

The background of the cover features a close-up of the American flag on the left side, showing the stars and stripes. On the right side, there is a black silhouette of a soldier in profile, facing right and saluting with his right hand. The soldier is set against a textured, brownish-gold background that resembles aged paper or parchment.

# **Consumer Protection Guide for Consumer Affairs Counselors and United States Military Servicemembers**

**Brought to you by the  
Office of the Tennessee Attorney General  
and Reporter**

## **Disclaimer**

The information contained within this Guide is intended to be used for educational purposes and is not provided as a substitute for legal advice of any kind. To the best of our knowledge, the law contained in this Guide is current through April 2014. As the law is ever-changing, some provisions of this Guide may become outdated or obsolete.

## **Publication**

This Guide is available for download free of charge on the Tennessee Attorney General's Office website listed below. For more information, please contact the Tennessee Attorney General's Office in writing, by e-mail, or by phone.

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Dear Consumer Affairs Counselors and Servicemembers,

I want to thank you for your service on behalf of the State of Tennessee and our nation. Servicemembers and their families make great sacrifices to keep our communities safe, our world a better place, and our country free. It is only right that we do everything we can to protect you from unfair and deceptive business practices here at home. The Consumer Affairs Counselors on military bases are an important part of this effort. My hope is this publication will serve as a useful tool in their work.

This publication is intended to be a resource for military staff and servicemembers when dealing with scams and predatory business practices. It covers a wide range of topics, from the Military Lending Act to identity theft to buying cars. Additionally, it highlights a number of military-specific protections in the law.

I would like to thank the Sears Grant Special Committee for providing funding from its Consumer Protection and Education Fund for the creation of this Guide and the National Association of Attorneys General for its assistance.

A handwritten signature in black ink, appearing to read "R E Cooper, Jr." with a stylized flourish at the end.

Robert E. Cooper, Jr.

Tennessee Attorney General and Reporter



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# Introduction

Servicemembers represent a unique target for consumer scams. They receive paychecks on a regular basis and are targeted by scammers that want to make a quick buck at the servicemember's expense. Servicemembers also face challenges in their ability to research consumer transactions due to the high demands of military service. The stress of service and strain on the family may make consumer protection issues less of a priority in the servicemembers' minds. Additionally, young military members may not have the expertise and experience necessary to guard against scammers and predatory business practices. Often, in military families, the military spouse will be in one location while his or her family is in another. This separation occurs not only when the soldier is deployed but also when the soldier is scheduled to be moved to a different base in the United States. Protecting servicemembers and their families is crucial to a fair marketplace and important to force readiness. The last thing a deployed soldier needs to be worried about is a problem back home.





# Chapter 1

## Automobile Issues





One of the biggest consumer problem areas for servicemembers is buying an automobile using financing. Many servicemembers are receiving regular paychecks for the first time in their lives and want to buy their first car. There are many threats to the wallet that servicemembers should watch out for when buying a car. “Yo-yo” scams, loan packing, “buy here, pay here” dealerships, and the sale of salvaged or flooded vehicles are examples of deceptive practices used by some car dealers. Consumers who have financial problems may choose to obtain a title loan on their current car.

The law provides some protections when a servicemember buys a car or obtains a title loan. This section covers issues to watch out for and what to do when they arise. Remember, regardless of the predatory business practice, education is the best defense.

### **Title Loans**

In Tennessee, title loans are covered by the Tennessee Title Pledge Act. However, certain loans may be covered by the Military Lending Act (MLA). The following is helpful information from the Tennessee Department of Financial Institutions about the Tennessee Title Pledge Act:<sup>1</sup>

- A title loan is a closed-end credit loan which has a term of 181 days or less and is secured by a clear title to a car registered to the borrower.
- The title loan lets the borrower secure a loan up to a maximum of \$2,500, based on the car’s appraised value.
- A title lender can charge an effective interest rate not exceeding 2% per month. Additionally, the title lender can include in the contract a fee that may equal but not exceed one-fifth of the original principal amount of the title loan. This equals a maximum monthly financing rate of 22%. Furthermore, all interest and fees are due and owed to the title lender on the date the title loan closes.
- Title loans should not last more than 30 days. This time period should be clearly stated on the Truth in Lending Disclosure paperwork, which the title lender should give the consumer at the closing of the loan. This time period should be easy to determine because the due date of the loan is always 30 days from the date the title pledge loan closed.

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<sup>1</sup> Tenn. Code Ann. §§ 45-15-101 *et seq.*

- The title loan contract may include renewals for additional 30-day periods, which could be automatic. If the borrower is unable to pay the full amount of the title loan by the due date, he or she may renew the contract by paying the interest and fees owed for that 30-day period.
- If the borrower renews the title loan for a third time and is still unable to pay the contract in full, the borrower is required to make a payment of at least 5% of the original amount of the title loan, in addition to the interest and fees owed for that 30-day period.
- If the borrower does not pay when required, the title lender may take the car without a court order if this can be done peacefully, or it may seek a court order.
- After the title lender takes the car, the car must be held for a certain time period to give the borrower a chance to get the car back by paying all of the money owed. If the borrower pays the full amount, the title lender must give back the car and the title without charging any more money. If the borrower does not pay and take back the car within this time period, the lender may sell the car in a “commercially reasonable manner.”
- The money from the sale of the car will go first to paying off all of the money still owed on the title loan, and any leftover money must be returned to the borrower.
- Title loans are special because if the borrower doesn’t pay the loan on time, the title lender’s only option is to take the car. In this case, the borrower does not owe any more money to the lender once the car has been taken.

Title loans may also be covered by the MLA. Under the MLA, the maximum rate a title lender can charge is 36% annual percentage rate, and other consumer protections may be available to the servicemember. For more information on the MLA, turn to Chapter 3.

Servicemembers who have a complaint about a title loan should first try to resolve the issue with the financial institution. If they have attempted to work with the financial institution but need further assistance, they may file a complaint with the Tennessee Department of Financial Institutions. Complaints can be filed by phone by calling toll-free at 800-778-4215 or online at [www.tennessee.gov/tdfi/crd/index1.shtml](http://www.tennessee.gov/tdfi/crd/index1.shtml).

## **Yo-Yo Scams**

“Yo-yo” automobile scams occur when a consumer buys a vehicle from a dealer and is contacted by the dealer days later and told he/she must return the vehicle to the lot because “financing was not approved” or the “loan did not go through.” Sometimes when the consumer returns the car, the dealership will try to get the consumer to buy a different car and/or enter a sales contract with a higher interest rate. Often, consumers are denied a refund of their down payment and are told their trade-in vehicle has been sold. Depending on the circumstances, these acts could be a violation of the Tennessee Consumer Protection Act (TCPA).

Consumers should pay close attention to the paperwork that they sign when buying the vehicle. If a dealer is pressuring a consumer to rush through the paperwork, the consumer should be suspicious and ask for enough time to read all the paperwork. Consumers should watch for anything in the paperwork that says the purchase price changes based on how the car is paid for or which type of car loan is used. Consumers should take a friend or family member with them to pay close attention to the negotiations. The friend or family member can help ask direct and specific questions about the terms and carefully read the sales agreement to make sure the sales price is what was agreed upon. If a dealer says something about financing or car loans, consumers should ask the dealer to put the statement in writing.

## **Loan Packing**

Servicemembers should read vehicle sales paperwork to make sure the dealership is not adding products that were not discussed during negotiations. Adding in these products is called “loan packing.” Many times, the dealer will not include these add-ons in the advertisement or price told to the consumer. Examples of add-ons to watch out for include extended warranties, limited warranties, tire protection, gap insurance, Vehicle Identification Number (VIN) etching, fabric protection, and paint protection. Often, add-ons like fabric protection and paint protection are nothing more than commonly used products found at an automotive store added on by the

dealership for an increased fee. Consumers should not feel pressured to agree to add-ons. If a dealer or advertisement offers a vehicle at a particular price, the consumer should not be asked to pay any more for the vehicle other than tax, title, license, and registration fees. It is important to slow down, ask questions, and know exactly what each add-on actually is.

### **“Buy Here, Pay Here” Dealerships**

“Buy here, pay here” dealerships are automobile dealers who typically focus on selling to consumers with bad or no credit. These dealers often focus on young servicemembers who are receiving their first paycheck and have not yet built a credit history. The dealership acts as the “bank” in these transactions by financing the sale itself and usually charges a high interest rate. Often, the actual price of the car will not be initially disclosed to the consumer, as the dealership will want to first learn the consumer’s credit history and income to determine how much the consumer can afford to pay. Servicemembers should read the sales terms carefully to learn what happens if they are late on a payment. Often, when a weekly or monthly payment is missed, the dealership will repossess the car and the consumer will not be able to recover the down payment or any other payments made to the dealer. Servicemembers thinking about buying a car from a “buy here, pay here” dealership should be wary of high-pressure sales tactics and should make sure they read and understand all of the paperwork before they sign. Servicemembers may want to ask if they may take a copy of the contract and review it with a friend or family member before signing. Servicemembers should also consider trying to obtain pre-approval for a car loan from a source that is not the dealership before looking to buy a car.

## Tennessee Lemon Law<sup>2</sup>

### What is a Lemon?

Most people buy a new car because they expect it to be free from defects. When a consumer is faced with paying a new car price, he or she can become very frustrated if the car has mechanical problems. The obvious reaction is to ask the car dealership or manufacturer to fix the car. Although asking that a new car be fixed seems simple, consumers can face a wide variety of problems and may be left with an unrepaired vehicle after several unsuccessful attempts.

Tennessee has a Lemon Law to help protect consumers and inform them of their rights when dealing with a “lemon.”<sup>3</sup> A “lemon” is defined as a:

- motor vehicle sold or leased after January 1, 1987;
- that has a defect or condition that substantially impairs<sup>4</sup> the motor vehicle; and
- the manufacturer, its agent, or authorized dealer cannot fix the vehicle after three attempts or the vehicle is out of service for repairs for a cumulative total of 30 or more days during the term of protection.

The Lemon Law only applies if the vehicle was bought new. Under the law, if a motor vehicle is a “lemon,” the manufacturer must replace the motor vehicle or refund the purchase price (minus a reasonable allowance for use).

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<sup>2</sup> Portions of this section were taken from the Tennessee Division of Consumer Affairs’ website at [tn.gov/consumer/lemon.shtml](http://tn.gov/consumer/lemon.shtml).

<sup>3</sup> Tenn. Code Ann. §§ 55-24-101 *et seq.*

<sup>4</sup> “Substantially impair” means a motor vehicle is unreliable or unsafe for normal operation, or its resale market value is reduced below the average resale value for comparable motor vehicles.



## **What Should a Consumer Do if He or She Has a Lemon?**

If a consumer has bought a lemon, he or she must notify the manufacturer of the problem in writing by certified mail. The manufacturer is allowed a chance to fix the car within 10 days. If the manufacturer cannot fix the car and the manufacturer has an informal dispute settlement procedure that complies with Federal Trade Commission (FTC) regulations, the refund and replacement provisions of the Lemon Law won't apply until the consumer attempts to resolve the dispute using this procedure. Consumers are not bound by any decision of the settlement procedure and can still seek available legal remedies, including asking a court to award a replacement vehicle or to reimburse the purchase price (minus a reasonable allowance for use), plus attorney's fees and court costs.

## **When Can a Consumer Take Action?**

A consumer can file a lawsuit under the Lemon Law within six months of either the expiration of the express warranty or one year following the original date of delivery, whichever is the later date. Extended warranties are not considered in determining the time to file suit. Consumers should consult an attorney well before the expiration of this time limit to be sure of preserving their legal rights.

## **Salvage/Flood Vehicles**

Cars damaged by flood water and considered totaled by insurance companies should be sold as salvage or for parts and not resold to the public. Unfortunately, some flood-damaged vehicles may end up with businesses that will clean them up cosmetically, find a way to re-title them, and arrange to have them sold to unsuspecting buyers.

Being submerged in flood water, even for brief periods of time, can damage a car's electrical system, on-board computer systems, and safety equipment like anti-lock brakes and

airbags. Today's cars typically contain a dozen or more computer systems, which can be damaged after being submerged in water. Damage to the car may not become apparent until well after the water dries.

If servicemembers are in the market for a new or used car, here are some ways they can protect themselves from unknowingly buying a flood-damaged car:

- **Take the Car to a Reputable Mechanic Before Buying It.**  
Before buying a car, always take it to a reputable independent mechanic for an inspection. Ask the mechanic to check for possible flood damage. To find a reputable mechanic, ask friends or family for references and cross-reference the mechanic's company. Check out the mechanic and car dealership with the Tennessee Division of Consumer Affairs (DCA), the Tennessee Motor Vehicle Commission (MVC), and the local Better Business Bureau (BBB) for consumer complaints.
- **Be Wary of Sight-Unseen Online Car Purchases.**  
Be wary of buying something as expensive as a car over the Internet if the servicemember and his or her mechanic cannot get a chance to see the vehicle and actually take a test drive in it.
- **Safely Examine the Car for Flood Damage.**  
Check for telltale signs of water damage like:
  - a smell of mildew in the car, or a strong deodorant smell that may be used to cover up the smell;
  - a water line along the upholstery, carpet, or door panels, in the engine compartment or trunk;
  - signs of moisture in the dashboard;
  - mud or sand in crevices or in the carpet; and
  - electrical problems, like a power window that works poorly.

Look carefully at seat belt retractors, door speakers, and spare tire nooks. Look for rust on the inside of the car, under the carpet, and under the car. Inspect interior upholstery, including door panels, for signs of fading. Check for rust on screws in the console, the inside portion of the roof, or other places where water would not normally reach. Without touching anything, carefully inspect the electrical wiring system for rusted components, water residue, or corrosion. If someone can safely do so, inspect alternator crevices, behind wiring harnesses and around the small recesses of starter motors, power steering pumps, and relays.

- **Consider Buying a Vehicle History Report But Know Its Limitations.**  
Consider buying a vehicle history report from one of the companies that offers this service online to see whether a flood-damaged title has been issued for the car. However, please be aware that most reporting agencies do not possess information from every

state or from every insurance company. Also remember that databases are only as good as the information that is reported to them. In other words, these databases will not capture car damage that an owner has intentionally not reported. If the dealership offers to provide a vehicle history report, remember most of the companies only provide their guarantee to the person to whom the report is issued so a consumer needs to ask to have a report issued in his or her name.

- **Insist on Seeing a Valid Car Title.**

Insist on seeing the vehicle's existing state-issued title. If the individual seller or dealership will not show the title, walk away. Ask about "damage disclosures" at dealerships, including whether the vehicle has been in an accident, has had flood damage, or has title issues. Ask that the answers received in response to these questions be put in writing. Consumers can ask their insurance agent to run the VIN through the National Insurance Crime Bureau, which has compiled a database of vehicles affected by some natural disasters.

- **Ask the Dealer or Seller.**

Dealers and individual sellers in Tennessee should disclose water damage in vehicles. If a consumer feels that the dealer or seller isn't giving a straight or definitive answer as to whether the car was flood damaged, he or she should walk away. Ask for any response saying the car does not have water damage be put in writing.

### **Tennessee Motor Vehicle Commission**

The MVC is responsible for licensing automobile dealerships operating in the State of Tennessee. The MVC was created to enforce the Tennessee Motor Vehicle Dealer Licensing Act.<sup>5</sup> The mission of the MVC is to protect consumers from fraud related to car dealerships.

### **Filing a Complaint with the MVC**

Servicemembers may file a complaint with the MVC online at [www.tn.gov/regboards/mvc/complaint.shtml](http://www.tn.gov/regboards/mvc/complaint.shtml). The complaint form can also be printed online at this same address and mailed to: State of Tennessee, Tennessee Motor Vehicle Commission, 500 James Robertson Parkway, Nashville, Tennessee, 37243-1153. A complaint should be very detailed, and all information and paperwork about the issue should be copied and sent with the complaint when filing. A copy of the MVC complaint form is included in Appendix A. These complaints may be made available for

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<sup>5</sup> Tenn. Code Ann. §§ 55-17-101 *et seq.*

public inspection, so please remove any personally identifiable information like Social Security numbers and bank account numbers. Upon receipt of the complaint, the MVC will send a copy of the servicemember's complaint to the dealer or dealership for a response. The dealer or dealership has 10 days to respond to the complaint. Once the response is received by the MVC, a determination will be made as to whether there are any violations of the MVC's rules. The MVC can only take action against the license of an individual and is not able to obtain dissolution of a contract, monetary reimbursement, or another civil-based restitution for a servicemember.

