or one-sided.
- b. Form contract--- you usually have to sign a form contract when you get insurance, buy a car. These contracts are generally enforced but they may violate certain notice and other requirements under federal and state laws.
- c. Common Law Fraud--- This is *difficult* to prove, but may be grounds to avoid a contract if you can show that a seller misrepresented important facts and knew the facts were false but lied anyway to try to get you to agree to the purchase or contract.

2. Special protection

- a) Federal protection - Consumer fraud & Unfair practices
 - i) Consumer Fraud under special federal laws may be easier to prove than regular “common law” fraud (see above)
 - ii) Unfair practices---Factors: Violation-of-public-policy, even it doesn’t violate the law; unfair-and-unscrupulous
- b) Some Colorado state protections include
 - [Colorado Consumer Protection Act](#)
 - [Colorado Charitable Solicitations Act](#)
 - [Colorado Motor Vehicle Repair Act](#)
 - [Colorado Lemon Law](#)

Generally, these laws prohibit “unfair” or “deceptive” practices, which include: (1) any practice that offends public policy-whether under some common law, statutory or other standard of unfairness; (2) any immoral, unethical, oppressive or unscrupulous practice; or (3) any practice that causes substantial injury to consumers.

3) [Colorado Consumer Protection Act \(CCPA\)](#)

- I. The CCPA allows a successful plaintiff to recover extra damages and attorney fees, although the court may award attorney fees **at its discretion**.
- II. The CCPA also allows the seller to recover attorney fees and costs if the court determines the action was initiated in bad faith, or for the purpose of harassment.
- III. The law gives the state attorney general's office authority to bring an action to enforce its provisions to stop companies of doing fraudulent or unfair things to consumers.

Colorado Law also includes specific protections regarding

- a) **False Advertising**
- b) **Charitable Solicitations**
- c) **Motor Vehicle Repair**
- d) **Motor Vehicle Warranties**
- e) **Auto Rental Contract**
- f) **Telemarketing Fraud**
- g) **Warranties for Assistive Technology**
- h) **Warranties for Facilitative Technology**
- i) **Sellers of Manufactured Homes**

What Savvy Consumers Should Know About Buying and Using Gift Cards



Graphic uploaded by ian.aberle to Flickr.com on Dec. 14, 2007




INTRODUCTION

Sometimes it is hard to find the perfect gift for another person. You may not have the time to shop. Or, you may not know what the person needs. These types of challenges drive many Americans to buy gift cards and/or gift certificates.

Gift cards seem like a perfect answer for weary shoppers because:

- **Time** – You can save time shopping. Just buy a card with a spending limit instead.
- **Convenience** – It may be more convenient for you to give the card or certificate as a gift.
- **Choice** – A person receiving a card or certificate can use it to buy something they want.
- **Control** – You can control where the recipient spends the gift. For example, if you want a person to buy clothes, give him/her a gift card that can only be used at a clothes store.

There are different types of gift cards:

Type	Example	Description
Store-Specific Card	Starbucks Card 	This type of card can only be used at a single store or chain of stores.
Multi-Store Card	Visa Gift Card 	This type of card can be used at many different stores, not just a single merchant.
Electronic Gift Card	amazon.com gift card 	This type of card can be sent electronically (i.e., via email) and used for online purchases (through the Internet).
Gift Certificate	Woody's Old Town Gift Certificate To: _____ For \$ _____ From: _____ int _____	Gift certificates are similar to gift cards, except that gift certificates usually are printed on paper sheets.

TERMS TO LOOK OUT FOR

For some gift cards and gift certificates, there are terms that control how the gift cards and gift certificates may be used. It is important to become familiar with the terms:

Look on the card or certificate.	Terms may be in the package	Check the merchant's website
		

When reviewing the terms, look out for the following terms:

- **Fees** - Some cards charge monthly fees after a while if you have not used up your card. There may also be fees to replace lost or stolen cards.
- **Expiration Date** - Some cards expire after a certain period of time.
- **Hold Provisions** - Terms may allow the merchant to put a 10-day or longer hold on the card. If this happens, you will be unable to use the card during the hold period.
- **Change or Reserve Clause** - The company may reserve the right to change the terms.

CONSUMER PROTECTION LAWS

State Laws

Several states have laws that protect consumers from certain company practices or requirements for their gift-cards and gift-certificates.

The National Association of State Legislatures (“NASCL”) has a summary of consumer-protection laws pertaining to gift cards on its website. See *Gift Cards and Gift Certificates Statutes and Recent Legislation*, <http://www.ncsl.org/programs/banking/GiftCardsandCerts.htm>.

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Gift Cards and Gift Certificates Statutes and Recent Legislation

Last Updated: September 28, 2007

**** PLEASE NOTE:** The National Conference of State Legislatures is an organization serving state legislators and their staff. We cannot offer legal advice or assistance with individual cases, but we do try to answer questions on general topics.

NCSL Contact: [Heather Morton](mailto:Heather.Morton@ncsl.org), Denver (303) 364-7700

STATE STATUTES

State:	Definition of Gift Card/Gift Certificate:	Expiration Date Provision:	Fee Provision:	Escheat Provision:
Alabama				Ala Code §35-12-72(a)(17) Gift certificates are presumed abandoned, other than those exempt under §35-12-73, three years after June 30 of the year in which the

Caution – Different states have different laws and state laws constantly change. Therefore, you cannot rely solely on the NASCL website.

You may need to consult an attorney to find out if there are any laws that fit your particular situation.

Generally, there are three types of state laws affecting gift card and gift certificate companies:

- **Expiration date provisions** – Some states ban expiration date provisions. Other states require companies to adequately inform consumers of any expiration date provisions.
- **Fee provision** – Some states have laws that prevent companies from charging a monthly fee if a gift card or gift certificate has not been used after a period of time.

- **Abandoned property provisions (so-called “escheat”)** – Consumers may be able to recover the cash value of an unused card or certificate from their state treasurer.

Federal Protection

Unlike the states, the federal government has not passed laws that prevent gift card or gift certificate companies from enforcing expiration date or fee provisions.

But, the Federal Trade Commission (“FTC”) may bring enforcement actions against companies that use “false or misleading” advertising to market gift cards or gift certificates. You can refer to other parts of these materials for further information about the FTC actions.

Colorado Unclaimed Property Act

Under Colorado’s abandoned property law, you may be able to recover the cash value of a gift card or gift certificate. This law generally requires merchants, under some circumstances, to turn over unused gift cards and gift certificates to the Colorado State Treasurer.

The Colorado State Treasurer has a website that makes it easy to check whether you have any property that can be recovered from the State Treasurer. The process is very easy:

- Just go to <http://www.colorado.gov/treasury/gcp/>.
- Click on the link “Personal Search for Unclaimed Property”
- Enter you name in fields provided and hit search.
- Contact the Colorado State Treasurer if you have unclaimed property.



