TN Department of Financial Institutions

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SPOTLIGHT ON FINANCE

FDIC INSURANCE – YOUR BANK, YOUR MONEY

Are you aware how FDIC (Federal Deposit Insurance Corporation) Insurance works? The FDIC is an independent agency of the United States government that protects the funds depositors place in banks. Since the FDIC was established in 1933, no depositor has lost a penny of FDIC-insured funds. When you deposit money into a deposit account at an FDIC insured bank, your FDIC insurance coverage is automatic. You just have to make sure you are placing your funds in a deposit account at an FDIC-insured bank and that your deposit does not exceed the insurance limit for that ownership category. Therefore, there is no need to panic in the unlikely event that an FDIC insured bank were to fail.

The standard deposit insurance amount is $250,000 per depositor, per FDIC-insured bank, per ownership category. The FDIC offers an online tool (EDIE) Electronic Deposit Insurance Estimator that helps determine how the insurance limits apply to a specific depositor's situation. To access this tool, please visit https://www.fdic.gov/edioe/.

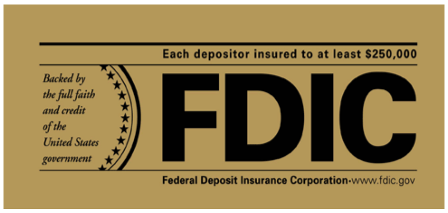
Some bank products are not insured. The FDIC insurance covers the traditional types of bank deposit accounts including checking and savings accounts money market deposit accounts and certificates of deposit. Investment products that are not deposits, such as mutual funds, annuities, life insurance policies and stocks and bonds are not covered by FDIC deposit insurance.

If your FDIC-insured bank were to fail, the $250,000.00 federal insurance coverage would include dollar-for-dollar both the money you've deposited and the interest you've earned through the date of the insured bank's closing.

Historically, the FDIC pays insurance within a few days after a bank closing by either providing the depositor with a new account at another FDIC insured bank equal to the amount held in the failed bank or by issuing a check to each depositor for the insured amount in the account at the failed bank.

Most of the time, the FDIC is able to find a buyer for the failed institution. This allows the offices of the failed bank to reopen under the name of the acquiring institution, and depositors automatically become customers of the new bank. You would continue to do your normal banking using your current checks, ATM and debit cards, loan payments and online banking, until you're notified otherwise.

For more extensive information about FDIC insurance coverage, please visit www.fdic.gov/consumers/banking/facts/ FDIC: When a Bank Fails-Facts for Depositors, Creditors, and Borrowers.



Things To Know Before Buying A Home

Thinking about buying a home in 2017, then you may want to consider a few suggestions from the U.S. Department of Housing and Urban Development:

Figure out how much you can afford.

Owning a home is said to be the "American Dream" and one of the greatest ways to create wealth that may be passed on to your family. Knowing what you can afford depends on: your income, credit rating, current monthly expenses, how much you have for a down payment and the interest rate you will be charged.

Managing your money is the first step in preparing for homeownership.

- ♦ **Organize, set and stick to a goal** to save a certain amount of money each month.
- ♦ **Watch your spending and saving** prioritizing spending needs so that saving becomes second-nature.
- ♦ **Negotiate and work** out money issues and problems with companies and banks before they grow larger.
- ♦ **Elevate credit score** by knowing your credit score and what it means to banks, credit card companies and your future (review your credit score free once each year at annualcreditreport.com).
- ♦ **READ AND UNDERSTAND THE FINE PRINT!** Consider all options, educate yourself and be informed before you sign on the dotted line.

2. Know your rights — Fair Housing Equal access to rental housing and homeownership opportunities is the cornerstone of this nation's federal housing policy. A housing provider who refuses to rent or sell homes to people based on race, color, national origin, religion, sex, familial status, (including children under the age of 18 living with parents or legal custodi-ans; pregnant women and people securing custody of children under 18), or disability may be violating federal law.

The Fair Housing Act covers most housing: however, in some circumstances, the Act exempts owner-occupied buildings with no more than four units, single-family housing sold or rented without the use of a broker and housing operated by organizations and private clubs that limit occupancy to members.

Prohibited actions In the sale and rental of housing, no one may take any of the following actions based on race, color, religion, sex, disability, familial status, or national origin. Refuse to rent or sell housing • Refuse to negotiate for housing • Make housing unavailable • Otherwise deny a dwelling • Set different terms, conditions or privileges for sale or rental of a dwelling • Provide different hosuing services or facilities • Falsely deny that housing is available for inspection, sale or rental for profit, persuade, or try to persuade homeowners to sell or rent dwellings by suggesting that people of a particular race, etc. have moved, or are about to move into the neighborhood (blockbusting), or • Deny any person access to, membership or participation in any organization, facility or service (such as a multiple listing service) related to the sale or rental of dwellings, or discriminate against any person in the terms or conditions of such access, membership or participation.