### **Car Buying Tips**

The MVC offers the following tips for servicemembers to think about before buying an automobile:

1. Determine an affordable type of vehicle and price range.
2. Obtain pre-approval financing from a financial institution.
3. Choose a car dealership with a good reputation.
4. Check the vehicle history and obtain an independent evaluation from a mechanic with a good reputation (repair shops usually provide this service).
5. Understand the following about any car sales contract:
  - Vehicle price and any warranty or add-on prices, paperwork fees, etc.
  - The proposed trade-in allowance, if any (the amount of money the dealer is giving for the currently owned car).
  - The interest rate, first payment date, number of payments, and total finance charge over the term of the loan.
  - Any paperwork processing fee that the dealership charges (can be negotiated and is not required).
  - Any extended warranty (know the terms of the warranty before buying).
  - Gap insurance (not required but this covers any amount still owed in case of an accident if the value of the car is less than the amount owed).

This section was authored by Anthony Glandorf, Assistant General Counsel in the Tennessee Department of Commerce and Insurance.

### **“As-Is” Disclaimers**

Federal laws require that dealers provide a Buyer’s Guide to a consumer that says whether the car comes with a warranty or is sold without a warranty. When a car is sold “as-is,” please understand that the dealer will not make any repairs after the servicemember has bought the car. If the dealer makes any promises about future repairs on an “as-is” sale, be sure the dealer makes that promise in writing before leaving with the purchased car.

### **Individual Sellers**

While there are many opportunities to buy a car from individuals, servicemembers should be aware of these common issues:

- If buying a car from an online listing, make sure to get the name and address of the seller. Also, be sure that the name of the person selling the car matches the name of the person on the title. If not, consumers may end up owing more taxes (the ones the seller did not pay).
- Be wary of people stating they are out-of-state dealers. This is often a scam that gives the buyer a bill of sale from another state (like Alabama or Georgia). Consumers may also end up paying sales tax in two states. Remember, any dealer who sells cars in Tennessee must have a license issued by the State of Tennessee.

## Chapter 2

### Tennessee Consumer Protection Act





The Tennessee Consumer Protection Act (TCPA)<sup>6</sup> was created in 1977 to protect consumers from unfair and deceptive business practices. The TCPA has two main provisions:

- The prohibition of unfair or deceptive acts or practices affecting the conduct of any trade or commerce; and
- A list of specific acts which are considered to be deceptive acts and practices (which are listed in Appendix B).

Under the TCPA, the Tennessee Division of Consumer Affairs (DCA) and the Tennessee Attorney General are given specific powers to investigate potential violations of the law, including the ability to require the person or business to file a statement or report in writing and under oath, examine under oath any person in connection with the alleged violation, and examine any products that are part of the investigation.

### **Prizes Offered as Inducements**

The TCPA also applies when a prize or gift is offered as an incentive to buy a product.<sup>7</sup> For instance, TCPA provisions would apply to an advertisement in which a business offers a chance to win a four-wheeler if the consumer attends a sales presentation. The TCPA is violated:

- When a person or company fails to clearly and conspicuously state the name and street address of the person or company making the offer;
- When a person or company says that:
  - The consumer is or could be a winner, if the consumer contacted has not won or is not eligible to win; or
  - The consumer has been “selected” or is part of a special group eligible to receive the prize or travel service, if that is not true;
- When the person or company making the offer does not clearly and conspicuously state the retail price of each prize or travel service immediately next to the item when the initial offer is in writing. If the offer is verbal, the offering party must disclose each item’s approximate retail value; and
- When the offering person or company does not clearly and conspicuously state, next to each prize or travel service offered, a statement of the odds of receiving each item offered when in writing. If the initial offer is verbal, the person or company must clearly and conspicuously state the odds of receiving each item offered.

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<sup>6</sup> Tenn. Code Ann. §§ 47-18-101 *et seq.*

<sup>7</sup> Tenn. Code Ann. § 47-18-120.



There are other acts or practices contained in this prize and gift law that may violate the TCPA. If a person or company does not follow the TCPA rules about prizes and gifts, the consumer may be able to void the contract or agreement.

### **Private Litigation**

Consumers have a right to bring a lawsuit under some sections of the TCPA.<sup>8</sup> Consumers have only one year to bring the lawsuit. The one-year period starts to run on the day the consumer discovers the unlawful act. If a consumer does not discover the unlawful act until five years after the date the unlawful act happened, the time has run out to file the lawsuit.<sup>9</sup> Servicemembers should talk to an attorney quickly if they feel they are the victim of unfair or deceptive acts under the TCPA.

A consumer cannot use the TCPA to sue for certain conduct related to regulatory agencies of Tennessee or the United States. Acts of the media, some credit terms, and some claims by retailers against manufacturers or wholesalers are also exempted.<sup>10</sup>

Servicemembers who believe they have been victims of unfair or deceptive acts should file a complaint with the DCA. The DCA's contact information can be found in Chapter 11 and a complaint form is located in Appendix C.

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<sup>8</sup> Tenn. Code Ann. § 47-18-109.

<sup>9</sup> Tenn. Code Ann. § 47-18-110.

<sup>10</sup> Tenn. Code Ann. § 47-18-111.

## Chapter 3

### Military Lending Act





Servicemembers are vulnerable to predatory lending practices because they receive regular paychecks that are typically directly deposited. Also, many servicemembers have jobs that require a security clearance. Late payments on debts can cause servicemembers to lose their clearance and subsequently their jobs. This means servicemembers usually try very hard to pay their debts on time. Because servicemembers are so vulnerable to predatory lenders, the Department of Defense (DOD) conducted a study of the impact of predatory lending on their troops. The DOD found that “[p]redatory lending undermines military readiness, harms the morale of troops and their families, and adds to the cost of fielding an all-volunteer fighting force.”<sup>11</sup>

Because of those findings by the DOD, the law which came to be known as the Military Lending Act (MLA)<sup>12</sup> was passed. Payday loans, vehicle title loans, and tax refund anticipation loans are covered by this law. The MLA says covered loans may not have an annual percentage rate (APR) of more than 36%. The MLA defines a payday loan as a loan that qualifies as closed-end credit,<sup>13</sup> has a term of 91 days or less, does not exceed \$2,000, and the borrower must provide a check or give permission for automatic debit authorization that is deferred for one or more days. A vehicle title loan is defined as closed-end credit, has a term of 181 days or less, and is secured by a car licensed to operate on roadways. In addition to the 36% military APR cap, the MLA requires lenders to include a disclosure statement in loan applications to identify borrowers. The MLA covers borrowers who are regular or reserve members of the Army, Navy, Marine Corps, Air Force and Coast Guard serving on active duty under a call or order that specifies longer than 30 days, as well as their card-carrying dependents.

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11 “Report on Predatory Lending Practices Directed at Members of the Armed Forces and Their Dependents” August 9, 2006, available at [www.defense.gov/pubs/pdfs/report\\_to\\_congress\\_final.pdf](http://www.defense.gov/pubs/pdfs/report_to_congress_final.pdf) (last visited November 20, 2013).

12 Military Lending Act, 10 U.S.C. § 987 (2013); Department of Defense Military Lending Act Regulations, 32 C.F.R. pt. 232 (2013).

13 Under the MLA, “closed-end credit” means all consumer credit other than “open-end credit” as defined in the Truth in Lending Act (TILA). 12 C.F.R. pt. 226.2. Under the TILA, “open-end credit” means consumer credit extended by a creditor under a plan in which: (i) the creditor reasonably contemplates repeated transactions; (ii) the creditor may impose a finance charge from time to time on an outstanding unpaid balance; and (iii) the amount of credit that may be extended to the consumer during the term of the plan (up to any limit set by the creditor) is generally made available to the extent that any outstanding balance is repaid.

It is crucial that servicemembers are aware of the MLA because of the protections it provides; however, lenders have found ways around it to take advantage of servicemembers. Because the MLA is limited to closed-end credit transactions, these lenders simply offer revolving lines of credit, much like a credit card. A revolving line of credit has an overall cap on borrowing, and the servicemember can borrow up to the cap, then pay down the loan, and then borrow money again up to the cap, at any time. Some lenders charge as much as 500% for an open ended payday loan. The MLA helps servicemembers avoid costly financial mistakes; however, some gaps in the law's ability to protect servicemembers remain.

The National Defense Authorization Act for Fiscal Year 2013 (NDAA) includes provisions that address federal enforcement of the MLA. The NDAA makes clear that the Consumer Financial Protection Bureau (CFPB) has enforcement authority under the MLA. Further, the NDAA gives the CFPB an opportunity to weigh in on how MLA laws will work, including what they will cover. The NDAA adds the CFPB to the list of agencies with which the DOD must consult about how the MLA works and provides that such consultation must occur at least every two years. These changes add new force to the MLA and provide additional support for the CFPB and DOD to work together on servicemember protection issues.

## Chapter 4

### Servicemembers Civil Relief Act





The Servicemembers Civil Relief Act (SCRA)<sup>14</sup> is a federal law enacted to provide specific consumer protections to active duty servicemembers. Under the SCRA, active duty servicemembers include members of the uniformed services as well as reserves of the five main branches of the military. National Guard members are also included when they are called to active duty for more than 30 consecutive days. The SCRA provides that the United States Attorney General and private attorneys have authority to enforce certain parts of the SCRA. The following sections detail some of the benefits of the SCRA for servicemembers.

### **6% Interest Rate Cap**

Under the SCRA, an obligation or liability bearing interest at a rate of more than 6% per year incurred by a servicemember or spouse before the servicemember enters military service shall be reduced to not more than 6%. In cases involving a mortgage, trust deed, or other security in the nature of a mortgage, this interest rate cap shall be enforceable during the period of military service and one year thereafter. For all other obligations or liabilities, the rate cap is enforceable only during the servicemember's active duty service.

Any interest rate in excess of 6% that would have otherwise been incurred is required to be forgiven by the lender under the SCRA. In order for the interest rate cap to apply, the servicemember must provide the creditor with written notice including a copy of military orders calling the servicemember to service no later than 180 days after termination or release from active duty service. A sample letter for the servicemember to send the lender can be found at the end of this section.

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<sup>14</sup> 50 U.S.C. App. §§ 501 *et seq.*



### **Auto Lease Termination**

Under the SCRA, a servicemember has the ability to terminate an automobile lease if it was entered into prior to the servicemember's active duty status and the servicemember is called to active duty for 180 days or longer or the automobile lease was entered into while the servicemember was on active duty status and the servicemember receives orders outside of the continental United States or will deploy with a military unit for 180 days or longer. The servicemember is required to return the vehicle to the dealer 15 days after giving notice. A sample letter for a servicemember to send to a dealer can be found at the end of this section.

### **Residential Lease Termination**

Servicemembers also have the ability to terminate lease agreements under the SCRA if they entered into the lease prior to going into active duty status or if they entered into the lease while on active duty and receive Permanent Change of Station (PCS) orders or orders to deploy for a period of longer than 90 days. Under the SCRA, servicemembers are required to provide a written notice of the termination of the lease and a copy of their orders. A sample letter for a servicemember to send to the landlord can be found at the end of this section.

### **Default Judgment Protection**

Under the SCRA, servicemembers are granted protections from the entering of default judgments against them while they are serving on active duty. Specifically, a servicemember may reopen a default judgment entered against him or her up to 60 days after his active duty period has ended.

### **Stay of Civil or Administrative Proceedings**

A servicemember has the right to ask for a stay of civil or administrative proceedings for a minimum of 90 days if he or she is on active duty or 90 days after release from military service. The servicemember must have notice of the action or proceeding in order to assert the right. An application for a stay must include either a letter or other communication from the servicemember's attorney setting forth facts demonstrating how military duty requirements affect his or her ability to appear and stating a date when he or she can appear, or a letter or communication from a commanding officer stating that the servicemember's current military duty prevents appearance and that military leave is not authorized. Sample letters to be sent by the servicemember's attorney and/or commanding officer can be found at the end of this section.

### **Cell Phone Contracts**

Under the SCRA, a servicemember may terminate a cellular phone service contract at any time after the date the servicemember receives orders to relocate for a period of 90 days or more to a location that does not support the contract. The servicemember must provide written or electronic notice of such termination and a copy of the military orders in order to receive the protections of the SCRA. A sample letter to be sent by the servicemember can be found at the end of this section.

### **Sample SCRA Letters**

Below are sample letters that servicemembers may wish to use when contacting businesses or courts about their rights under the SCRA.

## 6% Interest Rate Letter

(Date)

(Name and Address of Servicemember)

(Name and Address of Institution)

Re: SCRA Interest Rate Reduction for Acct # \_\_\_\_\_

To Whom It May Concern:

I was placed on active duty with the Armed Forces of the United States effective (active duty date). I request that my monthly payments and interest on my account be reduced pursuant to my rights under the Servicemembers Civil Relief Act, 50 U.S.C. App. §§ 501 *et seq.* Military service has materially affected my ability to meet this obligation incurred prior to my active duty at the original interest rate or as it exists currently.

The SCRA (50 U.S.C. App. § 527) sets a 6% per annum ceiling on interest charges (including charges and fees) during the period of a servicemember's military service for obligations made before active duty when the active duty materially affects the ability to pay. Thus, the balance of my obligation may not have interest charged at a rate greater than 6% per annum and any interest above 6% must be forgiven and not accrued. Note that compliance with this law is mandatory for the creditor once the servicemember makes a request. Failure to comply with such a request may subject the creditor to damages.

Please amend or correct your records to reflect that my obligation has been reduced to no more than the statutory ceiling rate of 6% and that any excess charge is withdrawn. Some business entities have reduced their original interest rate to less than 6% as a good faith gesture in support of our country's military personnel and the important mission they serve. Please be further advised that you may not repossess for non-payment of an installment obligation without first complying with the provisions of the SCRA (including Section 532).

Thank you for your prompt attention to this matter. Should you have any questions, do not hesitate to contact me at the address above.

Sincerely,

(Servicemember's name)

Enclosure:

Deployment Orders

## Termination of Automobile Lease Letter

(Date)

(Name and Address of Servicemember)

(Name and Address of Lessor)

Re: Return of Vehicle VIN# \_\_\_\_\_ Pursuant to the SCRA

To Whom It May Concern:

I was placed on active duty with the Armed Forces of the United States effective (active duty date). I am the lessee of (year, make, model, and VIN) and I am invoking my rights under the Servicemembers Civil Relief Act, 50 U.S.C. App. §§ 501 *et seq.* My deployment has materially affected both my ability to pay for and my need for the vehicle.

Section 535(b)(2) of the SCRA allows a servicemember to terminate an automobile lease if the servicemember receives deployment orders for greater than 180 days. In this case, I will be deployed to (place deployed to) for at least (number of days of ordered deployment). I have attached a copy of my orders for your file.

In compliance with 50 U.S.C. App. § 535(c), I have mailed this notice via certified mail, return receipt requested and have already left the vehicle with (lessor and contact representative). The representative with whom I have been working at (name of lessor) is (name of contact representative), and (he/she) may be reached at (phone number). Therefore, in accordance with 50 U.S.C. App. § 535(d)(2), the effective date of termination is the postmark date of this letter.

Thank you in advance for your cooperation in this matter, and please feel free to contact me at (servicemember's phone number or the number of someone holding a power of attorney for the servicemember).

Sincerely,

(Servicemember's Name)

Enclosures:

Deployment Orders

Lease Contract

## Termination of Rental Property Letter

(Date)

(Name and Address of Servicemember)

(Name and Address of Landlord)

Re: Termination of Residential Lease Pursuant to the SCRA

To Whom It May Concern:

I was placed on active duty with the Armed Forces of the United States effective (active duty date). I lease a (home/apartment) at (address of rental residence) and I am invoking my rights under the Servicemembers Civil Relief Act, 50 U.S.C. App. §§ 501 *et seq.* My deployment has materially affected my need for this rental property. Section 535(b)(1) of the SCRA gives a servicemember the right to terminate a residential lease if the servicemember receives deployment orders for more than 90 days. In this case, I will be deployed to (place of deployment) for at least (number of days). I have attached a copy of my orders for your file.