Several limitations apply, including but not limited to:

- The gift card or gift certificate must be considered abandoned property.
- The last-known address of the person entitled to use the gift card or gift certificate must be in Colorado.
- The gift card or gift certificate must have been purchased in Colorado.
- The gift card or gift certificate must have at least \$25 in value remaining on it.

See C.R.S. §§38-13-103, 104, 108.4 for more info about Colorado’s Abandoned Property Act.

TIPS FOR CONSUMERS ON BUYING & USING GIFT CARDS

The following tips should help consumers avoid hassles with gift cards and gift certificates:

Tip #1 – Check for Maintenance Fees and/or Expiration Dates

If you live in a state that allows companies to charge maintenance fees and enforce expiration dates, then it is important for you to find out whether your card or certificate has those terms:

- Ask the merchant if the card or certificate has a maintenance fee and/or expiration date.
- Check for language printed on the card or certificate, or in papers you get with the card.

Tip #2 – Avoid Most Cards With A “Spend It or Lose It” Term

Some gift cards and gift certificates have a spend-it-or-lose-it term. This type of term penalizes the customer for not spending his or her entire balance on a single purchase.

The spend-it-or-lose-it term creates a penalty because the customer:

- **Loses his/her card** - the customer has to forfeit the card or certificate after using it, and
- **No change** - the customer doesn't get change if he or she spends part of the balance.

Spend-it-or-lose-it terms can be a bad deal. The customer often is better off with cash instead.



Example – Wahoo's. You cannot get change when you spend the gift certificate.

For example, the certificate to the left has a spend-it-or-lose-it term. Thus, if you use the \$5 gift certificate to make a \$4 purchase at Wahoo's, the company will take your gift certificate, but it will not give you any change back.

But if you use \$5 cash for a \$4 purchase at Wahoo's, at least the company will give you \$1 in change. Note, however, that companies change their terms so you would have to look at

Wahoo's current policies and terms to see if it still has such a spend-it-or-lose-it term.

Tip #3 – Be Careful: Some Cards With a “Spend It or Lose It” Term Are Good Deals

Some cards and certificates with spend-it-or-lose-it terms can still be good deals.



For example, recent gift certificates from Dining Dollars, www.diningdollars.net, have a spend-it-or-lose it term;

But you can buy the certificates at a discount – e.g., \$7 cash for a \$10 certificate -- and use the certificates at many restaurants.

Currently, several Boulder area restaurants will accept gift certificates from Dining Dollars for food and beverage purchases: The Foundry, The Attic, The Dark Horse, and Abos Pizza.

These Dining Dollars certificates generally say:

- **No change** – if you pay an \$8 bill with a \$10 Dining Dollar, you don't get \$2 back.
- **No tax, no tip** – Dining Dollars cannot be used to pay sales tax and tips.
- **Expiration dates** apply to Dining Dollars.

Other limits may apply, and you would have to look at their current terms and policies. Check the company's website, <http://www.diningdollars.net> (click on “guidelines” and “the program” hyperlinks), for the current status of terms and conditions.

Tip #4 – Look for Discounts on Gift Cards

Some companies sell gift cards and gift certificates for popular merchants at a discount compared to the price it would cost to buy the gift card or gift certificate directly from the merchant.

For example, Dining Dollars sells gift certificates at discounts of 30 percent or more through its website, www.diningdollars.net, to several Front Range Area establishments.

Another option is buying a used gift card. Several websites let you buy or trade a used gift card, such as: www.plasticjungle.com, www.cardavenue.com, and www.monstergiftcard.com.

Important – Before you buy a used card, find out if the website:

- Checks the balance of cards sold on its site.
- Makes certain that the cards are not stolen or involve anything illegal.
- Resolves disputes if someone sells you a gift card that doesn't have any value on it.



Tip #5 – If You Get A Gift Card Use It ASAP

A surprising amount of adults who receive gift cards do not use them quickly. According to a 2006 survey by Consumer Reports, among 1003 adults polled,

- 27 percent of gift card recipients polled had not used the card over a year later.
- 1/3 said they didn't use the cards because they either forgot about them, lost them, or the cards had expired.

If you get a gift card or gift certificate, it is a good idea to spend it quickly because:

- **Expiration Dates** – Many gift cards and certificates have expiration dates. Often, you may not be able to use a gift card or certificate if its expiration date has lapsed.
- **Companies Go Bankrupt or Out of Business** – If a company goes out of business or it goes bankrupt, its customers holding gift cards or certificates may get left out in the cold.
 - For example, one store recently filed for bankruptcy and announced that it would no longer honor the gift cards its customers had bought. For further information, you can read: Anne D’Innocenzio, *Bankruptcy Makes Gift Cards Worthless*, YAHOO NEWS, (Mar. 3, 2008), at http://news.yahoo.com/s/ap/20080303/ap_on_re_us/bankruptcy_gift_cards.

Tip #6 – Keep Your Card For a Period of Time After Making Purchases

It is a good idea to keep your card even after you have used its full balance for purchases. At some merchants, you’ll need the old card to return the merchandise purchased using the card.

RESOURCES FOR MORE INFORMATION

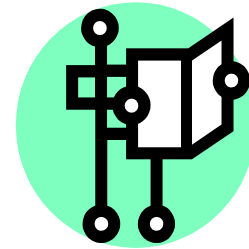
- U.S. Federal Trade Commission, *Buying, Giving, and Using Gift Cards*, <http://www.ftc.gov/bcp/edu/pubs/consumer/alerts/alt010.shtm>
- *Avoid Gift Card Pitfalls*, CONSUMERREPORTS.ORG (Dec., 2007), <http://www.consumerreports.org/cro/money/shopping/shopping-tips/gift-card-pitfalls-12-07/overview/gift-card-pitfalls-ov.htm>
- American Bar Association, *Consumer Tips . . . Giving And Receiving Gift Cards*, <http://www.abanet.org/buslaw/committees/CL230000pub/giftcard/home.shtml> (last visited Mar. 10, 2008).

ONLINE ELECTRONIC CONTRACTS

HAVE YOU SEEN THIS LANGUAGE ON THE COMPUTER SCREEN?
“BY SUBMITTING THIS FORM YOU ARE AGREEING TO THE TERMS LISTED ABOVE.”
THIS LANGUAGE IS IMPORTANT!

INSIDE THIS ISSUE

- ◆ Online (over the Internet) versus paper contracts
- ◆ Common Terms in a Contract
- ◆ Who uses online contracts
- ◆ “Clickwrap” (or “click-wrap”) Agreements
- ◆ “Browsewrap” (or “browse-wrap”) Agreements
- ◆ How courts enforce online agreements
- ◆ How to protect yourself
- ◆ Helpful Websites



ONLINE VERSUS PAPER CONTRACTS

A contract is no less a contract simply because it is entered into via a computer.

