

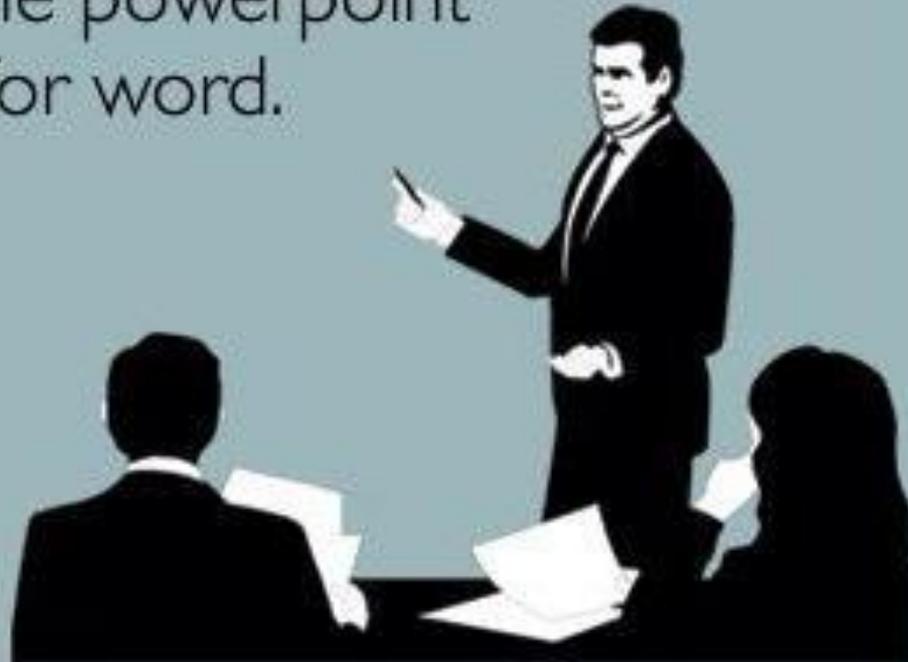
# Consumer Law Issues Today



**PRESENTED BY:  
ABERDEEN PROVING GROUND  
CLIENT SERVICES DIVISION**

**JANUARY 31, 2013**

For my presentation today, I'll  
be reading the powerpoint  
slides word for word.



your  cards  
someecards.com

# Topics Today



- ❖ **AUTO FINANCING**
- ❖ **LEMON LAW**
- ❖ **ID THEFT**
- ❖ **DEBT COLLECTION**
- ❖ **CREDIT REPAIR**

# Auto Finance



- ❖ **TO BUY OR TO LEASE?**
- ❖ **FINANCING**
- ❖ **TRADING IN THE OLD CAR... AND THE OLD LOAN?**

# Auto Leases



- ❖ **Up front costs**
  - ❖ First and last month payment
  - ❖ Capital-cost reduction
  - ❖ Security deposit
  - ❖ Taxes and fees
- ❖ **Monthly costs**
  - ❖ Monthly payment (lease)
- ❖ **Maintenance and repair costs**
  - ❖ Usually responsibility of driver
  - ❖ Insurance, registration, taxes

# Ending the Lease



## ❖ SCRA Protections

## ❖ Penalties

- ❖ Early termination fee
- ❖ Excessive mileage
- ❖ Excessive wear and tear

## ❖ End of lease costs

- ❖ May be able to purchase car for additional cost
- ❖ Disposition fee

# Auto Purchase and Financing



- **THERE IS NO 3-DAY COOLING OFF PERIOD!!!!!!**
- **Once you sign the paper, the car is yours!!!!!!**
- **If it isn't in the contract, it isn't!!!!!!**
- Do not sign the purchase order until you are ready to finalize
- Do not finalize deal until financing is approved
- Get copies of all **SIGNED** documents

# Auto Purchase



- Md Code Ann, Transportation Article, Section 15-311
- Read every line of order to make sure it is correct
  - Trade-in value
  - Price of car
  - Down payment
  - Warranties?
  - Accessories?

# Auto Financing



- On your own vs. at the dealer
- Negotiate separately from purchase
- Read every line of financing to make sure it is correct
  - Interest rate
  - Number of payments
  - Amount of payment
  - Roll-over loan
  - Balloon payment?
  - Credit/disability/gap insurance?