Pursuant to 50 U.S.C. App. § 535(c), I have mailed this notice via certified mail, return receipt requested (or hand delivery). Therefore, pursuant to 50 U.S.C. App. § 535(d)(1), the effective date of termination is 30 days after the first date on which the next rental payment is due and payable after the date on which this notice was delivered (or agreed termination date).

I will (mail or drop) off my keys when I have vacated the rental premises. All security deposits and prorated future rents paid must be returned to me within 30 days of the termination date of this lease. Please mail these monies to: (address of servicemember).

Thank you in advance for your cooperation in this matter, and please feel free to contact me at (servicemember's phone number or the number of someone holding a power of attorney for the servicemember).

Sincerely,

(Name of servicemember)

Enclosures:

Deployment Orders

Lease Contract

## Stay of Proceeding Letter from an Attorney to Opposing Counsel

(Date)

(Name and Address of Attorney)

(Name and Address of Opposing Counsel)

Re: Requesting a Stay of Proceedings in (Name of proceeding)

To Whom It May Concern:

I am an attorney with (firm/agency). I am writing on behalf of (servicemember), who contacted me because he is the defendant in the case of (case caption) in which you have been hired to represent (opposing counsel's client).

(Servicemember) is on active duty and is assigned to (unit information and location). As such, (he/she) is afforded certain rights under the Servicemembers Civil Relief Act (SCRA), 50 U.S.C. App. §§ 501 *et seq.* Section 522 of the SCRA states that a court shall, upon application by the servicemember, grant a stay in a civil action for a period of not less than 90 days.

Therefore, (servicemember) applies for protection from any further proceedings in the referenced civil action pending against him for a 12 month period. Please find attached a letter from (servicemember)'s commanding officer stating that (his/her) military service materially affects (his/her) ability to defend this action. Based on (servicemember)'s current military deployment, (he/she) will not be able to attend any proceedings scheduled in this action.

Pursuant to 50 U.S.C. App. § 522(c), an application for a stay does not constitute an appearance for jurisdictional purposes and does not constitute a waiver of any substantive or procedural defense, including a defense for a lack of personal jurisdiction. This letter is not to be construed as either a submission to jurisdiction without lawful service or an appearance by or on behalf of (servicemember). Additionally, this letter is not to serve as any form of answer to any petition, motion or complaint filed against (servicemember).

Thank you in advance for your help in affording (servicemember) an opportunity to participate in the legal process while meeting (his/her) obligations to the defense of our nation.

Sincerely,

(Attorney's signature)

Enclosure: Memorandum from Commander

cc: (Servicemember)

## Stay of Proceeding Letter from an Attorney to Presiding Judge

(Date)

(Name and Address of Attorney)

(Name and Address of Presiding Judge)

Re: Requesting a Stay of Proceedings in (Name of proceeding)

Dear (Judge's name):

I am an attorney with (firm/agency). I am writing on behalf of (servicemember), who contacted me because he is the defendant in the case of (case caption) in which you are currently presiding.

(Servicemember) is on active duty and is assigned to (unit information and location). As such, (he/she) is afforded certain rights under the Servicemembers Civil Relief Act (SCRA), 50 U.S.C. App. §§ 501 *et seq.* Section 522 of the SCRA states that a court shall, upon application by the servicemember, grant a stay in a civil action for a period of not less than 90 days.

Therefore, (servicemember) applies for protection from any further proceedings in the referenced civil action pending against him for a 12 month period. Please find attached a letter from (servicemember)'s commanding officer stating that (his/her) military service materially affects (his/her) ability to defend this action. Based on (servicemember)'s current military deployment, (he/she) will not be able to attend any proceedings scheduled in this action.

Pursuant to 50 U.S.C. App. § 522(c), an application for a stay does not constitute an appearance for jurisdictional purposes and does not constitute a waiver of any substantive or procedural defense, including a defense for a lack of personal jurisdiction. This letter is not to be construed as either a submission to jurisdiction without lawful service or an appearance by or on behalf of (servicemember). Additionally, this letter is not to serve as any form of answer to any petition, motion or complaint filed against (servicemember).

Thank you in advance for your help in affording (servicemember) an opportunity to participate in the legal process while meeting (his/her) obligations to the defense of our nation.

Sincerely,

(Attorney's signature)

Enclosure: Memorandum from Commander

cc: (Servicemember)

**Stay of Proceeding Letter from Military Commander**

(Date)

(Name and Address of Commander and Unit)

(Name and Address of Opposing Counsel/Judge)

Re: Requesting a Stay of Proceedings in (Name of Action/Caption)

To Whom It May Concern:

I am an officer in the United States (name of branch) writing on behalf of (name of servicemember), who is a defendant in the case of (case caption). (Servicemember) is currently deployed in support of (OIF/OEF and where stationed). He is assigned to my command.

(Servicemember) will be unable to attend any hearings, present any type of defense, or effectively protect (his/her) interests in the matter in question until (estimated date of return) because of (his/her) military duties. Until this date, (servicemember) is essential to the mission of our unit as a (duty title/position). My legal officer advises me that federal law allows a stay of proceedings for servicemembers on active duty when their ability to defend themselves is materially affected by their military service (50 U.S.C. App. § 521). In this instance, (servicemember)'s critical role in the national security mission of this command precludes (his/her) participation in court proceedings until not earlier than (estimated date of return). (He/She) will be unable to present any defense at all due to (his/her) deployed status.

I understand that my letter is part of an application to provide protection from further proceedings in the civil action pending against (him/her) for a period of (length of time deployed) to properly attend to both (his/her) obligation to (his/her) unit. I will ensure that (he/she) is available upon return from deployment to appear at the next scheduled court date after (estimated date of return).

Please note I am not an attorney and am not making this request based on any attorney-client relationship between (servicemember) and me. I am not representing (servicemember) with regard to the proceedings pending. This letter should not be considered an appearance by (servicemember). Rather, it is a request in my capacity as a commander charged with a mission supporting the national security of this nation that you delay the proceedings to allow this soldier to perform (his/her) critical part in that mission.

Thank you in advance for your assistance in this matter. I request that you inform me or (servicemember), at the above address, of any action taken regarding this request.

Sincerely,

(Name of Commander and Signature Block)

Enclosure: Deployment Orders  
cc: (Name of servicemember)



## **Termination of Cellular Phone Contract Letter**

(Date)

(Name and Address of Servicemember)

(Name and Address of Institution)

Re: Termination of Cellular Phone Contract, Phone # \_\_\_\_\_

To Whom It May Concern:

I have been placed on active duty with the United States (name of branch) effective (active duty date). I currently have a cellular phone contract with your institution, Phone#\_\_\_\_\_, and I am invoking my rights under the Servicemembers Civil Relief Act, 50 U.S.C. App. § 535(a).

The Servicemembers Civil Relief Act allows a servicemember to terminate a cellular phone contract without an early termination charge if the servicemember receives orders to relocate for more than 90 days to a location that does not provide coverage under the contract. I will be relocated to (place of relocation) for at least (number of days of ordered relocation). It is my understanding that your institution does not provide coverage in this area. I have attached a copy of my orders for your file.

Thank you in advance for your cooperation in this matter, and please feel free to contact me at (servicemember's phone number or persons holding power of attorney for the servicemember).

Sincerely,

(Name of servicemember)

Enclosure:

Deployment Orders

## Chapter 5

### Payday Lending and Rent-to-Own





A payday loan is a loan that consumers can get from a business that is not a bank but usually a loan store. It is called a payday loan because consumers generally borrow just enough to get through to their next payday, at which date the money is due. Payday loan businesses operate under a wide variety of titles and may take postdated checks as collateral.

Payday loan businesses cause consumers to become reliant on them because they charge large fees and expect quick repayment of the money. This can make it difficult for a consumer to pay off the loan and still be able to meet monthly expenses. Many borrowers have loans at several different payday loan businesses, which worsens the situation.

It is not uncommon to find a large number of payday lenders located near military bases. This is not by accident. Payday lenders target servicemembers for a variety of reasons. Servicemembers receive regular monthly paychecks in the form of allotments that are deposited directly into the servicemembers' bank accounts, making the money readily available to the payday lender. Because servicemembers may struggle with being paid on a monthly or bi-monthly basis, they often find themselves needing extra money between paychecks. Unfortunately, this “quick fix” could wind up costing the servicemember serious money. Finance charges and fees can often make the payday loan's annual percentage rate (APR) as high as 500%. These charges fluctuate from state-to-state due to differences in lending laws.

Under the Military Lending Act (MLA), payday lenders must cap the APR—which incorporates all fees and costs associated with the loan—at 36% when lending to servicemembers. In order for the MLA to apply, the payday loan must be closed-end credit with a term of 91 days or less in an amount of not more than \$2,000. The consumer must incur interest or be charged a fee and, at the same time, provide a payment instrument (a check) to the lender who promises not to deposit it for one or more days or to initiate a debit to the consumers deposit account after one or more days. In addition to capping the APR at 36%, the MLA prohibits payday lenders from “rolling over” the payday loan, unless the new transaction results in more favorable terms for the servicemember. Unfortunately, many servicemembers may not know about this specific

protection offered to them, and dishonest payday lending companies may employ strategies like extending the term of the loan to avoid being covered by the MLA. The MLA also bans lenders, including payday lenders, from requiring servicemembers to repay their loans by allotment. The servicemember may elect to do this but may not be required to do so. When servicemembers pay by allotment, they lose certain consumer protections as well as their flexibility to adjust their budget if a financial emergency comes up. The MLA prohibits lenders from making servicemembers waive their rights under the SCRA or other state or federal laws that provide critical consumer protections. The MLA also prohibits lenders from requiring servicemembers to waive their right to seek resolution of any legal claims in court.

Another form of borrowing often used by servicemembers is the bank account overdraft protection provided by their financial institutions. Servicemembers may choose to overdraft their account and be charged a flat fee rather than turn to a payday lender. While banks usually disclose the amount of the fee, some servicemembers are not aware that they may be charged the fee each time they draw from their account if it does not have sufficient funds. Usually, the same fee is charged regardless of the amount of the purchase or withdrawal. When the servicemember receives his or her paycheck or makes a deposit, the funds could be used to satisfy the amount overdrafted, including fees. Using overdraft protection as a way to borrow money may put the servicemember in a worse position.

When in debt, it is generally a bad idea to take on more debt to pay creditors, especially at a high rate of interest. Nevertheless, many financially stressed servicemembers fall prey to predatory lending practices in an effort to consolidate debt.

## Rent-to-Own

Just like payday lenders, rent-to-own stores are often located near military bases. This is also no accident. Servicemembers are a very mobile population, who are called upon to endure long deployments and frequent relocations. Therefore, they need to travel light. This means that belongings are often left behind out of necessity. When moving to a new base or returning from a long deployment, servicemembers may find themselves without the basic furniture and appliances needed to furnish their new space. Although some base housing is considered furnished, those furnishings may have been worn out by many owners and need to be replaced.

The rent-to-own industry practice is to enter into an agreement with a consumer that allows the consumer to rent furniture, appliances, and other goods for a defined period of time. The consumer is only responsible for paying the periodic rental fee for that defined time, which can be as short as a week or month but may be continued if the consumer chooses to renew it. However, sometimes a condition in the rental agreement provides the consumer with an opportunity to buy the rented goods by continuing to pay the rental fee for a length of time or by paying a lump sum payment. Also, if the consumer decides they no longer want the particular item, they can return the item and walk away without penalty or damage to their credit score.

But sometimes that agreement comes with a very steep price tag. An example<sup>15</sup> given by Consumer Reports is the following: A \$612 Toshiba laptop is bought at a rent-to-own store for \$38.99 per week for 48 weeks, for a total of \$1,872, excluding sales tax and other charges. That's the same as buying the laptop at the manufacturer's suggested retail price and financing it at an interest rate of 311%. A consumer could buy three of the same laptops for that total amount of \$1,872. It is important that servicemembers do the math in these transactions. Also, many times actual prices of items are not on display in the rent-to-own store, so it is difficult to do the math on the spot and make an informed decision. For servicemembers and all consumers alike, it is a better idea to take that same \$38.99 per week and put it aside until the item can be bought without having to finance it.

15 Consumer Reports Investigation: Would you pay the equivalent of 311 percent interest to own a big-screen TV, ConsumerReports.org, [www.consumerreports.org/cro/money/shopping/rentacenter/overview/index.htm](http://www.consumerreports.org/cro/money/shopping/rentacenter/overview/index.htm) (last visited November 6, 2013).

Many states, including Tennessee, have laws regarding rent-to-own transactions. In Tennessee, the law is called the Tennessee Rental-Purchase Agreement Act (TRPA).<sup>16</sup> It lays out the disclosures that rent-to-own stores must make to consumers when advertising and entering into a rental purchase agreement. Covered agreements must be for the use of personal property for personal, family, or household purposes for an initial period of four months or less that are automatically renewable with each payment and allow the consumer to own the property. For each agreement, the business must disclose:

- A brief description of the property;
- The number, amount, and timing of all lease payments necessary to own the property;
- The maximum amount of all initial and periodic payments and charges to own the property;
- A statement that the property is not owned until all payments have been made;
- A statement that the total of payments does not include other charges, such as late payment, default, pickup, and reinstatement fees, and that the consumer should review the contract;
- If applicable, a statement that the consumer is responsible for the fair market value of the property if it is lost, stolen, damaged, or destroyed;
- A statement indicating whether the property is new or used; however, a statement that indicates new property is used is not a violation of the TRPA;
- A statement of the cash price of the property. When the agreement involves a lease for five or more items, a statement of the total cash price of all items will satisfy this requirement;
- The total of initial payments required to be paid before completion of the agreement or delivery of the property, whichever is later;
- A statement clearly summarizing the terms of the consumer's options to purchase;
- A statement identifying the party responsible for maintaining or servicing the property while it is being leased, with the description of that responsibility and a statement that, if any part of a manufacturer's express warranty covers the leased property at the time the consumer receives ownership of the property, it will be transferred to the consumer, if allowed by the warranty; and
- The date of the transaction and the names of the consumer and business.

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<sup>16</sup> Tenn. Code. Ann. §§ 47-18-601 *et seq.*

If an advertisement for a rental-purchase agreement states the amount of any payments or the right to receive ownership of an item, the advertisements must clearly and conspicuously state:

- That the advertised transaction is a rental-purchase agreement;
- The total of payments necessary to receive ownership; and
- That the consumer does not have ownership of the property unless the total amount necessary to have ownership is received.

An action alleging violations of the TRPA must be brought within one year of the date of the violation or within six months of the time the rental-purchase agreement was no longer effective, including any renewals or extensions.





## Identity Theft





The United States Department of Justice defines identity theft as “a crime in which someone wrongfully obtains or uses another person’s personal data in some way that involves fraud or deception, typically for economic gain.” This crime has been steadily on the rise, especially with the growing popularity of the Internet for buying products and online banking. Although this crime is devastating to everyone, it can be even more so for servicemembers. Beginning in the 1960s, servicemembers’ and their family members’ Social Security numbers were printed on their identity cards, making the numbers especially vulnerable to theft. In 2008, the military recognized that this practice caused servicemembers to be at risk for identity theft and began phasing out printing Social Security numbers on servicemembers’ identity cards. Since 2012, servicemembers have been issued a new ID card without the Social Security number printed on the back. Instead, servicemembers are assigned a DOD number that is unique to them and associated with their Social Security number. Because each military base is different, there may still be some servicemembers who have outdated ID cards. If so, servicemembers may want to work with their administrative officer to obtain an updated card that doesn’t put them at risk for identity theft.

The consequences of identity theft require a great deal of time, money and energy to handle properly. It has potentially more serious implications for servicemembers because credit worthiness is linked to security clearances. If a servicemember’s identity is stolen, he or she may potentially lose their security clearance.

### **Free Annual Credit Reports**

In addition to using their Social Security numbers as part of their daily routines, servicemembers are required to move frequently based on their assignment. This creates open or revolving business accounts that may stretch across state lines or international borders. Open or revolving accounts can make it difficult for a servicemember to keep track of the account information, especially if the servicemember is deployed. It is important to maintain a secure record of all open accounts and to monitor credit reports at least once a year. But make sure to not get duped into paying for credit reports or accidentally signing up for credit monitoring services

unless you have a need for the additional services, like a credit score, that they provide. Truly free credit reports by each of the three major credit reporting agencies can be obtained once per year at [www.annualcreditreport.com](http://www.annualcreditreport.com).