In everyday life we all enter into several standard form contracts (meaning the terms are pre-printed on form). Several of these contracts contain lengthy terms that tend to favor the company or seller over the consumer.



In online contracts, the contracts that consumers were once presented by salespeople are now online.

In both paper and online contracts there are several terms that the consumer should be aware of. Two clauses that are often overlooked are:

- **DISPUTE RESOLUTION OR ARBITRATION CLAUSES**

- “Disputes arising under the agreement shall be settled by”
- These clauses say how the consumer has to deal with disputes or problems with the company. See the Arbitration section of this book for more information about arbitration clauses, which often appear in online contracts.

- **FORUM SELECTION CLAUSES**

- “You agree that any claim or dispute you may have against the company will be resolved by a court located in ...”
- These clauses say where (what city and/or state) the consumer and the company have to go to have a problem or disagreement resolved by a court, arbitration, or other method.

Online businesses as well as many traditional businesses use online contracts

- Software Downloads (Microsoft, Apple)
- Financial Services Insurance (Wells Fargo, Wachovia...)
- Travel and Vacation (Expedia, Travelocity...)
- General consumer stuff (Macy's, amazon.com, drugstore.com)

CLICKWRAP AGREEMENTS

CLICK TO ACCEPT TERMS

I Agree

- So-called "Clickwrap" agreements are commonly used in connection with online transactions.
- The terms of the agreement are usually displayed on the consumer's computer screen or are otherwise available to be read before clicking on the acceptance button.
- The consumer agrees with the written terms by clicking on a button labeled "I accept," "I agree," "Yes," or with similar language.
- If the consumer does not agree to the contract terms, the website will not accept the consumer's order and the deal is off/no sale.



BROWSEWRAP

AGREEMENTS BY ENTERING A WEBSITE

- So-called "Browsewrap" agreements usually consist of a link or button within a webpage to direct the user to another webpage that displays the terms and conditions of use of the website.
- Sometimes, the location of these links or buttons is placed at the bottom of the screen and oftentimes, these agreements are not reviewed by the user.
 - Can be an agreement that covers a user's browsing of a website
 - Can contain the terms and conditions of a transaction
- A consumer is able to download and to use software **without** specifically clicking a button like with the "clickwrap" to show more concrete agreement.
- Frequently used terms:
 - "use of the site constitutes acceptance of the terms"
 - "downloading or using the software manifest your assent to these license terms"

ARE ONLINE AGREEMENTS ENFORCEABLE?



Courts generally enforce clickwrap agreements as valid. However, courts have not enforced browsewrap agreements as consistently as clickwrap contracts.

WHY THE DIFFERENCE?

Clickwrap contracts are modeled after paper contracts. In a clickwrap agreement the consumer must click a box or icon on the computer screen that says the consumer agrees or accepts the terms of the contract. This action suggests that the consumer has acknowledged that he or she could review the term of the contract. This process is similar to a consumer receiving a paper contract from a sales person or when the terms of the contract are delivered with the product. In these cases, it does not really matter whether you actually took the time to read the terms. The court looks at the fact you had the option of reading the terms and agreed to accept the terms, regardless of whether you actually did read them.

*** IN A CLICKWRAP AGREEMENT, THE CONSUMER HAS THE OPTION TO WALKWAY ***

HOW TO PROTECT YOURSELF



◆ Take Your Time!

Consumers often feel pressured to make a decision to buy when they are in a store. They are often concerned about their own time, the time of the salesperson and other customers, and as a result they don't bother to read or review the form contract.

Online stores can remove much of the time pressure. The consumer can easily walk away and return later to finish a transaction.

◆ Investigate!

Make sure that you know the company or person that you are dealing with - **Suspect Newcomers** or **Something that Does Not Seem Quite Right!**

Use the company's a Frequently Asked Questions (F.A.Q.) page. Contact the company's customer services and check with the Better Business Bureau. Generally it best to avoid companies that you don't know or that make it difficult to contact a representative.

Look for the safety lock--the "https" in the address bar; this means the site is secure and less prone to hacker attack. Also check the site's Google rank; the higher the ranking, the less the chances you are dealing with a crook.



is



LOOKOUT FOR ONLINE SCAMS!

Website "knockoffs": Many scammers create websites that mimic popular sites or send fake emails promising big money. Any offers that sound too good to be true - probably are! If unsure, it's a good idea to call the website's customer service 800 number before using a credit card. If the website or email has no contact telephone number, be careful!

Shell Actions: No merchant exists. The sole purpose of the auction is to get money or a credit card number from the buyer. Look for suspicious addresses, such as a different address for the seller and place of payment.

QUICK TIPS FOR SAFE ONLINE SHOPPING

- Use a secure browser.
- Check the site's privacy policy.
- Read and understand the refund and shipping policies of a website you visit.
- Keep your personal information private. Don't disclose your personal information.
- Give payment information only to businesses you know and trust.
- Keep records of your online transactions and check your e-mail for contacts by merchants with whom you're doing business.
- Review your monthly credit card and bank statements for any errors or unauthorized purchases promptly and thoroughly.



A Checklist

Does Its Web Site Clearly Disclose Information:

About the Company:

- What kind of business it is and what it sells?
- Where it is located, including the country?
- How you can contact the business?

About the Product or Service:

- What's being sold, with enough details for you to know exactly what you're buying?
- The cost of the product or service, and the currency used?

About the Sale:

- The TOTAL costs, in addition to the price of the product or service? There may be costs for shipping and handling, taxes and duties.
- Any restrictions or limitations on the sale?
- Any warranties or guarantees?
- The availability of convenient and safe payment options?
- An estimation of when you will receive the order?

About its Consumer Protections:

- The opportunity for you to print or save a record of the transaction?
- Safeguards for protecting your payment information when it is transmitted online?
- Policies on what personal identifying information is being collected about you, what the company does with it and whom it shares it with?
- An opportunity for you to "opt out" of having information about yourself collected?
- Policies on sending unsolicited email, including an option for you to decline these offers?
- The return policy, including an explanation of how you can return an item, get a refund or credit or make an exchange?
- Where you should call, write or email with complaints or problems?