In Mortgage Lending no one may take any of the following actions based on race, color, religion, sex, disability, familial status or national origin: Refuse to make a mortgage loan • Refuse to provide information regarding loans • Impose different terms or conditions on a loan, such as different interest rates, points, or fees • Discriminate in appraising property • Refuse to purchase a loan or • Set different terms or conditions for purchasing a loan. In addition, it is a violation of the Fair Housing Act to: • Threaten, coerce, intimidate or interfere with anyone exercising a fair housing right or assisting others who exercise the right • Make, print, or publish any statement, in connec-tion with the sale or rental of a dwell-ing, which indicates a preference, limitation, or discrimination based on race, color, religion, sex, disability, familial status, or national origin. This prohibition against discriminatory advertising applies to single-family and owner-occupied housing that is otherwise exempt from the Fair Housing Act • Refuse to provide homeowners insurance coverage for a dwelling because of the race, color, religion, sex, disability, familial sta-tus, or national origin of the owner and/or occupants of a dwelling • Discriminate in the terms or conditions of homeowners insurance coverage because of the race, color, religion, sex, disability, familial status, or national origin of the owner and/or occupants of a dwelling.

If you think your rights have been violated file a complaint with the Atlanta Regional HUD office at (800) 440-8091. Additionally, if you live in a HUD-insured and assisted property you may report and file a complaint

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Medical Identity Theft

Are you familiar with Medical Identity Theft? It probably never occurs to most people how serious medical identity theft really is. According to one study, about 1.5 million adults are victims of medical identity theft each year.

Medical identity theft occurs when your personal information is stolen by someone and used to get medical treatment. Information such as your name, Medicare number or health insurance numbers are used by the thief to obtain medical treatment from a doctor, get prescription drugs and file phony claims with your insurance provider.

This could jeopardize your health records if the thief's health information is mixed with yours. Your treatments, insurance and payment records or possible credit report can be affected. Examples of ways you could possibly be affected:

- √ Denied Medicare coverage for a service or medical equipment because records falsely show that you already received it, when it was actually someone posing as you.
- √ Your medical and health records may have incorrect information involving different blood type, history of drug or alcohol abuse, or incorrect test results.
- √ Diagnosis of an illness, allergy or condition you don't have that could lead to incorrect treatment possibly causing injury or sickness.

Various types of people have been known to steal people's medical identities including doctors, medical equipment companies, the mafia and thieves in other countries and also family members.

Ways to identify if you've become a victim

- √ Receiving a bill for medical services you didn't receive
- √ Debt collection companies calling about money you don't owe
- √ Notification from the insurance company that you have maxed out your medical benefits
- √ Notification of denied insurance for a medical condition you don't have

Avoiding Medical Identity Theft

There are several precautions you can take to avoid medical identity theft such as:

- √ Shredding papers with your medical identity before trashing them
- √ Always remove or destroy labels on prescription bottles and packages before trashing them
- √ Avoid offers for free medical equipment, services or goods in exchange for your Medicare number
- √ Protect all Medicare and health insurance cards the same as you do your credit cards
- √ Be sure to thoroughly review all your Medicare notice summaries (MNS) and explanation of benefits statements (EOB) and medical bills for unidentified charges. If found, insist it be corrected and removed.
- √ Use secure mailboxes for incoming/outgoing mail
- √ Avoid providing/sharing personal information (e.g., SSN) whenever possible
- √ Review your credit report annually, and identify / correct errors

If you suspect Medical Identity Theft you should respond by asking your health care provider for a copy of your current medical file. If you find anything suspicious, write to your health plan or provider and ask for a correction.

You may also contact your local Senior Medicare Patrol (SMP) who will provide you with information on how to protect yourself or other family members from Medicare errors, fraud and abuse, detect potential errors, and report your concerns. For more information, please visit www.smpresource.org.

Do You Know Your Obligation, If You Have a Flexbile Credit Loan?

You've probably seen the bus advertising, billboards and heard the commercials on the radio and television, but what is a flex loan?

The Flexible Credit Act was passed into law in May, 2014, as Public Chapter 969, effective January 1, 2015. The Department of Financial Institutions was tasked with licensing and regulating institutions choosing to offer this product to consumers.

Flex loan plans are open-ended lines of credit, which are statutorily limited to an outstanding principal balance of four thousand dollars ($4,000.00), at any time. (Tenn. Code Ann. § 45-12-111(d)). Flex loan plans can be either secured by personal property, such as a vehicle title, or unsecured, depending on the

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with a property's management concerning matters such as poor maintenance, dangers to health and safety, mismanagement and fraud by calling (800) 685-8470.