### **Identity Theft Prevention**

Servicemembers on active duty may be less able to respond to fraudulent activity on bank and credit card accounts in a timely manner. An amendment to the Fair Credit Reporting Act (FCRA) allows a servicemember to place an “active duty alert” in his or her credit report to help prevent identity theft. When servicemembers are away from their usual stations, placing an active duty alert on a credit report may help minimize the risk of identity theft while deployed. This active duty alert requires creditors to verify the applicant’s identity before granting credit in the servicemember’s name. Additionally, the servicemember’s name will be removed for two years from the nationwide consumer reporting companies’ marketing list for prescreened offers of credit and insurance, unless that active duty alert is removed by the servicemember. To place an active duty alert on a credit report, servicemembers need only contact one of the three nationwide consumer reporting companies: Equifax, Experian or TransUnion. Each agency is required to notify the other two. It is important to keep the servicemember’s contact information updated for as long as the alert is placed on the account.

The best ways to prevent identity theft are relatively simple. Servicemembers should avoid giving out any personal information like Social Security numbers and bank account numbers to anyone unless the servicemember initiated the contact. Banks and credit card companies will never make contact via email or telephone seeking to verify personal information. When credit card offers arrive in the mail, don’t toss them in the trash without shredding them first. Keep all personally identifiable information like Social Security cards, bank statements, birth certificates, and driver’s license information in a secure location. Avoid clicking on links in emails that come from an unknown sender. Never give out personal information in an email or over the phone unless the contact was initiated by the servicemember.

Any consumer or servicemember should submit a report to the Federal Trade Commission (FTC) if he or she is a victim of identity theft. Consumers should print and keep a copy of the identity theft report, which will be the consumer's Identity Theft Affidavit. Consumers should also file a police report about the identity theft and get a copy of the police report or the report number. When filing the police report, make sure to bring a government-issued photo identification card, proof of address, a copy of the FTC Identity Theft Affidavit, and any other proof of the identity theft. The FTC Identity Theft Affidavit and the police report together make an Identity Theft Report. Creating an Identity Theft Report can help consumers deal with credit reporting companies, debt collectors, and businesses that gave credit to the person who stole the consumer's identity. The FTC can be contacted toll-free at 877-FTC-HELP (877-382-4357) or online at [www.ftc.gov](http://www.ftc.gov).

For a complete guide to dealing with the consequences and aftermath of identity theft, please refer to the FTC's Guide "Taking Charge" which is available for free on the FTC's website at [www.consumer.ftc.gov/articles/pdf-0009-taking-charge.pdf](http://www.consumer.ftc.gov/articles/pdf-0009-taking-charge.pdf) or by calling the FTC. Consumer Affairs Counselors may be able to help servicemembers work through this Guide.



## Chapter 7

### Non-Profit and For-Profit Schools







Deciding where to use hard-earned GI Bill benefits is not easy. When making this decision, it's important to research all the options. Choosing between a non-profit school and a for-profit school is easier if servicemembers know the differences and similarities of these types of schools. Both categories of schools accept GI Bill benefits but may not provide the same advantages to the servicemember student.

### **Non-Profit Schools**

A non-profit school can be either public or private, but neither makes a profit from students' tuition. A public university's funding comes partly from the state's taxpayers. The largest universities in the country are all public, and the size of public universities varies widely. For example, the University of Tennessee, Austin Peay State University, and the University of Kentucky are public universities. Public universities may charge tuition that is considerably lower than private universities, especially for in-state students. Public universities generally have more commuter and part-time students. A large number of community colleges are public. Community colleges tend to be smaller and have either two-year associate's degree programs or gear students toward transferring to a larger four-year university to complete a program. Tuition at community colleges is often cheaper, and the smaller classes may be less intimidating, especially for nontraditional or older students. It is important to verify that credits earned at a community college will transfer to other four-year universities if a student's plan is to obtain a bachelor's degree.

A private non-profit university is a university that gets its funding from tuition, investments, and private donors. Because of this, tuition at private universities tends to be more expensive than at public universities. For example, Vanderbilt University is a private university. For the most part, the majority of students at private universities live at college and attend full-time. Far more commuter students and part-time students attend public universities and community colleges than private universities. Private universities also tend to be smaller in size than public universities.

## **For-Profit Schools**

For-profit colleges and universities, unlike non-profit universities, are managed and governed by private businesses or corporations. For-profit schools are attracting a large and growing population of students entering the education market—particularly working adults, part-time students, students with children, and servicemembers. While these for-profit colleges seem to offer an attractive alternative to public and private universities for some students, it is crucial to make sure that the program being offered fits a student's needs.

Some for-profit colleges recruit heavily on military bases because of a government rule called the “90-10 rule.” The 90-10 rule requires for-profit colleges to receive no more than 90% of their revenues from federal Title IV funds, like federal student loans and grants. GI Bill funds do not count against that 90%, so that recruiting servicemembers as students leaves more room for the school to enroll additional students using federal Title IV money. When deciding whether or not to use GI Bill funds at a for-profit school, be sure to ask about the school's accreditation, ability to transfer credits, job placement rates, and most importantly, the total cost of the program. Accreditation is important, because not only can it lend credibility to the degree earned, but it may be necessary if licensure is required for employment. Knowing this on the front end is very important.

## Key Questions to Help Select the Right College

The Federal Trade Commission (FTC) states that getting the answers to eight key questions can help servicemembers and other consumers avoid pitfalls as they pick the college that's right for them.<sup>17</sup>

### **1. What's the total cost? How should a servicemember pay for tuition or expenses that his or her VA benefits don't cover?**

Find out if payment is required by course, semester, or program. Are there fees for dropping or adding a class? How much will books, equipment, uniforms, lab fees, or graduation fees cost? In addition to post-9/11 GI Bill benefits, servicemembers may be eligible for federal financial student aid that may offer more favorable terms than a private loan. The Department of Education administers several major student aid programs in the forms of grants, loans, and work-study programs. Get details at [www.studentaid.gov](http://www.studentaid.gov). Consider other options, too, including community colleges.

### **2. Of the recent graduates who borrowed money to attend the school, what percentage are delinquent in paying back their loans?**

A high default rate could be a tip-off that students are burdened by too much debt or having trouble finding jobs in their field. Get information about student borrowers' default rates at College Navigator, located at [nces.ed.gov/collegenavigator/](http://nces.ed.gov/collegenavigator/), and the United States Department of Education's Federal Student Aid website, located at [studentaid.ed.gov/about/data-center/student/default](http://studentaid.ed.gov/about/data-center/student/default).

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<sup>17</sup> FTC Poses Eight Questions to Ask When Choosing a College After Military Service, [www.ftc.gov/opa/2013/10/choosingcollege.shtm](http://www.ftc.gov/opa/2013/10/choosingcollege.shtm) (last visited November 12, 2013).

**3. Will a degree from this school get the servicemember where he or she wants to go?**

Will a certificate, a two-year degree, or a four-year degree be earned at that school? What percentage of students graduate? Use the Department of Education's College Navigator, located at [nces.ed.gov/collegenavigator/](https://nces.ed.gov/collegenavigator/), to compare graduation and loan default rates, average debt at the school, tuition and expenses, and accreditation among schools. Servicemembers should ask the schools they are interested in to provide written information about job placement and average salaries for their graduates for the program(s) they are interested in studying. Schools may paint a glowing picture of student success and try to convince servicemembers that credentials from their institution will lead to a high-paying career in their chosen field. But some schools manipulate the data about how well their graduates fare. Do some research using the United States Department of Labor's Occupational Outlook Handbook at [www.bls.gov/ooh](https://www.bls.gov/ooh). This handbook has information about the average salary that workers in a particular field are earning, the education or training needed, and careers with the most new jobs, so servicemembers can evaluate whether the results the school claims are realistic.

**4. Is there pressure to enroll?**

Is a recruiter rushing the servicemember to commit? Is the school pressuring the servicemember to decide before having a chance to research the program and confirm the details of financial aid? Recruiters may be paid based on how many students they bring in. Before deciding on a program, read the materials, including the contract. If necessary, can the contract be canceled within a few days of signing up, and, if so, do the materials explain how to cancel? If the school refuses to provide paperwork with all of this information to review before committing, don't enroll.

**5. Can servicemembers get credit for their military training?**

The American Council on Education (ACE) has a guide to help schools give all possible credit for military training. Servicemembers should ask if a school follows the ACE Military Guide, located at [www.acenet.edu/news-room/Pages/Military-Guide-Online.aspx](http://www.acenet.edu/news-room/Pages/Military-Guide-Online.aspx), and whether the school will grant credit for military training. Some schools offer credit for military coursework but not for occupational specialties.

**6. Can servicemembers transfer credit earned at this school to other schools?**

If a transfer to another college may be in the future, find out whether that school would accept the credits earned at the first school. If a servicemember attends a community college, ask about its “articulation agreement,” which is a formal statement of what community college courses and credits can be transferred to a particular four-year college.

**7. Is the school accredited?**

Accreditation is usually through a private education agency or association that evaluates the school’s educational program and verifies that it meets certain requirements. Accreditation can be an important clue to a school’s ability to provide appropriate levels of training and education—but only if the accrediting body is objective and reputable. Many institutions consider regional accreditation as the highest stamp of approval and may not accept the transfer of credits from a school with national accreditation. Accreditation also may affect how prospective employers view the graduate’s credentials. Two reliable sources of information on accreditation are the Department of Education’s Database of Accredited Postsecondary Institutions and Programs, located at [ope.ed.gov/accreditation](http://ope.ed.gov/accreditation), and the Council for Higher Education’s Accreditation database, located at [www.chea.org/](http://www.chea.org/).

## **8. Is the school committed to helping veterans?**

Many schools claim to be military- or veteran-friendly. How do they back that up? Is there access to academic and career support? Mental health, disability and medical services? What are the housing options for veterans? Student Veterans of America, whose website is located at [www.studentveterans.org](http://www.studentveterans.org), has chapters on nearly 300 campuses; their Connect Alumni program, located at [www.studentveterans.org/what-we-do/student-veteran-meetup.html](http://www.studentveterans.org/what-we-do/student-veteran-meetup.html), can put servicemembers in touch with veterans from the schools being considered. Over 3,600 institutions have also agreed to follow the Department of Veterans Affairs (VA) Principles of Excellence program, located at [www.benefits.va.gov/gibill/principles\\_of\\_excellence.asp](http://www.benefits.va.gov/gibill/principles_of_excellence.asp), which includes designating a veteran's point of contact for academic and financial counseling and stopping misrepresentations or aggressive recruiting at their school. Bear in mind that some organizations use names, seals, and logos that look or sound like those of respected, legitimate military or educational institutions. Using the words "veteran" or "military-approved" doesn't necessarily mean the schools are benefitting veterans or servicemembers.

### **Federal Student Aid**

There are financial aid resources available for servicemembers when choosing which college to attend. The Federal Student Aid website, [www.studentaid.gov](http://www.studentaid.gov), contains information that may be helpful. Appendix D and Appendix E are two documents published by the Federal Student Aid program. Appendix D is a fact sheet on scholarships for military families. Appendix E is a resource discussing federal student aid for adult students.

## Chapter 8

### Housing Issues







## **The Servicemembers Civil Relief Act Helps Servicemembers with Affordable Mortgages**

Any active duty soldier who owns a home has rights under federal law that can help with avoiding foreclosure. The Servicemembers Civil Relief Act (SCRA)<sup>18</sup> protects servicemembers from foreclosures of mortgages, deeds of trusts and other security devices. Intended to relieve servicemembers of certain civil obligations so that they can focus on their military service, Section 533 of the SCRA restricts mortgage servicers<sup>19</sup> from foreclosing on active duty homeowners. The SCRA only applies if the servicemember took out the loan in question *before* he or she began active duty. This is an important part of the law. If the loan originated after active duty, the law does not apply and a servicemember in default most likely will not be able to rely on the SCRA to prevent foreclosure.

In addition to showing that they took out the loan before enlisting in active duty, servicemembers will also have to demonstrate how their military service affected their ability to pay their mortgages. For example, servicemembers who took a cut in pay to enlist or whose spouses lost their jobs after moving to a new part of the country can likely count on the SCRA to protect them from foreclosure. Fortunately, courts tend to interpret the SCRA broadly in favor of the homeowner, meaning that servicemembers may just need to make a general argument that their military service has affected their finances in order to qualify for protection. Provided the above conditions are met, the SCRA will likely prevent most foreclosures without court approval. The mortgage servicer may choose not to take the matter to court. Rather than incur costly legal fees, many mortgage servicers will put the foreclosure on hold and try to work out a loan modification, forbearance, or some other agreement designed to help the homeowner reinstate his or her account. For a servicemember to determine if the SCRA applies to his or her situation, that servicemember should contact the mortgage servicer and explain the circumstances. The mortgage servicer will likely put all foreclosure proceedings on hold.

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<sup>18</sup> 50 U.S.C. App. §§ 501 *et seq.*

<sup>19</sup> Your mortgage servicer is the bank or financial institution to which you make your monthly mortgage payment, e.g. Bank of America, Wells Fargo, Ocwen, etc.

In addition to preventing many foreclosures, the SCRA can lower a servicemember's monthly mortgage payments. The SCRA sets a 6% cap on interest rates for home loans and other obligations—as long as the servicemember took on the obligation before enlisting in active duty. If a servicemember's interest rate is above 6%, he or she should contact the mortgage servicer and ask for a rate reduction under the SCRA. The servicemember should be prepared to provide a copy of his or her military orders no later than 180 days after termination or release from active military service.

Not all mortgage servicers are familiar with the protections servicemembers receive under the SCRA, while others may misinterpret the law's scope. Therefore, if a mortgage servicer notifies the servicemember that the SCRA does not apply, the servicemember should seek a second opinion. The servicemember may want to contact an attorney who is familiar with the SCRA. Trained VA counselors can also be contacted at the servicemember's nearest Regional Loan Center at 877-827-3702.

Finally, even if the SCRA does not apply to the servicemember's circumstances, the mortgage servicer needs to be aware that the servicemember is on active duty or has recently been discharged. Many lending institutions will assign a specialist to the account with experience in working with members of the military. In addition, the mortgage servicer may also be more accommodating in trying to postpone a foreclosure in recognition that military service may have caused financial hardship.

## **Mortgage Scams: How to spot them and how to avoid them**

If a homeowner has fallen behind on his or her mortgage, a law firm or other foreclosure rescue group may call claiming that it can help the homeowner avoid foreclosure. In return, the law firm or company may ask the homeowner to pay an upfront fee and a monthly retainer. In almost every circumstance, the homeowner should decline this offer no matter how convincing the sales agent may sound on the phone. Under Tennessee law, Tenn. Code Ann. § 47-18-5402, individuals and foreclosure rescue companies are prohibited from charging an upfront fee to assist a customer with a loan modification.

Taking advantage of public information, including property recordings that show that a homeowner is in default, mortgage rescue outfits reach out to prospective clients offering their “expertise” in obtaining a loan modification, refinance or principal forgiveness. These outfits, however, often neglect their clients once they receive their upfront fees. They usually also have little experience in the first place in helping homeowners qualify for mortgage assistance.

Mortgage rescue outfits often misrepresent the modification process claiming that homeowners require the expensive services of their firm to obtain results. That’s almost never true. Although some may occasionally help homeowners in default, others have attracted the attention of state and federal law enforcement for deceptive practices that have caused great harm to their clients. If a homeowner is already having trouble paying a mortgage, the last thing that homeowner needs is to fall victim to a costly scam. Homeowners should be wary of anyone soliciting to help with their mortgage problems. Homeowners should be skeptical of online companies and they should enlist reputable help from people they know have their best interests in mind.

## **Free Mortgage Assistance**

Rather than rely on expensive and often ineffective firms for help, homeowners facing foreclosure should turn to free HUD-certified housing counselors who can help them navigate the often confusing world of mortgage assistance. Housing counselors, who usually receive their salaries through state and federal grant programs, are trained to help homeowners organize their finances and loan paperwork so that they can apply for loan modifications. A loan modification can help a homeowner avoid foreclosure by lowering the monthly payments and forgiving or restructuring the past due amount. To speak with a free HUD-certified housing counselor, call the toll-free HOPE Hotline at 888-995-HOPE.