HELPFUL WEBSITES

Colorado Attorney General

- <http://www.ago.state.co.us/consprot/CoResourceGuide.cfm>
- Consumer Complaint Line - in Denver and Out of State - 303-866-5189
- Consumer Complaint Line - Outside of Denver but in Colorado - 1-800-222-4444

Federal Trade Commission

- <http://www.ftc.gov/>
- <http://www.ftc.gov/bcp/edu/microsites/idtheft/>

OnGuardOnline - provides tips from the federal government

- <http://onguardonline.gov/index.html>

econsumer.gov - a multilingual public Web site that provides general information about consumer protection

- <http://www.econsumer.gov/>

Better Business Bureau

- <http://welcome.bbb.org/>



WHAT TO KNOW BEFORE, DURING, AND AFTER PURCHASING A CAR

WHEN PURCHASING A USED CAR FROM A DEALER



Sellers who are considered dealers are subject to different rules than sellers that are considered individuals. For a seller to be a dealer, the seller must sell **more than five used cars in a twelve month period**. A car is considered “used” if the car is used for any purpose other than moving it around the lot. Therefore, a car can be “used” even if it has never been owned. If a seller DOES qualify as a dealer then the seller must comply with guidelines put into place by the Federal Trade Commission (FTC) known as the “Used Car Rule”. This rule does not apply to businesses which sell cars to employees or to companies (sometimes called “lessors”) when leasing vehicles.

Under the “Used Car Rule”, a dealer **MUST**:

- Put a sticker on the car which says whether the car has a warranty or is being sold “as is”.
 - A warranty generally gives the buyer protections if there is something wrong with the car that has to be fixed.
 - If there is a warranty, the dealer must state the percentage of costs it will pay for any repairs under the warranty.
- Only make statements which do not contradict the window sticker.
- Display a “Buyer’s Guide” in an easily seen place.
 - For example, the “Buyer’s Guide” CANNOT be placed in a glove compartment, under a seat, or in an otherwise hidden location.
 - A “Buyer’s Guide” must say that any oral promises the salesperson may have made are not easy to enforce and that the buyer should get oral promises in writing.
 - “Buyer’s Guide” should disclose mechanical problems, electric problems, and whether the service contract is still available.
 - “Buyer’s Guide” must be available for the purchaser to look at after the sale.

*Note: While most cars fall under the Used Car Rule, it does not apply to all vehicles (such as large commercial semi trucks).

Quick and Easy Checklist When Purchasing a Used Car:

- ✓ Ask if the car has been inspected, even if the dealer says that the car HAS been inspected you should consider having it inspected again by an independent mechanic.
- ✓ Visit the lot with another person – a manipulative dealer will be less likely to try to take advantage of you if you have another person with you.
- ✓ Ask about the manufacturer's warranty.
- ✓ Check out the car's repair record, maintenance costs, and safety/mileage ratings in consumer magazines and online.
 - Write down the car's VIN (Vehicle Identification Number) and check out the car's history on free search engines on the Internet such as Vehix.com and Carfax.com.
- ✓ Look up the car's blue book value and be prepared to negotiate price.
- ✓ Do not buy from a dealer who does not have a COMPLETE Buyer's Guide for the vehicle.
 - When looking over the Buyer's Guide, make sure it includes all oral promises. You can't just rely on whatever the salesperson promised you to get you to buy the car.
- ✓ Test drive the car in hills, on highways, and in stop and go traffic.
- ✓ Remember that if you buy a car "as is" you will usually have to pay for ANYTHING that goes wrong after the sale.

WHEN PURCHASING A USED CAR FROM AN INDIVIDUAL

Be wary of buying vehicles from an individual who is not a "dealer". If you do, then you:

- Usually do not receive any protection under the "used car rule"
- Usually do not receive protection from faulty vehicles under state or federal lemon law
- Are not automatically entitled to disclosure of defects

Nevertheless, the individual seller is still required to tell the truth in response to questions.

WHAT TO DO WHEN THE CAR YOU PURCHASED IS A "LEMON"



A "lemon" is a common phrase applied to defective or bad products. Both federal and state laws give protections for consumers who purchase vehicles which turn out to be "lemons".

Colorado Lemon Law

Vehicles Covered:

- Must be used to carry less than eleven people and designed for travel on public highways.
 - Includes pickup trucks and vans but not big buses.
- Must be sold to a consumer in the state of Colorado.
- DOES NOT INCLUDE
 - Motor homes OR
 - Vehicles with less than four wheels (i.e. motorcycles)

A Car is Considered a "Lemon" when:

- The defects in the car "substantially impair the use and market value of a motor vehicle." In other words, are there real problems with the vehicle?
- The manufacturer, dealer, or authorized agent must be given "a reasonable number of attempts" to fix the car during the warranty period of within one year of the sale.
 - In other words, you have to give them a chance to fix things.
 - However, the law protects you after you give them a "reasonable number of attempts" and the problems are not fixed. This is generally after either:
 - The SAME DEFECT has been repaired four or more times during the warranty or one year after sale and the problem still is not fixed OR
 - When the car has been out of service due to repairs for a period of thirty or more business days during the warranty or during the year after sale

Magnusson Moss Warranty Act

The Magnusson Moss Warranty Act is a federal law that may protect you. It is generally more flexible than the Colorado Lemon Law. Important differences include:

- A warrantor should be given at least two and possibly three attempts to fix a particular defect.
- The "reasonable attempts" apply to attempts to fix the car as a whole, not just one defect.
- The Magnusson Moss Warranty Act is not limited to one year old cars and applies to ANY PRODUCT that comes with an express written warranty.

Uniform Commercial Code (UCC)

- The UCC is different from State Lemon Law and the Magnusson Moss Warranty Act because it covers not only express written warranties you get in a contract, but also so-called "implied" warranties the law gives you even if they are not stated to you in any way. For example, generally when you buy a car, it has to be of reasonable quality and work for its general purpose – even if the dealer does not write this in your contract to buy the car
- The UCC does not define "lemon"; it will be up to the court if the dealer has to give you a new car.

What Can you Do if Your Car is a Lemon?

- Keep records of repairs and maintenance.
 - Keep track of the date the car was taken into a repair shop, the day that you were notified that the repair was complete, and the odometer readings.
 - Keep receipts, invoices, etc.
- Notify your dealer in writing of the car's continuing problems before the final repair.
 - This is absolutely necessary if you want to pursue either state or federal relief or remedies. If a dealer proves that he was not notified of the defects the consumer may not be able to pursue any remedy at all. This leaves the consumer stuck with a lemon.
- Dealer can either:
 - Replace the vehicle with a comparable vehicle OR
 - Refund the consumer the full price INCLUDING sales tax, registration fees, and license fees.

RENT-TO-OWN



So Just What is Rent-To-Own?

Rent-To-Own allows people to make weekly or monthly rental payments for items in hopes of one day owning the item outright. The most common items are basic household things like microwaves, refrigerators, computers, stereos, and TV's. People can go into a local store or look online at items they want or need. Unlike normal shopping, though, you can take the item home right away even if you can't quite afford it. Instead of paying the entire price at checkout or signing a contract that requires you to pay the entire price in installments, rent-to-own allows people to stop "renting" the item and return it with no future charges. At the same time, those rental payments are put towards the item's purchase price. Once that price is reached, the renter typically becomes the owner of the item.