**Banker Cat**

**does not approve ur loan.**

# Auto Trade-Ins



- Negotiate value of trade-in separate from purchase
- Do NOT leave trade-in until financing is approved
- Make sure you have good title to vehicle
- Loan on trade-in does NOT go away –
  - It is rolled into the new loan!!
  - Be wary of financing terms

# Used Cars – Caveat Emptor



No



No



No



No

# Used Cars



- When purchasing from dealer:
  - FTC requires “Buyers Guide”
  - Check if covered by any warranties or service contracts
  - May be covered by “implied warranty”
  - Can be sold “as is” only if over 6 years old and 60,000 miles
  - Carefully review contract, keep copy of all paperwork

# Used Cars



- **When purchasing from private party:**
  - No warranties!!
  - Check the title!!
  - Take vehicle for test drive and inspection
  - As is means... AS IS



Md Code Ann, Com. Law II, Section 14-1501 et seq



# Is it a Lemon?



- Registered in Maryland
- Less than 18,000 miles and less than 24 months
- Brake or steering defect not repaired after first try  
\*or\*
- Problem that substantially impairs value of the car  
and was not repaired after 4 tries \*or\*
- Any number of problems that puts the car out of  
service for more than 30 days

# What do I do if I have a lemon??



- Certified letter to manufacturer
  - Do at once, don't wait for 4 attempts of 30 days out of service
- Manufacturer has 30 days to repair car \*or\*
- Replace with non-lemon car \*or\*
- Refund purchase price plus all fees
  - Manufacturer has right to deduct an amount for fair usage, not to exceed 15% of price

# Enforcement



- **Your choice on replacement or refund**
  - Excise taxes not included in refund
  - MVA will refund or apply to next registered car
- **Contact Maryland Consumer Protection Division**
  - Sample letter available on website
- **Arbitration**
  - Result Binding of Manufacturer but not on Consumer
- **File Lawsuit**

# ID Theft



- ❖ Using another's personal information
- ❖ to obtain goods or credit or
- ❖ to evade financial/criminal Responsibility.



# Impact of ID Theft



- Criminal doesn't pay for goods received
- Negative impact on victim's credit report
- Surprise warrant or criminal record

# Means of ID theft



- Stealing wallet/purses
- Stealing/intercepting mail
- False change of address forms
- Dumpster Diving
- Phishing email
- Skimming CC machines
- Stealing info from 3<sup>rd</sup> parties (hacking)

# How to Detect



- Do an annual credit report review
- Free from each of three main credit reporters
  - Transunion, Equifax, Experian
  - [www.annualcreditreport.com](http://www.annualcreditreport.com)
- Also through Maryland state law
- Review statements regularly

# Unauthorized Charges



## Credit Cards

- Fair Credit Billing Act requires written notice within 60 days
- If card physically presented, liability limited to \$50
- If purchased on-line or over phone, no liability
- \*\* May be waived by bank

## ATM & Debit cards

- Electronic Fund Transfer Act requires notice as soon as possible
- \$0 liability if theft reported immediately and card not used
- \$50 if reported within 2 days
- \$500 if reported over 2 days but prior to 60 days
- Unlimited if no notice within 60 days
- \*\*May be waived by bank

# Credit Monitoring



- Is it necessary?
  - Can check credit report up to 6 times per year without cost for free
- Weekly updates on credit status and “credit score”
  - Credit score is usually not same as FICO given to lenders
- Does **not** prevent ID theft - only monitoring
- Will be notified every time someone accesses your report
  - to check your credit or
  - to take out a loan

# How to Avoid



- Use strong passwords on computer accounts
- Change passwords frequently
- Don't carry social security card
- Never give SS # to strangers
- Shred financial documents

# How to Avoid



- Do not give PII over the internet or phone
- Opt out of pre-approved credit cards
- Use locking mailbox
- Active duty alert on credit report!!

 **Card Check**

Has your credit card number been **STOLEN** on the Internet?