### **The National Mortgage Settlement: Making Foreclosure a Last Resort**

In April 2012, 49 states, the federal government, and the nation's five largest mortgage servicers entered in the National Mortgage Settlement, a historic agreement that provided struggling homeowners with a set of protections aimed at making foreclosure a last resort.<sup>20</sup> In essence, the National Mortgage Settlement requires mortgage servicers like Bank of America and Wells Fargo to follow a strict set of guidelines before they foreclose on a property. The end result is that homeowners face an easier road if they are trying to qualify for a loan modification. The National Mortgage Settlement also provides for special protections for active servicemembers and veterans.

Prior to the National Mortgage Settlement, homeowners tried to apply for available mortgage assistance programs only to have their mortgage servicer lose their paperwork or fail to follow through on deals offered just weeks earlier. This settlement stopped these types of abuses by requiring the mortgage servicer to work closely with their homeowners.

Under the National Mortgage Settlement, the five mortgage servicers must reach out to homeowners in default and provide each distressed homeowner with a single point of contact. In turn, the contact will guide them on what financial paperwork they need to submit in order to qualify for assistance. The mortgage company will also need to evaluate the homeowners for

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<sup>20</sup> For more information about the National Mortgage Settlement, visit [www.nationalmortgagesettlement.com](http://www.nationalmortgagesettlement.com).

eligibility for all forms of relief, including a modification provided for under the settlement or other federal programs, including the Home Affordability Modification Program (HAMP).

The National Mortgage Settlement also requires that mortgage companies follow strict timelines in evaluating applications for mortgage assistance like loan modifications while keeping homeowners updated regularly. In order to lower monthly payments, the mortgage servicer may reduce the interest rate, extend the term of the loan, forgive some of the unpaid principal or employ a combination of these strategies. This settlement has standardized the loan modification process while helping homeowners in default apply for assistance in a fair and orderly way.

The National Mortgage Settlement only applies to Bank of America, Wells Fargo, JP Morgan Chase, Citi and old Ally/GMAC loans, most of which have been transferred to Ocwen Financial Corporation. A separate settlement with Ocwen, announced in December 2013 by 49 states and the Consumer Financial Protection Bureau (CFPB), applies to all other Ocwen loans, including loans formerly serviced by Litton Loan Servicing LP and Homeward Residential Inc. Mortgage companies not covered by the two settlements still have to comply with the CFPB's new mortgage rules, which went into effect in January 2014. The new rules require mortgage companies to work closely and promptly with struggling homeowners and evaluate them for modifications and other alternatives to foreclosure.

## **Benefits to Servicemembers and Veterans under the National Mortgage Settlement**

The National Mortgage Settlement contains a number of provisions to protect servicemembers' and veterans' rights and provide other significant benefits. The following is a list of some of the protections involved:

- **Wrongful foreclosures:** After a mandatory review, it was determined that the five mortgage servicers foreclosed on some servicemembers in violation of the SCRA between January 2006 and April 2012. The banks were required to provide any servicemember who was a victim of such a wrongful foreclosure with a payment equal to the servicemember's lost equity, plus interest, and an additional lump sum.
- **Interest Charged in Excess of 6%:** The five mortgage servicers also conducted a thorough review to determine whether any servicemember, from January 2008 to April 2012, was charged mortgage interest in excess of 6% after a request to lower the interest rate in violation of the SCRA. Servicers were required to provide a payment equal to a refund plus interest of any amount in excess of 6%, plus triple the amount refunded or \$500 (whichever is larger).
- **Permanent Change of Station (PCS) orders:** Under the DOD's Homeowners' Assistance Program (HAP), certain servicemembers who are forced to sell their homes at a loss due to a PCS order may be partially compensated for the loss. However, under the governing statute for HAP, only certain PCS ordered servicemembers are eligible for benefits. Under the settlement, the five mortgage servicers have provided short sale agreements and deficiency waivers to certain servicemembers who are currently ineligible for HAP.
- **Veterans Housing Benefit Program:** \$10 million was paid into the Veterans Housing Benefit Program Fund through which the VA guarantees loans provided on favorable terms to eligible veterans. In addition, many veterans with VA-guaranteed mortgages were also

eligible for relief provided through the servicers' consumer relief obligations under the settlement.

- **Foreclosure Protections for Servicemembers Receiving Hostile Fire/Imminent Danger Pay:** For loans secured by servicemembers when they were not on active duty, the SCRA prohibits servicers from foreclosing on active duty servicemembers without first securing a court order. The settlement extends this protection to all servicemembers, regardless of when their mortgage was secured, who within nine months of the foreclosure received Hostile Fire/Imminent Danger Pay and were stationed away from their home.

A foreclosure is rarely in anyone's best interest, including the mortgage servicer. That's why there are free programs available to help homeowners qualify for loan modifications to help keep them in their homes. Aiming to make these programs accessible to all homeowners, the national mortgage settlement is one of many protections people have against foreclosure. If a homeowner is in default, regardless of whether the mortgage is covered under the settlement, the homeowner should contact the mortgage servicer to see what options are available to avoid foreclosure and to stay in the home.

### **Home Rental Scams**

Because servicemembers can be moved around the country frequently, they can be susceptible to rental scams if they must find their own housing off base. Unfortunately, Internet listing services such as Craigslist can contain fake ads. Scammers may copy photos and content from a legitimate ad and then post it on a site using the scammer's contact information. Scammers may post false rental properties based on real listings, and then offer special military discounts or very low pricing. To secure the deal, scammers may ask for a security deposit to be wired in advance. Another ruse is to get the servicemember's bank routing information. In some cases, the new servicemember arrives to find other people already living in the home. Legitimate property owners usually ask for money to be paid only once the lease has been signed. Typically, first



month's rent and a security deposit are the only fees required after a potential renter has seen the property and signed a lease. When a potential landlord tells a servicemember that he or she can move into the property without seeing it, this could be a sign of a scam.

Rental property that is advertised by a property owner who lives in another country may also be a red flag. The property owner may entice the servicemember with a detailed story to gain their trust. The information may focus on trying to get someone to rent the property at a low price just because they want someone to stay there while the property owner is away. There are websites available to check rental values in the area to see if the price is consistent with the average rate in that area.

Some scammers will try to get information in order to gain access to bank accounts. The fake property owner may ask a servicemember to wire the funds to a friend. The transaction will produce a receipt to show the scammer that the servicemember has funds. Unfortunately, this receipt may show just enough bank account information for the scammer to try to gain access to the account. Servicemembers who are potential renters should never give out money or personal information without researching the rental property company first.

When it comes to electronic mail, there are a few signs that indicate if a scam is involved. E-mails showing misspelled words, grammatical errors, and a lot of capitalization are some examples. Beware of e-mails from another country as well. Many scammers use free e-mail address services like the following: Gmail, Yahoo, AOL, Hotmail, etc. The presence of a free e-mail service coupled with one of the other signs can indicate that a scam is involved. It is important to keep computers protected by keeping the most updated anti-virus software loaded on the computer.

## Chapter 9

### Debt Collection





Bill collectors will use many tactics to force a consumer to pay his or her debt. However, it is important for a consumer to know the laws about debt collection to avoid being scammed or abused by a collector. The federal Fair Debt Collection Practices Act (FDCPA) was created to protect consumers from unfair, deceptive and harassing debt collection practices. When collecting a debt, a debt collector must:

- Identify who he or she is when calling. During the first call, the collector must state the name of the collector's company and for whom the debt is being collected. If the debt collector fails to do this or does not provide this information when asked, use caution because the caller may not be working for a legitimate debt collection agency.
- Send a letter to the consumer's home address within five days of initial contact identifying the debt collector, which company the debt is being collected on behalf of, and the balance allegedly owed.
- Inform the consumer that he or she has the right to dispute the debt and has 30 days to demand the collector validate (provide proof of) the debt allegedly owed.
- If asked for validation (proof) of the debt, the collection agency must stop all attempts to collect the debt until it provides verification. If the consumer wants to have the debt validated, he or she must do so in writing—an oral request does not necessarily require the collector to produce validation.

The following is a list of what debt collectors can and cannot do when it comes to collecting debts.

The debt collector CANNOT:

- Call before 8 a.m., after 9 p.m., or at any time that the consumer has said is inconvenient to receive calls. The collector also cannot call the consumer's workplace if the consumer has told the collector not to do so.
- Tell people other than the consumer, the consumer's spouse, or the consumer's attorney that the debt is owed.
- Use any profane or abusive language while speaking with the consumer.

- Refuse to give the consumer information regarding the collector's name, the name of the collection agency, the company's contact information, and the creditor that the agency is collecting on behalf of.
- Misrepresent facts such as how much money the consumer owes.
- Threaten to arrest or criminally prosecute the consumer because of this debt.
- Send false information to credit bureaus.
- Cause the consumer's phone to ring an unreasonable number of times (for example, 3-4 times a day).
- Add arbitrary fees. The collection agency is not allowed to add interest or any other extra fees unless the consumer agreed to the fees in the original contract with the creditor or the fees are permitted by law.

The debt collector CAN:

- Contact a family member, friend, or work supervisor in order to get the consumer's contact information; however, the collector is not allowed to discuss the debt with this individual and can only contact this person once.
- Call at reasonable hours and times that the consumer said would be okay.

It is a very good idea to keep a record of anything discussed during a call with a debt collector. Some consumers choose to record the calls. Every state has its own policy regarding call recording. Tennessee and Kentucky are both "One Party Consent States," meaning that if a consumer would like to record the conversation with the debt collector, the consumer does not have to tell the collector that the call is being recorded.

Consumers need to know their rights and seek proof of validation of any debt that the consumer is contacted about but is unsure is actually owed. If a debt collector contacts a servicemember or servicemember's spouse about a late debt and threatens to contact the servicemember's commanding officer if the debt is not paid quickly, do not hesitate to ask questions. By law the collector is not

allowed to contact the servicemember's commanding officer, and the mention of doing so might be an indication that the call is from a scammer. Regardless of whether the servicemember believes the debt is legitimate or not, ask for the collector's information and then contact the creditor to make sure the information is accurate. Taking these steps could prevent servicemembers from becoming victims of fraudulent debt collectors.

The Federal Trade Commission's (FTC) website has helpful information about debt collection issues and the FDCPA. For more details about the law and its implications on consumers, visit: [www.consumer.ftc.gov/articles/0149-debt-collection](http://www.consumer.ftc.gov/articles/0149-debt-collection). Additionally, the Consumer Financial Protection Bureau's (CFPB) website has a list of frequently asked questions regarding debt collection on its "Ask CFPB" portal which can be viewed by visiting: [www.consumerfinance.gov/askcfpb/](http://www.consumerfinance.gov/askcfpb/). Servicemembers can file complaints about debt collectors with the FTC at [www.ftccomplaintassistant.gov](http://www.ftccomplaintassistant.gov) or by calling 877-FTC-HELP (877-382-4357). Complaints can be filed with the CFPB at [www.consumerfinance.gov/complaint/](http://www.consumerfinance.gov/complaint/).



## Chapter 10

# Telephone Solicitation and Consumer Telemarketing Protection







Many consumers have received telemarketing calls at odd hours, disrupting their dinners or workdays with aggressive pitches to buy things they don't need. In many cases, these calls are more than just aggravating. They are abusive and can potentially trick people into buying products that are defective.

### **Sign Up For Do-Not-Call Lists**

To avoid being contacted by telephone solicitors, consumers can sign up for various Do-Not-Call lists. Two of the lists include the National Do-Not-Call Registry and Tennessee's Do-Not-Call list. Being on both lists can reduce the number of unwanted calls. Consumers can register for the National Do-Not-Call Registry by calling 888-382-1222 or going online to [www.donotcall.gov](http://www.donotcall.gov). To be placed on Tennessee's Do-Not-Call list or Do-Not-Fax list, consumers may contact the Tennessee Regulatory Authority (TRA) at [www.tn.gov/tra](http://www.tn.gov/tra) or by calling 877-872-7030. The TRA maintains Tennessee's Do-Not-Call list and brings administrative actions for the violation of the TRA-related Do-Not-Call statute.

### **The Telemarketing Sales Rule**

The Federal Trade Commission's (FTC) Telemarketing Sales Rule<sup>21</sup> (TSR) helps protect consumers from fraudulent telemarketing calls. With some exceptions, individuals or companies that take part in any plan, program, or campaign to sell goods or services through interstate telephone calls must comply with the TSR.

Generally, a person who is making a telephone solicitation may only call between the hours of 8 a.m. to 9 p.m. At the beginning of the call, the telephone solicitor must clearly state his or her identity and the organization that the person represents. Under the TSR, a telemarketer is also:

- required to make disclosures of specific information;
- prohibited from making misrepresentations;
- required to transmit Caller ID information;

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<sup>21</sup> Portions of this chapter were taken from the Federal Trade Commission's website at: <http://www.business.ftc.gov/documents/bus27-complying-telemarketing-sales-rule>

- prohibited from unauthorized billing;
- required to abide by payment restrictions for the sale of certain goods and services;  
and
- required to keep specific business records for two years.

Telemarketers must provide consumers with material information in a clear and conspicuous manner. For example, a telemarketer can't pitch a consumer a "seaside" timeshare condo without disclosing that the unit is 20 blocks from the beach. The telemarketer has to include the key limitations of the product or package he or she is trying to sell. Under the TSR, these disclosures should be communicated in a clear and conspicuous manner. Before a consumer pays for goods or services, telemarketers must disclose the total cost to buy, receive, or use the offered goods or services as well as the total quantity of goods the consumer must pay for and receive.

If the telemarketer mentions any kind of special refund, cancellation, exchange or repurchase policy during the sales pitch, he or she must state all of the terms and conditions that may affect the consumer's decision to buy the goods or services. If there is an "all sales are final" policy, the telemarketer must disclose it to the consumer prior to payment of the offered goods or services.

## **Prize Promotions**

Regulations also exist to protect consumers from being scammed with prize promotions. Under the TSR, prize promotions include sweepstakes or games of “chance” as well as representations that a consumer has won, has been selected to receive, or is possibly eligible to receive a prize. The element of “chance” means that the consumer is guaranteed to receive an item, but at the time of the offer, the telemarketer does not tell the consumer the specific item that he or she will receive. The following information must be disclosed when the telemarketer discusses prizes:

- The odds of winning or if no odds can be calculated, the fact that no odds can be calculated as well as any factors that may be used for calculating the odds;
- That the consumer can participate in the promotion or could potentially win without buying anything or making a payment;
- How to enter the prize promotion without paying and/or an address or local/toll-free telephone number where such information can be found; and
- Any costs or conditions that exist in order to get or redeem any prize.

## **Exemptions for Telefundors**

When it comes to telemarketing, Do-Not-Call provisions do not include calls from political organizations, charities, telephone surveyors, or companies with which a consumer has an existing business relationship. “Telefundors” are telemarketers who solicit charitable contributions. Telefundors are now required to:

- Make certain prompt disclosures in every outbound call;
- Get express verifiable authorization if accepting payment by methods other than credit or debit card;
- Maintain records for 24 months;
- Comply with the entity-specific Do-Not-Call requirements; and
- Include in any prerecorded message call on behalf of a non-profit organization to a member of, or previous donor to, the non-profit, a prompt-key to press or voice-activated mechanism for the consumer to opt out.

Telefundlers are prohibited from:

- Making a false or misleading statement to induce a charitable contribution;
- Making various specific prohibited misrepresentations;
- Engaging in credit card laundering;
- Placing cold calls that deliver prerecorded messages; and
- Engaging in acts defined as abusive under the TSR, like calling before 8 a.m. or after 9 p.m., disclosing or receiving consumers' unencrypted account information, and denying or interfering with a consumer's right to be placed on a Do-Not-Call list.

### **Avoiding Telemarketing Scams**

The following are some general tips to help consumers avoid telemarketing scams:

- If payment is asked in advance for a prize, it may be a scam. To receive a prize, a consumer should never have to pay in advance.
- Lottery tickets cannot be sold over the phone.
- Calls from people the consumer does not know who ask for Social Security numbers, credit card numbers, or bank account information are almost definitely a scam. Do not give personal information over the phone to someone who has initiated the call.
- Receiving a telemarketing call after signing up for the Do-Not-Call Registry could indicate a scam.
- Be wary if mail or e-mail is received containing lottery or sweepstake prizes. Responding could cause the consumer to be targeted by fraudulent telemarketers who operate worldwide.
- Beware if a telemarketer sends a check as reimbursement for taxes or fees that the consumer is asked to pay for a prize or award. The scammer could be sending a counterfeit check.