Sounds Pretty Good—What Are the Drawbacks?

First of all, the purchase price for a rent-to-own item is often many times higher than the price you'd find at your neighborhood store. The rent-to-own companies are in this to make money, so they are not going to give you the choice of renting or buying without charging extra. Some companies will even charge penalty fees if you cancel the rental too early, so be aware.



So Why Would People Choose Rent-To-Own? An Example....

A big, flat-screen High Definition TV might cost \$1000 brand new at the local store. That's a lot of money for anyone to pay at once. It would be much easier to just pay \$100 a month and get it today. Pretty tempting, eh? That is the deal a rent-to-own company would try to sell you on. What they don't want to tell you about is that you would have to make those hundred dollar payments every month for the next two and a half years before you reach their purchase price of \$3000. Instead of jumping into the deal right away, you could save that \$100 for less than 1 year and have the same TV. It will be the same TV whether you pay \$1000 or finish paying the \$3000 a couple years from now.



How Can I Protect Myself?

- **Plan Ahead:** The first step is to make sure you understand exactly what is going on and how the companies plan to make their money. These companies want you to begin renting, so they make the deals look pretty darn good, showing you a great new computer while glossing over the payment plan. Don't rush into buying—remember to consider the long-term payments.
- **Quick Returns:** If you do only need an item for a short time (like renting a TV for a Superbowl party), make sure to return it right after so you aren't paying to rent it for longer than you need. It's all too easy to run over to the store to "rent" something and then get too lazy to return it.
- **Compare Prices:** If you decide you do want to own the item after renting it for a little while, make sure to compare the total amount you need to pay before you own the item with the item's price at the local store. If the price at the store is lower, just return the rental and go buy a brand new item at the store. (Because the purchase price of a rent-to-own item is so high, you can pay to rent for quite a while without getting any closer to the price you would pay at the local store.)
- **Installment Purchasing:** If you don't have the money right then but really need an item (like a refrigerator), think about buying it with installments. Installments require you to make monthly payments—just like rent-to-own—but the purchase price is much lower. An installment contract usually requires better credit history, and you cannot escape the contract by just returning the item. Still, installment buying can be a great option because the price is so much lower. Just remember, you can't back out of an installment contract without really "paying the price"!
- *If you do get in trouble, make sure to check the Colorado law about rent-to-own so that you know your rights.*



How Does the Colorado Rent-To-Own Law Work?



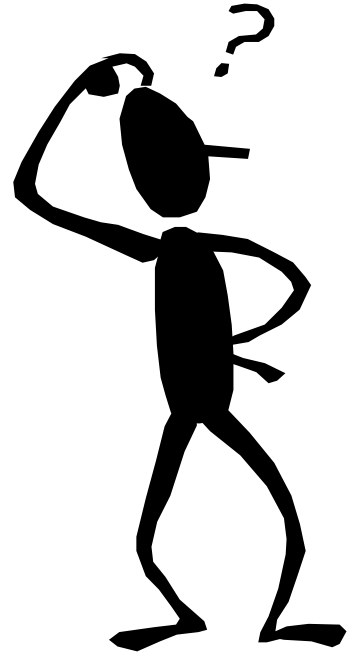
- **Disclosures**: Colorado law requires rent-to-own companies to provide a few things in your rental agreement. Make sure to look at each one and apply it to your own financial situation. The disclosures include:
 - The total purchase price of the item
 - Total number of payment you must make before you own it
 - The timing of payments and the taxes on each
 - A list of the maintenance services the company will provide while you are renting the item
 - A description of any other charges beyond the rental payments. Look for:
 - service charges,
 - repair charges if you break it,
 - return charges if you must return it early, and
 - the reinstatement charge, which is the penalty you must pay if you stop paying the rents for a while and then later want to start back up renting and paying off the purchase price
 - A description of how to pay off the purchase price early. This includes the formula they will use for determining the purchase price if you've already made a few rental payments.
- **The Standard Form**: There are a few things that the law requires all rental agreements have. As part of the "NOTICE TO LESSEE," there are 5 warnings that you—the lessee—should find helpful. If you have any questions about them, just ask the person helping you because they must give you honest answers.
- **Liability Waiver**: Part of the standard form includes a description of the liability waiver, which must be in boldface type. When you decide to rent an item, you will most likely be offered the chance to purchase some protection for your item. This is not the same as a basic insurance deal, which the law prohibits! Instead, this is a one time payment that lets you off the hook for certain types of damage. The Colorado law sets limits on what a fair agreement is, but remember that you make the final decision about whether it is a good idea to pay extra for this protection. Research it and think about the pros and cons.
- **Prohibitions**: There are a few things that the rental company is never allowed to do.
 - It cannot make you agree to give up your wages from work if you do not pay.
 - It cannot force you to let their employees on your property or in your house.
 - It cannot charge you a "balloon payment," where you must pay more than your usual charge at the very end to get final ownership.
 - It cannot charge the usual payments during a time when the item is broken and the company should have been fixing it.

Ok. What Do I Do If There is a Problem?

The Colorado law guarantees you some rights if there are problems with your rent-to-own deal. These include:

- **Reinstatement**: The law guarantees that you can restart your rental agreement without losing any of your original rights or options. To take advantage of this guarantee, though, you must:
 1. promptly return the item once you stop paying and
 2. start renting again within 60 days (unless you have paid more than 60% of the total, in which case you get 120 days to start up again)
- **Rental Company Violations**: If the rental company breaks any part of this law, you can take the company to court.

*It is important to remember that you can only use these powers for three [3] years after the problem happens. Quickly consult a lawyer if you have questions. If you wait longer, the law can't help you!





What are Payday Loans?

Payday Loans are short-term loans that are given to borrowers who promise to pay back the loans with their next paycheck. Payday lenders typically give borrowers a cash advance and require borrowers to provide a post-dated check for both the cash loan and an additional fee. This check is to be cashed on the borrowers' next payday (hence the name "payday loans"). If the borrowers can't pay back the cash on their next payday, they can "rollover" the loan for another cycle. However, each time a borrower does a "rollover," they are charged another high financing fee in the process. All in all, the initial financing charge, the really high interest payments, and the risk of getting into a cycle of debt make payday loans a dangerous option!

So what are the rules....in Colorado?



Colorado opened the door to payday lending in 2001 by passing a law called the "Colorado Deferred Deposit Loan Act."¹ Under this law, payday lenders must meet several requirements to obtain a license and follow the rules below:

- \$500 limit on loans per individual
- Maximum 40 day term period for all loans
- Limit of 20% finance charge on loans for \$300 or under (cap of 7.5% above \$300)
- Allow for only one "rollover" per loan

Colorado has a series of "usury" laws, which limit the interest rate that lenders (e.g. most commercial banks) can charge. However, once lenders meet the standards above, they are no longer subject to them. As a result, interest rates which these lenders charge are very high!