/

card number expires

SEEMS LEGIT

# What to do if it happens



- Notify credit bureaus
- Place fraud alert or credit freeze on credit reports
- Complete FTC ID theft affidavit
- File police report
- Identity Theft passport
- Dispute unauthorized charges
- Notify vendors with improper transactions

# Debt Collection



**FAIL**

failblog.org

# Statutory Protections



- **Fair Credit Reporting Act**
  - Amended by Fair and Accurate Credit Transactions (FACT) Act of 2003
  - 15 U.S.C. § 1681 et seq.
- **Fair Debt Collection Practices Act**
  - 15 U.S.C. §§ 1692-1692p
- **Maryland Consumer Debt Collection Act**
  - Maryland Code Annotated, Commercial Law Title 14, Subtitle 2

# Fair Credit Reporting Act



- Can receive copies of credit report
- Can dispute information
- Can request credit score
- Can place fraud/active duty alert
- Must be notified on negative actions
- Limits on who can access credit reports
- Limits on time negative information remains
  - Bankruptcy – 10 years
  - Most other information – 7 years

# Fair Debt Collection Practices Act



- Governs 3<sup>rd</sup> party debt collectors
- Limits types of communication
- Prohibits abuse or harassment
- Defines unfair practices
- Prohibits false or misleading representations
- Requires validation of debts
- Creates civil liability

# Maryland Consumer Debt Collection Act



- Similar restrictions as FDCPA
- Applies to ALL creditors (not just 3<sup>rd</sup> party)
- All debt collectors operating in MD must be licensed
- Creates civil cause of action, including damages for emotional distress
- Maryland Rules 3-306, 3-308, 3-509
  - Requires extensive documentation from 3<sup>rd</sup> party debt collectors

# Dealing With Debt Collectors



- Request
  - name of original debtor
  - verification of debt
  - verification of current ownership of debt
  - verification of amount of debt
  - proof of license to collect in Maryland
  - must provide information within thirty days

# Dealing with Debt Collectors



- If you admit you owe:
  - work out payment plan
  - negotiate settlement
  - get any agreement in writing!!
  
- If you dispute debt:
  - Notify debtor in writing you do not wish any further contact
  - Hire attorney – debtor may not contact you directly if you are represented

# Remedies for Improper Debt Collection



- ▶ Note time and date of improper action
- ▶ Request no further contact in writing
- ▶ May file complaint with:
  - ▶ Maryland Collection Agency Licensing Board
  - ▶ Maryland AG Consumer Protection Division
  - ▶ Consumer Financial Protection Bureau
  - ▶ FTC
- ▶ May file suit for damages against collection agency, including costs and attorney fees

# Credit Repair: The Big Con Lives



# Rip Off Credit Repair Agencies



- Claim they will improve your credit immediately
- Ask for money up front
- Tell you what is common/public knowledge
- Do not effectively remove bad information
- Often dispute information to temporarily raise score
- Offer prepaid/limited credit cards with exorbitant interest or limited goods to “Build Good Credit”

**OH SO YOU NEED RENT  
MONEY?**

**HOW BOUT A CHECK FOR  
\$NO.00**

meme-generator.net

# Repairing Credit the Right Way



- How to improve bad credit score:
- Pay off excess or past due debts
- Make consistent, on-time installment payments
- Remove inaccurate credit report information
- Close unused high-interest commercial accounts
- \*\*\*Time\*\*\*



PUT ME DOWN.



244 5678

MONTH/YEAR

04/13

NAME LASTNAME



# Legitimate Credit Help



- ▶ Works with debtors to prepare budget and realistic payment plan for debts
- ▶ Works with creditors to negotiate balances, lower interest rates, and consolidate payments
- ▶ WILL NOT ask for payment up front
- ▶ Debt management companies must be licensed
  - ▶ Md Ann Code, Financial Institutions, Title 12, subtitle 9
- ▶ Debt settlement companies must be licensed and bonded
  - ▶ Md Ann Code, Financial Institutions, Title 12, subtitle 10

# Sources of Help



- ▶ Consumer Credit Counseling Service [www.cccs-inc.org](http://www.cccs-inc.org)
- ▶ Univ of MD Cooperative Extension Service/ Financial Counseling Service: <http://extension.umd.edu/local>
- ▶ Credit Unions
- ▶ Army Community Services

# WEBSITES TO REMEMBER!!



- Consumer Financial Protection Bureau –
  - [www.consumerfinance.gov](http://www.consumerfinance.gov)
  
- Federal Trade Commission -
  - [www.consumer.ftc.gov](http://www.consumer.ftc.gov)
  
- Maryland Attorney General -
  - [www.oag.state.md.us](http://www.oag.state.md.us)

Good luck to the Ravens on helping Baltimore be known for something besides a terrifying show about inner city drug wars.



som<sup>ee</sup>cards

# Questions???



- Eligible Clients may call (410) 278-1583 for appts
  
- Website:
  - APG Garrison website
    - ✦ Installation Support Offices
      - Legal (ILO)
        - Client Services – Legal Assistance