### **Telemarketers' Internal Do-Not-Call Lists**

Under Tennessee law, the Tennessee Division of Consumer Affairs (DCA) also has authority over a marketing firm's internal Do-Not-Call lists. A telephone solicitor is required to add a consumer to its internal Do-Not-Call list if the consumer makes that request. This law is separate from the Tennessee and the National Do-Not-Call registries. If a consumer wants to be placed on a company's Do-Not-Call list, the consumer can tell solicitors that he or she does not want to receive a call again and that he or she wants to be added to the company's internal Do-Not-Call list. Consumers should make a note of the telephone number and date of the request for his or her records. There are a few exclusions to the law, such as where the consumer expressly requests the call, has an existing debt or contract with the company which has not been completed at the time of the call, or has a prior or existing business relationship with the company.

Finally, the FTC's website contains a substantial amount of helpful information for consumers related to frauds and scams. Consumers can contact the FTC or file a complaint by calling 877-382-4357 or going online to [www.ftccomplaintassistant.gov](http://www.ftccomplaintassistant.gov).



# Chapter 11

## Resources for Servicemembers







Many times servicemembers do not know where to go for help after the servicemember has been taken advantage of by a business or individual. While there are numerous consumer watchdogs, it is important that servicemembers know the right agency to file their complaints with. This section covers the different agencies a servicemember might choose when filing a complaint.

### **Tennessee Division of Consumer Affairs**

In Tennessee, the clearinghouse for consumer complaints is the Tennessee Division of Consumer Affairs (DCA). Created in 1977, the DCA works with the Tennessee Attorney General's Office to enforce the Tennessee Consumer Protection Act. The DCA assists consumers and businesses who are the victims of unfair business practices.

If a servicemember has a complaint, he or she should contact the business first. The servicemember should try talking to a manager to resolve the complaint. If a servicemember is still not satisfied with the outcome, he or she should file a complaint with the DCA. In order to file a complaint with the DCA, either the servicemember must live in Tennessee or the business must be located in Tennessee. Servicemembers should answer all questions on the DCA's complaint form and attach any important paperwork. However, servicemembers should not include bank account numbers, Social Security numbers, credit card numbers or other sensitive information on the complaint or on any paperwork. Servicemembers should send copies of their documents (not original paperwork), as the complaint will not be returned after it is filed. After the DCA receives the complaint, a file will be set up and a specialist will be assigned. A copy of the complaint will be sent to the business for response. The business will have 21 days to respond. If the business does not respond, a second notice will be sent before placing the company on the DCA's buyer beware list.

Servicemembers can file a complaint with the DCA by filling out and mailing the complaint form in Appendix C, completing the online complaint form at [tn.gov/consumer/complaint.shtml](http://tn.gov/consumer/complaint.shtml), or calling the DCA at 615-741-4737 or toll free inside Tennessee at 800-342-8385.

## **Federal Trade Commission**

The Federal Trade Commission (FTC) works to protect consumers and maintain competition in the nationwide marketplace. The FTC pursues vigorous and effective law enforcement, advances consumers' interests by sharing its expertise with federal and state legislatures and U.S. and international government agencies, develops policy and research tools through hearings, workshops, and conferences, and creates practical and plain-language educational programs for consumers and businesses. The FTC's website contains helpful information about a number of consumer issues. The FTC's website can be found at [www.ftc.gov](http://www.ftc.gov). The FTC also accepts complaints. Servicemembers can file a complaint by going online to [www.ftccomplaintassistant.gov](http://www.ftccomplaintassistant.gov) or calling 877-382-4357.

## **Consumer Financial Protection Bureau**

In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act established the Consumer Financial Protection Bureau (CFPB) to protect consumers by enforcing federal consumer financial laws. Among other things, the CFPB:

- Writes rules, supervises companies, and enforces federal consumer financial protection laws.
- Restricts unfair, deceptive, or abusive acts or practices.
- Takes consumer complaints.
- Promotes financial education.
- Researches consumer behavior.
- Monitors financial markets for new risks to consumers.
- Enforces laws that outlaw discrimination and other unfair treatment in consumer finance.

The CFPB also has an Office of Servicemembers Affairs that assists servicemembers with planning for their future and protecting their finances. Its website contains helpful information for servicemembers. You can read more about the Office of Servicemembers Affairs at [www.consumerfinance.gov/servicemembers](http://www.consumerfinance.gov/servicemembers). The CFPB accepts servicemembers' complaints on a number of topics including banks, credit cards, credit reporting, debt collection, money transfers, mortgages, student loans, and vehicle or consumer loans. Servicemembers can file a complaint with the CFPB by going online to [www.consumerfinance.gov/complaint](http://www.consumerfinance.gov/complaint).

### **Office of the Kentucky Attorney General**

In Kentucky, the clearinghouse for consumer complaints is the Office of the Kentucky Attorney General (KYAG). Servicemembers with a complaint on a Kentucky business should consider filing a complaint with the KYAG. Before filing a complaint, the servicemember should first contact the business and speak with a manager. Most issues with a business are able to be resolved at this stage. If the servicemember does not reach a suitable resolution, he or she should file a complaint with the KYAG. All complaints must be in writing. Servicemembers can file a complaint with the KYAG by filling out and mailing the complaint form in Appendix F, calling (502) 696-5389, or completing the online complaint form at [ag.ky.gov/civil/consumerprotection/complaints/Pages/default.aspx](http://ag.ky.gov/civil/consumerprotection/complaints/Pages/default.aspx). Complaints should be sent to:

Office of the Kentucky Attorney General  
Consumer Protection Division  
1024 Capital Center Drive  
Frankfort, Kentucky 40601

The first complaint form contained in Appendix F is for consumers in Jefferson, Bullitt, or Oldham Counties. The second complaint form is for all other counties.

## **United States Department of Justice**

The United States Department of Justice (DOJ) provides helpful information directed to servicemembers on its website. Through its Civil Rights Division, the DOJ works to protect the rights of servicemembers by enforcing the Servicemember Civil Relief Act (SCRA), the Uniformed Services Employment Reemployment Rights Act, and voting rights under the Uniformed and Overseas Citizen Absentee Voting Act. The latest news, cases, and other resources related to the DOJ's work can be found by visiting [www.servicemembers.gov](http://www.servicemembers.gov).

## **Tennessee Housing Development Agency**

The Tennessee Housing Development Agency (THDA) works to provide more affordable housing units for low-income and moderate-income individuals and families in the state. It also plays a key role in helping homeowners avoid foreclosure. The THDA administers the Keep My Tennessee Home program, which provides no-interest forgive-able loans to people at risk of losing their home. The agency also partners with nonprofit organizations that can help homeowners modify problematic mortgages. If necessary, housing counselors at these agencies can serve as mediators for homeowners with their mortgage companies and help them qualify for loan modifications that will lower their monthly payments. The THDA can be contacted by phone at 800-228-8432(THDA) or on the Internet at [www.thda.org](http://www.thda.org).

## **Appendix A**

# **Tennessee Motor Vehicle Commission Complaint Form**



Return to:  
Tennessee Motor Vehicle Commission  
500 James Robertson Parkway  
2<sup>nd</sup> Floor  
Nashville, TN 37243-1153



Phone: (615) 741-2711  
Fax: (615) 741-0651

## TENNESSEE MOTOR VEHICLE COMMISSION COMPLAINT

DATE: \_\_\_\_\_

_____ (Your name (Complainant))			_____ (Respondent-who is the complaint against)		
_____ (Mailing Address)			_____ (Street Address)		_____ (County)
_____ (City)	_____ (State)	_____ (Zip)	_____ (City)	_____ (State)	_____ (Zip)
_____ (Home Phone)	_____ (Work Phone)		_____ (Phone Number)		

MAKE \_\_\_\_\_ YEAR \_\_\_\_\_ VIN \_\_\_\_\_  
(Ford, GMC, etc.) (Vehicle Identification Number)

Date of transaction: \_\_\_\_\_ Have you contacted the company about the complaint? \_\_\_\_\_

Name of contact person at the respondent's business \_\_\_\_\_

Have you taken any private legal action on this complaint? \_\_\_\_\_ (Yes or No)

Was this product or service advertised? \_\_\_\_\_ (Yes or No) If so, Attach a copy of the ad.

How are you involved? (1) purchaser; (2) co-signer; (3) other: \_\_\_\_\_

### BASIS FOR YOUR COMPLAINT

(Give a complete statement of the facts, with dates. Use additional pages if necessary. Attach copies of all documents that will support your allegations. Provide names and addresses of persons having firsthand knowledge of your complaint. Please, retain copies of all documents submitted.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signature of Complainant: \_\_\_\_\_



Date: \_\_\_\_\_

**Complainant:** \_\_\_\_\_

### Complaint (continued)

[illegible]

Page \_\_ of \_\_

## **Appendix B**

### **List of Specific Deceptive Acts under the Tennessee Consumer Protection Act**



Certain specific acts are considered violations of the TCPA. This means that if an individual or business has committed one of the acts, it will be considered a violation of the TCPA. The following is a list of the specific acts found in the TCPA.

(b) The following unfair or deceptive acts or practices affecting the conduct of any trade or commerce are declared to be unlawful and in violation of this part:

- (1) Falsely passing off goods or services as those of another;
- (2) Causing likelihood of confusion or of misunderstanding as to the source, sponsorship, approval or certification of goods or services. This subdivision (b)(2) does not prohibit the private labeling of goods and services;
- (3) Causing likelihood of confusion or misunderstanding as to affiliation, connection or association with, or certification by, another. This subdivision (b)(3) does not prohibit the private labeling of goods or services;
- (4) Using deceptive representations or designations of geographic origin in connection with goods or services;
- (5) Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits or quantities that they do not have or that a person has a sponsorship approval, status, affiliation or connection that such person does not have;
- (6) Representing that goods are original or new if they are deteriorated, altered to the point of decreasing the value, reconditioned, reclaimed, used or secondhand;
- (7) Representing that goods or services are of a particular standard, quality or grade, or that goods are of a particular style or model, if they are of another;
- (8) Disparaging the goods, services or business of another by false or misleading representations of fact;
- (9) Advertising goods or services with intent not to sell them as advertised;
- (10) Advertising goods or services with intent not to supply reasonably expectable public demand, unless the advertisement discloses a limitation of quantity;
- (11) Making false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions;
- (12) Representing that a consumer transaction confers or involves rights, remedies or obligations that it does not have or involve or which are prohibited by law;
- (13) Representing that a service, replacement or repair is needed when it is not;
- (14) Causing confusion or misunderstanding with respect to the authority of a salesperson, representative or agent to negotiate the final terms of a consumer transaction;

(15) Failing to disclose that a charge for the servicing of any goods in whole or in part is based on a predetermined rate or charge, or guarantee or warranty, instead of the value of the services actually performed;

(16) Disconnecting, turning back, or resetting the odometer of any motor vehicle so as to reduce the number of miles indicated on the odometer gauge, except as provided for in § 39-14-132(b);

(17) Advertising of any sale by falsely representing that a person is going out of business;

(18) Using or employing a chain referral sales plan in connection with the sale or offer to sell of goods, merchandise, or anything of value, which uses the sales technique, plan, arrangement or agreement in which the buyer or prospective buyer is offered the opportunity to purchase goods or services and, in connection with the purchase, receives the seller's promise or representation that the buyer shall have the right to receive compensation or consideration in any form for furnishing to the seller the names of other prospective buyers if the receipt of compensation or consideration is contingent upon the occurrence of an event subsequent to the time the buyer purchases the merchandise or goods;

(19) Representing that a guarantee or warranty confers or involves rights or remedies which it does not have or involve; provided, that nothing in this subdivision (b)(19) shall be construed to alter the implied warranty of merchantability as defined in § 47-2-314;

(20) Selling or offering to sell, either directly or associated with the sale of goods or services, a right of participation in a pyramid distributorship. As used in this subdivision (b)(20), a "pyramid distributorship" means any sales plan or operation for the sale or distribution of goods, services or other property wherein a person for a consideration acquires the opportunity to receive a pecuniary benefit, which is not primarily contingent on the volume or quantity of goods, services or other property sold or delivered to consumers, and is based upon the inducement of additional persons, by such person or others, regardless of number, to participate in the same plan or operation;

(21) Using statements or illustrations in any advertisement which create a false impression of the grade, quality, quantity, make, value, age, size, color, usability or origin of the goods or services offered, or which may otherwise misrepresent the goods or services in such a manner that later, on disclosure of the true facts, there is a likelihood that the buyer may be switched from the advertised goods or services to other goods or services;

(22) Using any advertisement containing an offer to sell goods or services when the offer is not a bona fide effort to sell the advertised goods or services. An offer is not bona fide, even though the true facts are subsequently made known to the buyer, if the first contact or interview is secured by deception;

(23) Representing in any advertisement a false impression that the offer of goods has been occasioned by a financial or natural catastrophe when such is not true, or misrepresenting the former price, savings, quality or ownership of any goods sold;

(24) Assessing a penalty for the prepayment or early payment of a fee or charge for services by a utility or company which has been issued a franchise license by a municipal governing body to provide services. Nothing in this subdivision (b)(24) shall be construed to prohibit a discount from being offered for early payment of the applicable fee or charge for services. This subdivision (b)(24) does not apply to a utility or company whose billing statement reflects charges both for service previously rendered and in advance of services provided;

(25) Discriminating against any disabled individual, as defined by §§ 47-18-802(b) and 55-21-102(3), in violation of the Tennessee Equal Consumer Credit Act of 1974, compiled in part 8 of this chapter. This subdivision (b)(25) does not apply to any creditor or credit card issuer regulated by the department of financial institutions. The division shall refer any complaint against such a creditor or credit card issuer involving the Equal Consumer Credit Act to such department for investigation and disposition;

(26) Violating the provisions of § 65-5-106 [regarding carriers who provide operator-assisted telephone services whose rates exceed maximum approved rates];

(27) Engaging in any other act or practice which is deceptive to the consumer or to any other person; provided, however, that enforcement of this subdivision (b)(27) is vested exclusively in the office of the attorney general and reporter and the director of the division;

(28)(A)(i) Failing of a motor vehicle repair facility to return to a customer any parts which were removed from the motor vehicle and replaced during the process of repair if the customer, at the time repair work was authorized, requested return of such parts; provided, that any part retained by the motor vehicle repair facility as part of a trade-in agreement or core charge agreement for a reconditioned part need not be returned to the customer unless the customer agrees to pay the facility the additional core charge or other trade-in fee; and provided further, that any part required to be returned to a manufacturer or distributor under a warranty agreement or any part required by any federal or state statute or rule or regulation to be disposed of by the facility need not be returned to the customer; or (ii) Failing of a motor vehicle repair facility to permit inspection of any parts retained by the repair facility if the customer, at the time repair work was authorized, expressed the customer's desire to inspect such parts; provided, that if, after inspection, the customer requests return of such parts, the restrictions set forth in subdivision (b)(28)(A)(i) shall apply;

(B)(i) Failing of a motor vehicle repair facility to post in a prominent location notice of the provisions of this subdivision (b)(28); or

(ii) Failing of a motor vehicle repair facility to print on the repair contract notice of the provisions of this subdivision (b)(28);

(C) The motor vehicle repair facility need not retain any parts not returned to the customer after the motor vehicle has been returned to the customer;

(29) Advertising that a business is "going out of business" more than ninety (90) days before such business ceases to operate;

(30) Failing to comply with §§ 6-55-401 -- 6-55-413, where a municipality has adopted the regulations of liquidation sales pursuant to § 6-55-413;

(31) Offering lottery winnings in exchange for making a purchase or incurring a monetary obligation pursuant to § 47-18-120;

(32)(A) The act of misrepresenting the geographic location of a person through a business name or listing in a local telephone directory or on the Internet is an unfair or deceptive act or practice affecting the conduct of trade or commerce, if:

(i) The name misrepresents the person's geographic location; or

(ii) The listing fails to clearly and conspicuously identify the locality and state of the person's business;

(iii) Calls to the listed telephone number are routinely forwarded or otherwise transferred to a person's business location that is outside the calling area covered by the local telephone directory, or that is outside the local calling area for the telephone number that is listed on the Internet;

(iv) The person's business location is located in a county that is not contiguous to a county in the calling area covered by the local telephone directory, or is located in a county that is not contiguous to a county in the local calling area for the telephone number that is listed on the Internet; and

(v) The person does not have a business location or branch, or an affiliate or subsidiary of the person does not have a business location or branch, in the calling area or county contiguous to the local calling area.