¹ See C.R.S. § 5-3.1-101.

Why are Payday Loans so Risky?



Though payday loans may seem like a temporary solution, they can often lead folks into a dangerous cycle of debt. Because the lenders are not subject to state usury laws, the interest they can charge is much higher than typical loans from regular commercial banks. Once you've received your paycheck, you may have enough money to pay the interest, but you'll have to "rollover" the loan to your next paycheck. In the process, the lender has doubled their profit on the original loan, while you're left to pay the entire bill. As the cartoon indicates, credit can pose some dangerous waters, with plenty of sharks....

Are you sure it could happen to me?²



Meet Sam. Sam is a hard-working young man who has caught some bad luck. He needs some money now but he doesn't get paid until next week!

But wait! Sam has an idea! He decides he'll go a local place that does payday loans to get some quick cash. He borrows \$200 and gives the lender a postdated check for \$240. Don't worry, he says to himself, "I'll pay it back in no time...."



It's been 8 weeks since Sam first took out his loan, but with all his money troubles, he's aged much faster. He couldn't pay off his loan after the first two weeks, so he rolled it over, paying an additional \$40. Two weeks later he still couldn't come up with the cash, so this time the lender gave him a new loan (since only 1 rollover is allowed under the law). Another \$40 fee, another two weeks, the cycle didn't change. And now, two months later, Sam has paid \$160 in finance fees and still hasn't paid back a penny of the initial \$200 loan. He is still deep in debt!

Sorry Sam, but your pockets may be empty for awhile. ☹

² A similar scenario is described by Isabel Nicholson in "The Truth About Payday Loans: Hardworking Coloradans Take the Bait and Get Caught in a Cycle of Debt," The Bell Policy Center (Feb. 2008).

Where Else Can I Go?

- **Short-Term Loans:** Banks and credit unions across Colorado have begun offering more short-term loans to compete with the payday loan industry. Though these loans still charge a higher interest rate, they are much lower than the typical payday loan and offer more stability to the borrower. Visit your local credit union and ask them about the options they provide to consumers like you.
- **Alternative Forms of Credit:** Cash advances on your credit card and other types of borrowing may still be risky and usually do not provide as much cash as a payday loan, but that are usually less expensive for you in the long run. Check your credit card contract for details on cash advances. Of course, always know what you are getting into with any of these options.
- **Credit Outside of the Box:** Most families go through tough financial times, but it is important to utilize the resources around you before using services like payday lending. Borrowing from your family or friends, or negotiating a payment plan for you unpaid bills may help with some of your financial distress.³

What if Payday Loans are my only option?

If you do take out a payday loan, be sure to know your rights! Under Colorado law, borrowers have the right to:

- A financing fee that is lower than 20% on the first \$300 of your payday loan and 7.5% on additional amounts (up to \$500).
- Have everything in writing (including all finance charges!).
- Cancel a payday loan, if you do so by 5 p.m. on the next business day after the loan has been issued.
- Be offered a payment plan once you've taken your fourth payday loan.



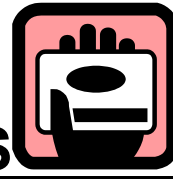
For More Information

Visit the Colorado Attorney General's Consumer Protection Office website at:

http://www.ago.state.co.us/consumer_protection.cfm?MenuPage=True

³ These options are described by Isabel Nicholson in "The Truth About Payday Loans: Hardworking Coloradoans Take the Bait and Get Caught in a Cycle of Debt," The Bell Policy Center (Feb. 2008).

CREDIT REPAIR SCAMS

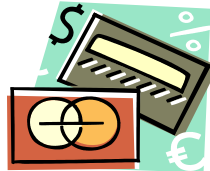


Maintaining good credit is very important. Your credit score affects things like:

- * Your credit card limits
- * Ability to qualify for loans for your house
- * Vehicle loans
- * Mortgages
- * Deposits for everyday services such as your cell phone or cable TV

Things happen in life that cause problems with your credit, whether it be defaulting on a credit card payment, or defaulting on some other loan you have. When these things happen it is important to begin repairing your credit.

As you begin the repair process, you must watch out for the many so-called credit repair organizations (“CRO”) that are not trying to help you, but are scamming you out of precious money and resources.



CREDIT REPORTS

It is ALWAYS a good idea to monitor your credit and know where you stand. Letting your credit slip can have serious impacts on you and your family.

You are allowed one free credit report a year from all of the credit bureaus.

***Take advantage of this!**

The three credit bureaus are:

- × **Experian** - <http://www.experian.com>
1-888-397-3742
- × **Trans Union-** <http://www.transunion.com>
1-877-322-8228
- × **Equifax** <http://equifax.com>
1-800-685-1111

The best way to obtain your credit score from all THREE companies for free is visiting:

- × <http://annualcreditreport.com>
- × Or you can call at 1-877-322-8228
- × Or complete the Annual Credit Report Request Form and mail it to:
 - Annual Credit Report Request Service,
P.O. Box 105281
Atlanta, GA 30348-5281

The form can be found at:

<http://www.ftc.gov/bcp/online/edcams/credit/>

Now, if you have fallen upon hard times and let your credit slip, it is important to start repairing it. You need watch out for these common credit repair scams!



Common Scams:

1. Companies that claim they have an “in” with lenders or banks.

These organizations claim they have an inside edge with your lenders or creditors and can get things taken off your credit report.

EXAMPLE: Credit Repair Organization (CRO), says that they have a great relationship with Bank Z, and can talk to them and get something negative removed from your credit record at Bank Z that turned up on your credit report.

WHAT YOU NEED TO KNOW:

- * Creditors can keep debts listed in your credit report for up to 7 years.
 - No CRO can help to remove debts. The only thing they could help with is disputing things on your report that really are not your responsibility or are not true.

- * Sometimes the CRO will dispute things that are really your responsibility, and may relieve you for a while by having these things removed from your credit file during an investigation of the issue. The CRO will then collect payment from you for its services, but the debt will return to your report after the investigation if the debt is really yours.

2. They will offer to clean up your credit, then assist with getting a loan/credit card.

EXAMPLE: CRO will say that they can help you with your credit, and one of the ways to do that is to start building credit on one of their loans or credit cards. These credit cards/loans may have extremely high interest rates and fees – so be careful with this!

WHAT YOU NEED TO KNOW:

* Most often, the CRO will just take the money and do nothing else, or give loans at very high interest rates and very high fees. This will not help you. It will only add to your problems!