3. Shop for a loan - Look for the best mortgage

Whether you're seeking a home purchase, refinance or home equity loan shopping around will help you get the best financing deal. Obtain information from several lenders: thrift institutions, commercial banks, mortgage companies, mortgage brokers and credit unions. By contacting several lenders you make sure you're getting the best price. Whether you are working with a lender or a broker may not always be clear. Some financial institutions operate as both lenders and brokers and most broker advertisements do not use the word "broker". Therefore be sure to ask whether a broker is involved. This is important because brokers are usually paid a fee for their services that may be separate from and in addition to the lender's origination or other fees. A broker's compensation may be in the form of "points" paid at closing or as an add-on to your interest rate, or both.

Obtain all important cost information and know how much of a down payment you can afford and all the costs involved in the loan. Ask each lender and broker for a list of its current mortgage interest rates and whether the rates being quoted are the lowest for that day or week. Ask whether the rate is fixed or adjustable – keeping in mind that when interest rates for adjustable rates go up, generally so does the monthly payment. Determine the loan's annual percentage rate (APR). The APR takes into account not only the interest rate but also points, broker fees and certain other credit charges that you may be required to pay.

Once you know what each lender has to offer, negotiate for the best deal that you can. On any given day, lenders and brokers may offer different prices for the same loan terms to different consumers, even if those consumers have the same loan qualifications (most likely the reason for this difference in price is that loan officers and brokers are often allowed to keep some or all of this difference as extra compensation. Generally, the difference between the lowest available price for a loan product and any higher price that the borrower agrees to pay is an overage. When overages occur, they are built into the prices quoted to consumers. They can occur in both fixed and variable-rate loans and can be in the form of points, fees, or the interest rate.

Once you are satisfied with the terms you have negotiated, you may want to obtain a written lock-in from the lender or broker. The lock-in should include the rate that you have agreed upon, the period the lock-in lasts and the number of points to be paid. A fee may be charged for locking in the loan rate.

4. Closing

After your purchase offer has been accepted by the seller and you have selected a loan and lender, you are finally ready to go to "settlement" or "closing".

Focus on the closing process. You may need to provide the lender with additional documents, so stay alert for requests and notifications. You may also need to get a home inspection and shop for homeowner and title insurance. Signing your closing documents is the final step. Take the time to read and review all documents carefully before you sign! Once you sign, you're responsible for the mortgage loan.

If you have questions, or if you would like more information about things to know before buying a home you may want to review HUD's website https://portal.hud.gov/hudportal/HUD or contact the local Nashville or Knoxville area offices listed below:

Knoxville Community Planning and Development Division:
(865) 545-4391

Knoxville Fair Housing and Equal Opportunity Office:
(865) 545-4379

Do You Know Your Obligation, If You Have a Flexbile Credit Loan?

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credit underwriting criteria of the lending institution and the credit standing of the borrower. (Tenn. Code Ann. § 45-12-102(6)). Borrowers may only have one (1) flex loan plan per customer at any given time. (Tenn. Code Ann. § 45-12-113 (c)(1)).

Flex loan plans are allowed to assess interest at the periodic rate of twenty-four percent (24.00%) per annum. (Tenn. Code Ann. § 45-12-111(b)). Flex loan plans may also assess a daily customary fee which cannot exceed seven-tenths of one percent (0.7%) per day, based on the average daily principal balance in any billing cycle. (Tenn. Code Ann. § 45-12-111 (c)). Additionally, a flex loan borrower is required to pay on or before the due date of each billing cycle, at least three percent (3.00%) of the outstanding principal balance owed per calendar month. This principal amount is in addition to the interest and fees for each respective billing cycle. (Tenn. Code Ann. § 45-12-111 (e)).

This is an expensive and high cost form of credit. Before deciding on a flex loan, take time to explore all of your borrowing options to learn the costs associated with a particular loan product. Make sure payments for any loan product fall within a budgeted amount based on your income and obligations for housing, transportation, other debts and general living expenses.

A quick way to estimate the payment for a flex loan account for a particular billing cycle follows in this example:

Average Daily Principal Balance: $1053.38

Outstanding Principal Balance: $1100.00*

Number of Days in the Billing Cycle: 14

Interest Charge	$1053.38
	X 14
	X .000658
	$9.70
Customary Fee	$1053.38
	X 14
	X .007
	$103.23
Principal Reduction	$1100.00
	X .03
	$33.00

*The outstanding principal balance will not always equal the average daily principal balance, depending on any advance requests that may have been processed during the billing cycle, or any payments credited to the principal balance during the billing cycle

Should you have questions on this product, or if you have entered into a flex loan agreement and have concerns about the loan, you can contact the Department's Consumer Resources Section at (800) 778-4215 for assistance.

TN Department of Financial Institutions

Tennessee Department of Financial Institutions

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T: 800-778-4215 | F: 615-253-7794 | tn.gov/tdfi

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