(B) This subdivision (b)(32) shall not apply:

(i) To a telecommunications service provider, an Internet service provider, or to the publisher or distributor of a local telephone directory unless the act is on behalf of the Internet or telecommunications service provider or on behalf of the publisher or distributor of the local telephone directory; or

(ii) To the act of listing a number for a call center. For purposes of this subdivision (b)(32)(B) (ii), "call center" means a location that utilizes telecommunication services for activities related to an existing customer relationship including, but not limited to, customer services, reactivating dormant accounts or receiving reservations.

(C) Notwithstanding any other law to the contrary, and without limiting the scope of § 47-18-104, a violation of this subdivision (b)(32) shall be punishable by a nonremedial civil penalty of a minimum of one thousand dollars (\$1,000) to a maximum of five thousand dollars (\$5,000) per violation. Civil penalties assessed under this subdivision (b)(32) are separate and apart from the remedial civil penalties authorized in § 47-18-108(b)(3).

(D) This subdivision (b)(32) applies only to information supplied to a telephone directory published after July 1, 2008, information that is published on the Internet after July 1, 2008 or to information supplied for entry into a directory assistance database after July 1, 2008;

(33) Advertising that a person is an electrician for hire when such person has not been licensed by a local jurisdiction to perform electrical work within such jurisdiction or by the state as a limited licensed electrician or contractor, as appropriate or, if no such licenses are then available, such person is not registered with the state;

(34) Unreasonably raising prices or unreasonably restricting supplies of essential goods, commodities or services in direct response to a crime, act of terrorism, war, or natural disaster, regardless of whether such crime, act of terrorism, war, or natural disaster occurred in the state of Tennessee;

(35) Representing that a person is a licensed contractor when such person has not been licensed as required by § 62-6-103 or § 62-37-104; or, acting in the capacity of a “contractor” as defined in §§ 62-6-102(4)(A), 62-6-102(7) or 62-37-103(5), and related rules and regulations of the state of Tennessee, or any similar statutes, rules and regulations of another state, while not licensed;

(36)(A) Using any advertisement for a workshop, seminar, conference, or other meeting that contains a reference to a living trust or a revocable living trust, or that otherwise offers advice or counsel on estate taxation unless such advertisement also includes the information required in this subdivision (b)(36);

(B) An advertisement as provided in this subdivision (b)(36) shall, at a minimum, include the following:

(i) The maximum exclusion for federal estate tax purposes and the maximum exemption for state inheritance tax purposes for the year in which the advertisement appears;

(ii) Includes a statement that certain property, including real property, insurance proceeds, deposit accounts, stocks and retirement fund, may be taxable or not taxable, depending on how legal title is held or beneficiary designation is made, or both;

(iii) Includes a statement that certain property may be transferred through several different means including, but not limited to, joint ownership of property with rights of survivorship, joint deposit accounts, beneficiary designations or elections permitted under retirement plans, insurance policies, trusts, or wills; and

(iv) A statement that before creating any transfer through a living trust, revocable living trust, or otherwise, the individual should seek advice from an attorney, accountant or other tax professional to determine the true tax impact and ensure that assets are properly transferred into any trust;

(C) The disclosure required in this subdivision (b)(36) shall be printed in not less than 10-point type;

(D) The provisions of this subdivision (b)(36) shall not apply to an advertisement by any attorney, law firm, bank, savings institution, trust company, or registered securities broker-dealer which is directed to clients or customers of such person with whom such person has had a client or customer relationship within the prior two (2) years. The provisions of this subdivision (b)(36) shall also not apply to any continuing education seminars or conferences conducted for the benefit of bankers, attorneys, accountants, or other professional financial advisors;



(37) Refusing to accept the return of clothing or accessories sold at retail directly to a purchaser, who seeks to return the same for any reason for refund or credit; provided, that:

(A) The purchaser presents the clothing or accessories within the retailer's prescribed period for return of merchandise;

(B) The purchaser presents satisfactory proof of purchase;

(C) The merchandise is, in no way, damaged and exhibits no sign of wear or cleaning;

(D) All tags and stickers affixed or attached to the merchandise at the time of sale remain affixed or attached at the time of return; and

(E) The sale of the merchandise was not marked, advertised or otherwise characterized as "final", "no return", "no refunds", or in any manner reasonably indicating that the merchandise would not be accepted for return;

(38)(A) Requiring the purchaser to present that purchaser's driver license as a prerequisite for accepting the return of clothing or accessories for refund or credit, notwithstanding compliance with the conditions set forth in subdivision (b)(37), unless such a requirement is for the purpose of preventing fraud and abuse;

(B) Notwithstanding any provision of subdivision (b)(37) or (b)(38)(A) to the contrary, return denials are permitted for the purpose of preventing fraud and abuse;

...

(40) Representing that a person, or such person's agent, authorized designee or delegee for hire, has conducted a foreclosure on real property, when such person knew or should have known that a foreclosure was not actually conducted on the real property;

(41)(A) Selling or offering to sell a secondhand mattress in this state or importing secondhand mattresses into this state for the purpose of resale in violation of § 68-15-203(b);

(B) Subdivision (b)(41)(A) shall apply to a mattress manufacturer, wholesaler or retailer. Subdivision (b)(41)(A) shall not apply to an institution or organization that has received a determination of exemption from the internal revenue service under 26 U.S.C. § 501(c)(3), and as described in § 67-6-348. The exemption provided in this subdivision (b)(41)(B) shall be limited to institutions or organizations that are not organized or operated for profit, and no part of the net earnings of which inures to the benefit of any private shareholder or individual;

(42)(A) Knowingly advertising or marketing for sale a newly constructed residence as having more bedrooms than are permitted by the newly constructed residence's subsurface sewage disposal system permit, as defined in § 68-221-402, unless prior to the execution of any sales agreement the permitted number of bedrooms is disclosed in writing to the buyer. The real estate licensee representing the owner may rely upon information furnished by the owner;

(B) If a newly constructed residence is marketed for sale as having more bedrooms than are permitted by the subsurface sewage disposal system permit and no disclosure of the actual number

of bedrooms permitted occurs prior to the execution of a sales agreement, then the buyer shall have the right to rescind the sales agreement and may recover treble damages as provided in § 47-18-109;

(C) A subsurface sewage disposal system permit issued in the name of the owner of a newly constructed residence shall serve as constructive notice to that owner of the newly constructed residence for the purpose of establishing knowledge as to the number of bedrooms of the newly constructed residence for the purpose of finding a violation of this subdivision (b)(42). A real estate licensee representing the owner must have actual knowledge transmitted from the owner to the real estate licensee to be in violation of this subdivision (b)(42);

(43) Offering, through the mail or by other means, a check that contains an obligation to advertise with a person upon the endorsement of the check. The obligation is effective upon the check being signed and deposited into the consumer's bank account;

(44) The act or practice of directly or indirectly:

(A) Making representations that a person will pay or reimburse for a motor vehicle traffic citation for any person who purchases a device or mechanism, passive or active, that can detect or interfere with a radar, laser or other device used to measure the speed of motor vehicles;

(B) Advertising, promoting, selling or offering for sale any radar jamming device that includes any active or passive device, instrument, mechanism, or equipment that interferes with, disrupts, or scrambles the radar or laser that is used by law enforcement agencies and officers to measure the speed of motor vehicles; or

(C) Advertising, promoting, selling or offering for sale any good or service that is illegal or unlawful to sell in the state;

(45) Violating § 47-18-5402 [regarding marketing of and contracts for foreclosure-related rescue services];

(46)(A) Installing, offering to install, or making available for installation, reinstallation or update a covered file-sharing program onto a computer without being an authorized user of that computer or without first providing clear and conspicuous notice to the authorized user of the computer that the files on that computer will be made available to the public, obtaining consent of the authorized user to installation of the program, and requiring affirmative steps by the authorized user to activate any feature on the program that will make files on that computer available to the public; or

(B) Preventing reasonable efforts to disable or remove, or to block the installation or execution of, a covered file-sharing program on a computer;

(47)(A) The act or practice of directly or indirectly advertising, promoting, selling, or offering for sale international driver's licenses. It is a *per se* violation of this subdivision (b)(47) to:

(i) Misrepresent that any international driver's license sold or offered for sale confers a privilege to operate a motor vehicle on the streets and highways in this state; or

(ii) Represent that any international driver's license sold or offered for sale is of a particular

standard, quality or grade;

(B) For purposes of this subdivision (b)(47), unless the context otherwise requires:

(i) “International driver’s license” means a document that purports to confer a privilege to operate a motor vehicle on the streets and highways in this state and is not issued by a governmental entity. Such document may be an imitation of an international driving permit; and

(ii) “International driving permit” means the document issued by a duly authorized automobile association to a holder of a valid driver license which grants such holder the privilege to operate a motor vehicle in countries or international bodies that are signatory parties to article 24 of the 1949 United Nations Convention on Road Traffic, pursuant to 3 U.S.T. § 3008;

(C) Notwithstanding any other law to the contrary, and without limiting the scope of this section, a violation of this subdivision (b)(47) shall be punishable by a non-remedial civil penalty of a minimum of one thousand dollars (\$1,000) to a maximum of three thousand dollars (\$3,000) per violation. Civil penalties assessed under this subdivision (b)(47) are separate and apart from the remedial civil penalties authorized in § 47-18-108(b)(3);

(48) A home improvement services provider:

(A) Entering into a contract for home improvement services without providing to the residential owner in written form:

(i) That it is a criminal offense for the person entering into the contract for home improvement services with a residential owner to do any of the prohibited acts set out in § 39-14-154(b), by writing out the text of each prohibited act, and providing the penalty and available relief for such; and

(ii) The true and correct name, physical address and telephone number of the home improvement services provider; or

(B) Having complied with subdivision (b)(48)(A), failing to provide to the residential owner in written form a correct current or forwarding address if the person changes the physical address initially provided to the residential owner and any or all work to be performed under the contract has not been completed;

(49) Failing to comply with title 62, chapter 6, part 6 [regarding residential roofing services];

(50) Engaging in a Ponzi scheme, defined as a fraudulent investment scheme in which money placed by later investors pays artificially high dividends to the original investor, thereby attracting even larger investments; and

(51) Making fraudulent statements or intentional omissions in order to induce a consumer to sell securities or other things of value to fund an investment.

## **Appendix C**

# **Tennessee Division of Consumer Affairs Complaint Form**



**Tennessee Division of Consumer Affairs**  
**Phone: 615-741-4737, 800-342-8385 (Inside TN)**  
[www.tn.gov/consumer](http://www.tn.gov/consumer)



**Consumer Complaint**  
 Commerce & Insurance  
 Division of Consumer Affairs  
 500 James Robertson Parkway  
 Nashville, TN 37243-0600  
 (615) 532-4994 Fax

Received in office: _____   	For official use only:  subject code: _____ assigned to: _____ File # : _____
---------------------------------------	---

Section I: How Do We Reach You? Your Contact Information
<p><i>Please Print Clearly or Type. All fields marked with an asterisk (*) are required. Provide as much information as possible.</i></p> <p>*Name: _____</p> <p>*Address: _____</p> <p>*City: _____ *State: _____ *Zip: _____</p> <p>*(Tennessee Residents only) County: _____</p> <p>Phone: Home: (____) _____ Work: (____) _____ E-mail address: _____</p> <p>Best Contact Time: _____</p>

Section II: Who is Your Complaint Against? Business Contact Information
<p>*Business Name: _____</p> <p>Contact Person: _____</p> <p>*Address: _____</p> <p>*City: _____ *State: _____ *Zip: _____</p> <p>Phone: (____) _____ Fax: (____) _____</p> <p>E-mail address: _____ Website address: _____</p> <p>Type of Product or Service: _____</p>

Section III: What Happened? Details of Incident
<p>*Amount involved: \$ _____ How did you pay? _____ *Date of transaction: ____/____/____</p> <p>*Have you contacted the business about this complaint? _____ If YES, to whom and when: _____</p> <p>*What are you asking the business to do? _____</p> <p>_____</p> <p>_____</p> <p>*What did the business do? _____</p> <p>_____</p> <p>_____</p> <p>List all agencies you have contacted about this complaint: _____</p> <p>*Have you or the business filed a lawsuit regarding this complaint? <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>Was this product or service advertised? _____ If YES, when and where? _____</p> <p>(Please send a copy of the advertisement, if it is available.)</p>

IN-0980 (Rev. 11-04)

[illegible]

\*Year: \_\_\_\_\_ \*Make: \_\_\_\_\_ \*Model: \_\_\_\_\_  
\*Vin Number: \_\_\_\_\_

Age: ☐ 18-29 ☐ 30-39 ☐ 40-49 ☐ 50-59 ☐ 60 or older

Is your home telephone number registered on the Tennessee Do Not Call List? ☐ Yes ☐ No

Is your home telephone number registered on the National Do Not Call List? ☐ Yes ☐ No

Have you previously filed complaints with this Division against this or any other business in the last 2 years? ☐ Yes ☐ No

If yes, please state which business(s)

## 110 Consumer Protection Guide

## **Appendix D**

### **Scholarships for Military Families**





# Scholarships for Military Families

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## Reserve Officers' Training Corps (ROTC) Scholarships

These scholarships are awarded on the basis of merit rather than financial need.

### Army ROTC

Army ROTC scholarships are offered at hundreds of colleges. Application packets, information about eligibility, and the telephone number of an ROTC advisor in your area are available from

#### College Army ROTC

Telephone: 1-888-550-ARMY (1-888-550-2769)

Website: [www.goarmy.com/rotc](http://www.goarmy.com/rotc)

### Air Force ROTC

The Air Force ROTC (AFROTC) college scholarship program targets students pursuing certain foreign language and technical degrees, although students entering a wide variety of majors may be accepted. Information about AFROTC scholarships is available from

#### College Scholarship Section

Telephone: 1-866-4-AFROTC (1-866-423-7682)

Website: [www.afrotc.com](http://www.afrotc.com)

### Navy ROTC

Navy ROTC offers both four-year and partial scholarships. For information and applications, contact

#### Scholarship Office

Telephone: 1-800-NAV-ROTC (1-800-628-7682), ext. 29395

Website: <https://www.nrotc.navy.mil>

## Veterans Service Organization Scholarships

The following organizations offer scholarships primarily to active duty military, veterans, and/or their families. Further information is at the websites listed.

### American Legion

[www.legion.org/scholarships](http://www.legion.org/scholarships)

### AMVETS

[www.amvets.org/programs/scholarships.html](http://www.amvets.org/programs/scholarships.html)

### Disabled American Veterans

[www.dav.org/volunteers/scholarship.aspx](http://www.dav.org/volunteers/scholarship.aspx)

### Paralyzed Veterans of America

[www.pva.org/scholarships](http://www.pva.org/scholarships)

### Veterans of Foreign Wars

[www.vfw.org/community/programs](http://www.vfw.org/community/programs)

### Vietnam Veterans of America

[www.vva.org/scholarship.html](http://www.vva.org/scholarship.html)

## U.S. Department of Education Grants

The U.S. Department of Education makes grant funds available to students whose parent or guardian died as a result of military service in Iraq or Afghanistan after the events of 9/11. At the time of the parent's or guardian's death, the student must have been younger than 24 years old and/or enrolled at least part-time at an institution of higher education. Before a student can receive such grant funds, he or she must fill out the *Free Application for Federal Student Aid* (FAFSA<sup>SM</sup>) at [www.fafsa.gov](http://www.fafsa.gov). Additional information about the FAFSA and finding money for college is at [www.studentaid.ed.gov](http://www.studentaid.ed.gov).





## **Appendix E**

### **Federal Student Aid for Adult Students**



# FEDERAL STUDENT AID FOR ADULT STUDENTS



## Are you an adult considering college? Do you need financial help?

Whether you are enrolling in college for the first time or returning to school after a break, apply for federal student aid. Federal student aid can help you cover your education expenses. This fact sheet provides information about the types of federal student aid available, how to apply, important deadlines, recommended do's and don'ts, important tips, and resources for more information.