3. They may say they can convince a bank you actually don't owe a debt (you really do owe).

WHAT YOU NEED TO KNOW:

* This is also just not possible. If it sounds too good to be true, it probably is. No organization will be able to talk to your creditors and “convince” them you don't actually owe them anything.

4. They may say they can take care of getting you a new tax identity number or employer ID number to build a new credit history.

EXAMPLE: CRO says that all you need is a new tax ID number. They create you a new one to start working under, essentially giving you a blank credit report. Sounds good doesn't it?

WHAT YOU NEED TO KNOW:

* This tactic is also called “file segregation,” and it is a **FELONY**.

****It is illegal and will get you into serious trouble.**

5. Be wary of credit repair organizations with a 900 number or other pay by the minute numbers.

WHAT YOU NEED TO KNOW:

* These companies may offer you advice, but really their goal is to keep you on the phone line long enough to charge you a lot by the minute!

*** No Credit Repair Organization can do anything LEGALLY for you that you cannot actually do for yourself!***

Repairing credit is stressful, and there are legitimate Credit Repair companies that can help you get organized and send you in the right direction. However, you have to beware of the scammers out there!

Besides the above listed scams, the following are things to steer clear of when searching for a reputable Credit Repair Organization:

- * **Companies with expensive fees**
- * **Promises that sound too good to be true**
- * **Companies that aggressively seek you out**



There are some federal and state laws that govern this industry, and it is a good idea for you to know these laws exist.

Fair Credit Reporting Act (FCRA)

- Corrects or deletes inaccurate, incomplete, or unverifiable information, generally within 30 days. You must initiate this process by writing the credit bureau whose report showed the inaccurate information (Experian, Transunion or Equifax).
- Creditors are not required to remove accurate information unless it is more than seven years old (or bankruptcies that are over ten years old).
- Even if you have repaid your debt, your credit report can show the debt was paid late if that information is accurate.

For more on the FCRA please refer to:

<http://www.ftc.gov/os/statutes/031224fcra.pdf>

You may also call 1-877-FTC-HELP to file a complaint or to obtain free information about consumer issues.

Credit Repair Organizations Act (CROA)

- Prohibits a CRO from accepting payment FROM YOU until it has done what it says it will do.
- Requires companies to tell you your legal rights (complete disclosure of the Consumer Credit File Rights Under State and Federal Law).
- Also requires a written contract including the following information:
 - * The cost for their services.
 - * What service they're going to provide to you.
 - * How long it will take them to accomplish what they've said they would
 - * The company name and address.

IF YOU ARE SCAMMED

The CROA allows you to sue the company in federal court!

For more information on CROA please refer to:

<http://www.ftc.gov/os/statutes/croa/croa.shtm>

Colorado Credit Services Organization Act (CCSOA)

- The state statute is similar to the CROA; it prevents the company from collecting payment until it has performed what it said it would.
- Prevents the organization from counseling in any way to encourage lying to debtors
- Makes it illegal for the CRO to make any misleading statements to you.
- Also makes it illegal for the CRO to send false information to a credit bureau (ex. To claim that the debtor's debt isn't really his - refer to scam 1).
- Written contracts are required (describing what will be done, and for what fees).
- If you do sign a contract with a CRO, the Colorado statute gives you 5 days to cancel that contract.

For more on the Colorado Statute please refer to:

<http://www.ago.state.co.us/UCCC/PDF/CreditServOrgAct.pdf>



The Good News!

You can start to contact your debtors on your own. Many companies you may have debt with will want to work with you. They may help you by lowering your interest rate, or even work out lower monthly payments.

It is important that you attempt to work with your creditors!

There are some non-profit and low cost companies that can help you get organized, and help you figure out what you need to do.

Good Sources:

Consumers Union:

<http://www.consumersunion.org/money.html>

National Fraud Information Center:

<http://www.fraud.org>

National Consumer Law Center:

<http://www.consumerlaw.org>

National Foundation for Credit Counseling (this site will help you find someone local):

<http://www.nfcc.org>

Federal Trade Commission:

<http://www.ftc.gov/bcp/online/pubs/credit/repair.shtm>

Colorado Attorney General - Web page regarding CRO'S

http://www.ago.state.co.us/consprot/CoResourceGuide.cfm#credit_repair

Office of the Attorney General, Uniform Consumer Credit Code (UCCC)

1525 Sherman Street, 7th Floor

Denver, CO 80203

Phone: (303) 866-4494; Fax: (303) 866-5691

The Consumer's Guide to Bankruptcy



- Let's admit it from the start. Bankruptcy is nobody's favorite subject. Becoming a savvy consumer can help you stay out of financial trouble. But maybe you're already in trouble. If you take a few minutes to understand the terms, concepts, and process, you might find that bankruptcy isn't so daunting after all. Instead, after dispelling the myths about bankruptcy, one might just find it to be a practical way to get a fresh start.

Key Terms:

- *Debtor* = Someone that owes someone else money.
- *Creditor* = Someone that has loaned money to someone else, but has not yet been paid back.
- *Insolvent* = A debtor that owes a creditor(s) more than the value of her assets.
- *Discharge* = Sometimes, after filing for bankruptcy, the debtor no longer owes his creditors money. When a debtor gets a discharge, his creditors are generally no longer allowed to contact him or take legal action against him.
- *Chapter* = A type of bankruptcy. There is more than one kind of bankruptcy. For instance, Chapter 11 is for businesses. As a consumer, you should focus your attention on Chapter 7 and Chapter 13 which will be described below.
- *Trustee* = The person who organizes the debtor's eligible property when the debtor files for bankruptcy. Once the property is organized, the trustee is authorized to sell it to pay the creditors. Depending on the chapter, a trustee may or may not be appointed.
- *Exempt Property* = Property of the debtor that cannot be sold to pay-back creditors. For example, in Colorado, the debtor is usually allowed to keep some personal goods like clothes and a car up to a certain value.
- *Stay* = This means that the creditors must at least temporarily stop trying to collect their money from the debtor. A court often issues a "stay" when a debtor files for bankruptcy.
- *Abuse* = Certain behavior prior to filing for bankruptcy qualifies as "abuse" and has the potential to prevent the debtor from receiving a discharge. Abuse includes incurring a

great deal of debt just before filing for bankruptcy, and filing when you still have the ability to pay your debt.

Frequently Asked Questions:

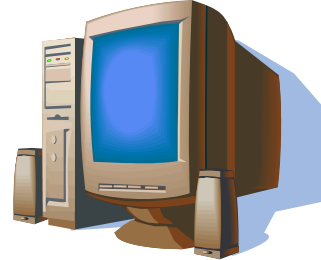
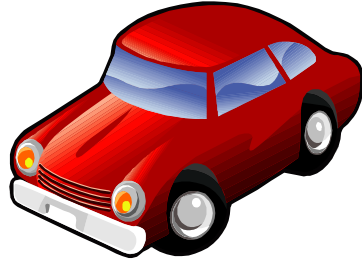
- *Q: I've heard the term "bankruptcy" used a lot, but what exactly does it mean to file for bankruptcy?*
 - People file for bankruptcy when they are overwhelmed by debt. When people who owe money file for bankruptcy, they claim to be unable to pay their bills.