### MYTHS AND FACTS ABOUT FEDERAL STUDENT AID

- MYTH:** Adult students don't meet the age requirements to receive federal student aid.
- FACT:** There is no age limit. Almost everyone is eligible for some type of federal student aid.
- MYTH:** You need to pass a credit check to receive federal student aid.
- FACT:** No credit check is required to receive federal student aid, including most federal student loans.
- MYTH:** It costs money to apply for federal student aid.
- FACT:** Applying is free. It costs nothing to apply for federal student aid and therefore you should avoid companies charging a fee to complete the application.

### A BRIEF LOOK AT FEDERAL STUDENT AID

Federal student aid from the U.S. Department of Education is money to help you pay your education expenses at a college, career school, university, or graduate school. We have over \$150 billion in federal aid available for those who qualify.

### There are three categories of federal student aid:

- **Grants**—Student aid funds that do not have to be repaid.\* Most federal grants are based on financial need.
- **Work-study**—Money earned through a job on or near campus while attending school.
- **Loans**—Borrowed money that must be repaid with interest.

For more information about federal student aid, including eligibility requirements, visit [www.studentaid.ed.gov/funding](http://www.studentaid.ed.gov/funding).

### APPLY FOR FEDERAL STUDENT AID

The quickest way to apply for federal student aid is online at [www.fafsa.gov](http://www.fafsa.gov). The application is called the *Free Application for Federal Student Aid* or FAFSA<sup>SM</sup>. A paper version of the FAFSA is also available. To file a paper application or to check out alternatives to filing online, select "FAFSA Filing Options" at [www.fafsa.gov](http://www.fafsa.gov).

\*Grants do not have to be repaid unless, for example, you are awarded funds incorrectly or you withdraw from school prior to the planned end of a term or, if you have a TEACH Grant, you do not meet the terms of accepting it.



START HERE  
GO FURTHER  
FEDERAL STUDENT AID

## IMPORTANT DEADLINES

Know the deadlines. If you miss a financial aid deadline (federal, state, or school), you may miss out on aid.

### FAFSA deadlines

Remember this date—January 1. It's the first day you can submit your FAFSA, and it's the same every year (you will need to apply for federal aid every year). For example, for the 2012–13 school year, you can submit a FAFSA starting Jan. 1, 2012, but cannot submit it later than June 30, 2013 (no exceptions to either date). Don't worry if you haven't filed your tax returns or received your income information by the application deadline, as you can estimate your information and make corrections later.

### State and school financial aid deadlines

Many schools and states use your FAFSA information to award state and college aid, which have deadlines as early as February for the following school year. Search for a state's deadline at [www.fafsa.gov](http://www.fafsa.gov), then select "Deadlines." Contact schools for their deadlines. Note: Schools may use your FAFSA information to determine your eligibility for scholarships.

**Note:** If you file a federal tax return and you are using the online application or making corrections online, you have the option to have your income and tax information electronically transferred from the Internal Revenue Service (IRS) to your FAFSA.

### Did you know ...

In addition to using federal aid to pay for the usual expenses such as housing, transportation, books, tuition, and fees, you can use it to help pay for dependent care, costs related to a disability, the purchase of a personal computer, and more.

## REDUCING EDUCATION EXPENSES

Here are a few ways to reduce your education expenses.

- **Scholarships**—Check with the college to find out if it offers scholarships. You can also search for scholarships for free at [www.studentaid.ed.gov/scholarship](http://www.studentaid.ed.gov/scholarship).
- **Tax breaks**—Read IRS Publication 970, *Tax Benefits for Education*, to see how you might benefit from federal income tax credits for education expenses.
- **Your employer**—Ask your employer if they offer a tuition assistance program; some employers will help pay for your education.
- **Community college**—Check into attending a community college. Tuition at community colleges can be significantly lower than at four-year colleges, especially for in-state students.
- **Choosing a program**—Assess your needs before you apply for admission or register for courses. Make sure your classes fit your goals or count toward your degree or certificate.
- **Part-time enrollment**—Consider part-time enrollment if you are having difficulty paying for a full-time program, or if you have other work or family obligations that limit the time you have to attend class and study.

## IMPORTANT TIPS

- **Military.** If you are a member of the armed forces or have a family member in the service, go to [www.studentaid.ed.gov/military](http://www.studentaid.ed.gov/military) to find out more about grants and loan repayment options for military personnel.
- **Transferring credits from one school to another.** Before you pay for classes whose credits you plan to transfer to another school later, check with the registrar's office at that school to make sure the credits are transferable.
- **Returning to school after a break.** If you have previous college credits, check with the registrar's office at the school you plan to attend about transferring your credits.

- **In need of admissions testing.** Most colleges in the U.S. require that you submit scores from standardized tests as part of your application package. For information about which test(s) you should take, talk to the admissions office(s) at the college(s). You also may want to read “Take the Tests” at [www.studentaid.ed.gov/preparing](http://www.studentaid.ed.gov/preparing).
- **Expecting to receive federal student aid.** Make sure the school you plan to attend participates in the federal student aid programs if you want to use federal student aid to pay for your education.
- **Planning to receive credit for life experience.** Many schools offer credit for life and work experiences. Check with the school to find out if this option is available.

#### RECOMMENDED DO'S & DON'TS

##### Do:

- Talk to an admissions counselor, and get to know the staff at the financial aid office at the school you plan to attend; they can help you with aid applications and explain the types of aid available.
- Look into getting a General Educational Development (GED) certificate if you don't have a high school diploma; try searching online for “GED certificate” and your state's name.
- Ask employers to recommend trade schools that provide training in the skills you will need for the career you choose.
- Be an informed consumer. Make sure the school you are planning to attend is accredited and learn how to avoid being scammed. To get a basic understanding of accreditation in the United States and to learn more about diploma mills, go to [www2.ed.gov/students/prep/college/diplomamills](http://www2.ed.gov/students/prep/college/diplomamills).
- Know the difference between federal student loans and private loans. Federal student loans offer low fixed interest rates and flexible repayment options, including deferment

after you graduate or if you take a break and then return to school. Generally, repayment of a federal loan does not begin until after you leave school. To read more about the differences between federal and private loans, go to [www.studentaid.ed.gov/aidinfo](http://www.studentaid.ed.gov/aidinfo).

##### Don't:

- Use all your retirement and emergency savings or risk losing your home with multiple equity loans.
- Assume the answer to your question is “no.” Ask questions.
- Borrow more than you need.
- Miss important deadlines.

#### RESOURCES

If you are searching for a career or a school, or would just like more information about careers and training, see the following websites:

- Find a career that fits your goals and your life; use the free Career Finder tool at [www.studentaid.ed.gov/myfsa](http://www.studentaid.ed.gov/myfsa).
- Find out about the training you will need for a particular job at [www.careeronestop.org](http://www.careeronestop.org).
- Research careers and the demand for jobs in the *Occupational Outlook Handbook* at [www.bls.gov/oco](http://www.bls.gov/oco).
- Use the free College Matching Wizard at [www.studentaid.ed.gov/myfsa](http://www.studentaid.ed.gov/myfsa) to find potential schools that meet your career needs.

**If you have been convicted for the possession or sale of illegal drugs:** If the offense occurred while you were receiving federal student aid, you will be ineligible for a period of time based on the type and number of convictions. If you have been convicted of a drug-related offense, it is very important that you complete and submit the FAFSA to determine your eligibility.

**If you are incarcerated:** You have limited eligibility for federal student aid while you're incarcerated. Generally, you're eligible only for a Pell Grant and then only if you're NOT incarcerated in a federal or state penal institution. Check with the financial aid office at the school you plan on attending. Contact the Federal Student Aid Information Center (see the “Contacts” section of this fact sheet).



- Learn more about the types of schools and the kinds of degrees and credentials they offer (associate degree, bachelor's degree, master's degree, etc.); select "Choosing a School," then "Types of Schools" at **[www.studentaid.ed.gov](http://www.studentaid.ed.gov)**.
- Find information about tuition and net prices of postsecondary institutions at **<http://collegecost.ed.gov>**.
- For details about education costs covered by federal aid, select "Choosing a School," then "Understanding the Costs" at **[www.studentaid.ed.gov](http://www.studentaid.ed.gov)**.
- For information about accreditation, crime statistics, enrollment, tuition, fees, and more about a school, visit the U.S. Department of Education's College Navigator at **[www.nces.ed.gov/collegenavigator](http://www.nces.ed.gov/collegenavigator)**.

### Additional information to explore

Read the following publications, fact sheets, and more on our website at

**[www.studentaid.ed.gov/pubs](http://www.studentaid.ed.gov/pubs)**.

- Get your money's worth from your education by following the tips in these fact sheets:
  - "Choose a Career School Carefully"
  - "Be an Informed Consumer ... when it comes to federal student aid"
- To get more information about money for college and to help you determine which loans to accept and how much to borrow, you may want to read the following:
  - *Funding Your Education: The Guide to Federal Student Aid*
  - *Your Federal Student Loans: Learn the Basics and Manage Your Debt*

You can order print copies of many of our publications at **[www.edpubs.gov](http://www.edpubs.gov)**.

## CONTACTS

### Federal Student Aid Information Center (FSAIC)

P.O. Box 84

Washington, DC 20044-0084

**1-800-4-FED-AID (1-800-433-3243)**

TTY users can call **1-800-730-8913**. Callers in locations without access to 1-800 numbers may call **319-337-5665** (this is not a toll-free number).

### Student Aid on the Web

**[www.studentaid.ed.gov](http://www.studentaid.ed.gov)**

At this website, you can find detailed information on federal student aid, sources of nonfederal aid, contact information, and more.

### National Student Loan Data System (NSLDS)

**[www.nsls.ed.gov](http://www.nsls.ed.gov)**

Use your Federal Student Aid PIN to access your federal student loan records.

### Office of Inspector General Hotline

**[www.ed.gov/misused](http://www.ed.gov/misused)**

To report student aid fraud, including identity theft, and waste or abuse of U.S. Department of Education funds, contact:

**1-800-MIS-USED (1-800-647-8733)**

**E-mail: [oig.hotline@ed.gov](mailto:oig.hotline@ed.gov)**

Printed December 2011

The information in this handout was compiled in the fall and winter of 2011.

For changes to federal student aid programs since then, visit **[www.studentaid.ed.gov](http://www.studentaid.ed.gov)**.



START HERE  
GO FURTHER  
FEDERAL STUDENT AID

## **Appendix F**

### **Kentucky Attorney General Complaint Form**



# CONSUMER COMPLAINT FORM

JACK CONWAY  
ATTORNEY GENERAL



RETURN TO:  
Office of Attorney General  
Consumer Protection Division  
310 Whittington Parkway, Suite 101  
Louisville, KY 40222  
Phone: (502) 429-7134  
Fax: (502) 429-7129  
Hotline: (888) 432-9257  
[www.ag.ky.gov/cp](http://www.ag.ky.gov/cp)

**TYPE OR PRINT NEATLY. SUBMIT TWO COPIES OF THE COMPLAINT AND TWO COPIES OF ANY DOCUMENTS SUBMITTED.**

YOUR NAME ☐ Mr ☐ Mrs ☐ Ms \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_ COUNTY \_\_\_\_\_

HOME PHONE \_\_\_\_\_ WORK/CELL PHONE \_\_\_\_\_

EMAIL ADDRESS: \_\_\_\_\_

COMPANY OR PERSON(S) YOUR COMPLAINT IS AGAINST \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_

PHONE: \_\_\_\_\_

**Please fill in this section completely.**

WAS A CONTRACT SIGNED? ☐ YES ☐ NO (If Yes, Please Attach a **Copy** of Your Contract.)

WHERE WAS CONTRACT SIGNED? ☐ IN YOUR HOME ☐ AT THE BUSINESS ☐ OTHER \_\_\_\_\_

DATE(S) OF TRANSACTION \_\_\_\_\_ PRODUCT OR SERVICE INVOLVED \_\_\_\_\_

TOTAL PRICE \_\_\_\_\_ AMOUNT PAID \_\_\_\_\_ WAS PRODUCT/SERVICE ADVERTISED? ☐ YES ☐ NO

HOW WAS SERVICE ADVERTISED? ☐ Newspaper ☐ TV ☐ Radio ☐ Mail ☐ Phone ☐ Email ☐ Internet ☐ Other \_\_\_\_\_

WITH WHAT OTHER AGENCIES HAVE YOU FILED THIS COMPLAINT? \_\_\_\_\_

WHAT ACTION WAS TAKEN? \_\_\_\_\_

HAVE YOU HIRED OR RETAINED A PRIVATE ATTORNEY? ☐ YES ☐ NO HAVE YOU STARTED COURT ACTION? ☐ YES ☐ NO

WHAT ACTION WILL RESOLVE YOUR COMPLAINT? \_\_\_\_\_



# CONSUMER COMPLAINT FORM

JACK CONWAY  
ATTORNEY GENERAL



RETURN TO:  
Office of Attorney General  
Consumer Protection Division  
1024 Capital Center Drive  
Frankfort, KY 40601  
Hotline: 1-888-432-9257  
[www.ag.ky.gov/cp](http://www.ag.ky.gov/cp)  
Fax: 502-573-7151

**TYPE OR PRINT NEATLY. SUBMIT TWO COPIES OF THE COMPLAINT AND TWO COPIES OF ANY DOCUMENTS SUBMITTED.**

YOUR NAME ☐ Mr ☐ Mrs ☐ Ms \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_ COUNTY \_\_\_\_\_

HOME PHONE \_\_\_\_\_ WORK/CELL PHONE \_\_\_\_\_

EMAIL ADDRESS: \_\_\_\_\_

COMPANY OR PERSON(S) YOUR COMPLAINT IS AGAINST \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_

PHONE: \_\_\_\_\_

**Please fill in this section completely.**

WAS A CONTRACT SIGNED? ☐ YES ☐ NO (If Yes, Please Attach a **Copy** of Your Contract.)

WHERE WAS CONTRACT SIGNED? ☐ IN YOUR HOME ☐ AT THE BUSINESS ☐ OTHER \_\_\_\_\_

DATE(S) OF TRANSACTION \_\_\_\_\_ PRODUCT OR SERVICE INVOLVED \_\_\_\_\_

TOTAL PRICE \_\_\_\_\_ AMOUNT PAID \_\_\_\_\_ WAS PRODUCT/SERVICE ADVERTISED? ☐ YES ☐ NO

HOW WAS SERVICE ADVERTISED? ☐ Newspaper ☐ TV ☐ Radio ☐ Mail ☐ Phone ☐ Email ☐ Internet ☐ Other \_\_\_\_\_

WITH WHAT OTHER AGENCIES HAVE YOU FILED THIS COMPLAINT? \_\_\_\_\_

WHAT ACTION WAS TAKEN? \_\_\_\_\_

HAVE YOU HIRED OR RETAINED A PRIVATE ATTORNEY? ☐ YES ☐ NO HAVE YOU STARTED COURT ACTION? ☐ YES ☐ NO

WHAT ACTION WILL RESOLVE YOUR COMPLAINT? \_\_\_\_\_

This image shows a full page of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

If Your Complaint is Regarding a Health Club Membership, Also Complete this Section.

WAS CONTRACT SIGNED? ☐ YES ☐ NO      DATE OF CONTRACT      LENGTH OF CONTRACT: YEARS      MONTHS

TIME LEFT BEFORE CONTRACT EXPIRES: YEARS \_\_\_\_\_ MONTHS \_\_\_\_\_

TOTAL AMOUNT OF YOUR CONTRACT: \$\_\_\_\_\_ AMOUNT PAID TO DATE: \$\_\_\_\_\_

HOW WERE YOUR PAYMENTS TO BE MADE? ☐ MONTHLY ☐ YEARLY ☐ OTHER

AMOUNT OF EACH PAYMENT? \$ \_\_\_\_\_ WHEN WAS YOUR LAST PAYMENT? \_\_\_\_\_

HAVE YOU MADE PAYMENTS TO ANY COMPANY OTHER THAN THIS HEALTH CLUB? ☐ YES ☐ NO

*If yes, please provide the following information:*

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CITY, STATE, ZIP: \_\_\_\_\_

The above information is true and accurate to the best of my knowledge.

TODAY'S DATE \_\_\_\_\_ YOUR SIGNATURE \_\_\_\_\_

OPTIONAL- COMPLETION OF THIS SECTION IS VOLUNTARY

AGE OF THE PERSON INVOLVED IN THE TRANSACTION: ☐ 0 -15 ☐ 16-25 ☐ 26-39 ☐ 40-59 ☐ 60-75 ☐ 76-over

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