- *Q: It seems like bankruptcy is a bad idea. Why wouldn't someone just keep trying to pay what they can to the people they owe money?*
 - Life is unpredictable. Sometimes people lose jobs, become extremely ill, or simply miscalculate their finances. While some people – especially creditors – tend to associate bankruptcy with the term deadbeat, this is an unfair assessment. Most people who file for bankruptcy want to pay back the money they owe, but due to circumstances beyond their control, are no longer able to do so. For people like this, bankruptcy can be a way to get a second chance and a fresh start.
- *Q: Does filing for bankruptcy discharge (get rid of) all of my debts?*
 - Not necessarily. It will depend what chapter you file under, but you usually can't get rid of certain types of debts through bankruptcy. These include:
 - Convictions for drunken driving
 - Unpaid taxes
 - Unpaid child support
 - Debts for injury to other people
 - Education loans
- *Q: What is the difference between Chapter 7 & Chapter 13 Bankruptcy?*
 - The major difference between Chapter 7 and Chapter 13 Bankruptcy is that debtors who file under Chapter 7 have their assets sold and their debt discharged, whereas debtors filing under Chapter 13 have their debt adjusted, continue to pay their creditors, but generally get to keep their assets.

Type of Bankruptcy	Automatic Stay?	Keep All My Stuff?	Immediate Discharge?	Continue Making Payments?
Chapter 7	√		√	
Chapter 13	√	√		√

- *Q: So if I do file for Chapter 7 Bankruptcy, what exactly do I get to keep, and what will be sold?*
 - In many Chapter 7 cases, the debtor doesn't have a lot of property left to begin with. Sometimes, nothing will be sold. Here are the details of what debtor's in CO generally are allowed to keep:



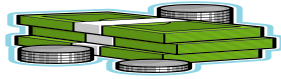
- A home that you occupy up to \$30,000
- Clothing up to \$1,500
- Food & Fuel up to \$600
- Household goods up to \$3,000
- Jewelry up to \$1000
- Motor Vehicles up to \$3,000 (must be used to get to work)
- Pictures and Books up to \$1,500
- Tools of the Trade (things you use to perform your job) up to \$25,000
- A minimum of 75% of earned but unpaid wages
- Some insurance and pension benefits
- 100% of child support payments
- 100% of unemployment and workers' compensation

- *Q: If I have a lot of stuff that doesn't fall into one of these categories, couldn't I just give it to a family member or a friend before filing for bankruptcy?*
 - No. This kind of "bankruptcy planning" will get you into trouble. These transactions are known as "fraudulent transfers" or "preferences." When a court finds out that you have done this, it will almost certainly cancel the transaction (your friend will have to give the property back) and may even deny you a discharge of your debts.
- *Q: If the debt is going to be "discharged," couldn't someone just buy a lot of stuff before filing for bankruptcy and never have to pay for it?*
 - No. This is often considered abuse by bankruptcy courts. If you are already "insolvent," a court is likely to find that you had the intent to "defraud" your creditors. In other words, when you incur a lot of debt just before filing for bankruptcy, it looks bad, and the court is unlikely to put up with it. You very well may be denied a discharge.
- *Q: Can I file for bankruptcy more than once?*
 - Yes, but you usually must wait before filing the second time:

Chapter Filed Under	Waiting Period to File for Chapter 7	Waiting Period to File for Chapter 13
7	8 years	4 years
13	6 years	2 years

- *Q: I think I remember hearing that Congress changed the Bankruptcy Laws. Is this true and if so how does it impact me?*
 - Yes, in 2005 Congress enacted the Bankruptcy Abuse Prevention Consumer Protection Act. For your purposes, two of the most important changes are “means testing” and “consumer credit counseling.”
 - **Means Testing – do you have the means to pay back your debt?**
 - If your current household monthly income is above the state median income – roughly \$4,000 in CO – the debtor must submit to a means test.
 - The means test asks whether your monthly income over 5 years minus your expenses is
 - (1) more than \$10,000 or
 - (2) more than 25% of your unsecured debt.
 - If it is found that you do have the means to pay off your debt, your case will be converted to Chapter 13.
 - **Consumer Credit Counseling**
 - If a debtor fails to attend a course regarding personal financial management, the court may deny a discharge.
 - All debtors must receive credit counseling from an approved credit counseling agency within 180 days before filing for bankruptcy.
 - If you do not, you may be denied a discharge
 - This costs about \$30.
- *Q: Can I lose my house if I file for bankruptcy?*
 - Yes and no.
 - Under Chapter 13, filing for bankruptcy is a good way to prevent foreclosure and keep your home.
 - Under Chapter 7, depending on how much your home is worth, you may or may not lose it.
- *Q: Can I lose my job if I file for bankruptcy?*
 - No. The law says that a person cannot be discriminated against for being a debtor. This means that you cannot lose the job that you have, or be refused a new job only because you filed for bankruptcy.
- *Q: Does filing for bankruptcy mean I’ll have to hire a lawyer and go to court a lot?*
 - No. Hiring a lawyer is highly recommended but not required. Most debtors go to court no more than once.

- *Q: How much will it cost me to file for bankruptcy?*



- Every case is different. Sometimes, after paying for the credit counseling, filing and administrative fees, some debtors may expend as little as \$300.

- *Q: Will bankruptcy destroy my credit?*

- No. But it won't help it either. Nonetheless, filing for bankruptcy may get you on the path to building better credit faster than continuing to make late payments or none at all.

- *Q: Can I keep my credit cards?*

- Maybe. That will be up to the credit card companies. If you owe them money, you probably won't get to keep that card. Even if you don't owe them money, they can still decide to cancel your card.



- Some credit card companies issue secured cards. This means that you put some money in an account with them to guarantee payment. As you make your payments, your credit limit will increase.

More Information

- The following sources are a good way to get started if you would like to learn more about bankruptcy:
 - * Many attorneys offer free first time consultations regarding bankruptcy.

1. **Bankruptcy Basics:**

<http://www.uscourts.gov/bankruptcycourts/bankruptcybasics/process.html>

2. **Approved Credit Counseling Agencies:**

http://www.usdoj.gov/ust/eo/bapcpa/ccde/cc_approved.htm

3. **Choosing Whether to Hire an Attorney**

<http://www.uscourts.gov/bankruptcycourts/prose.html>