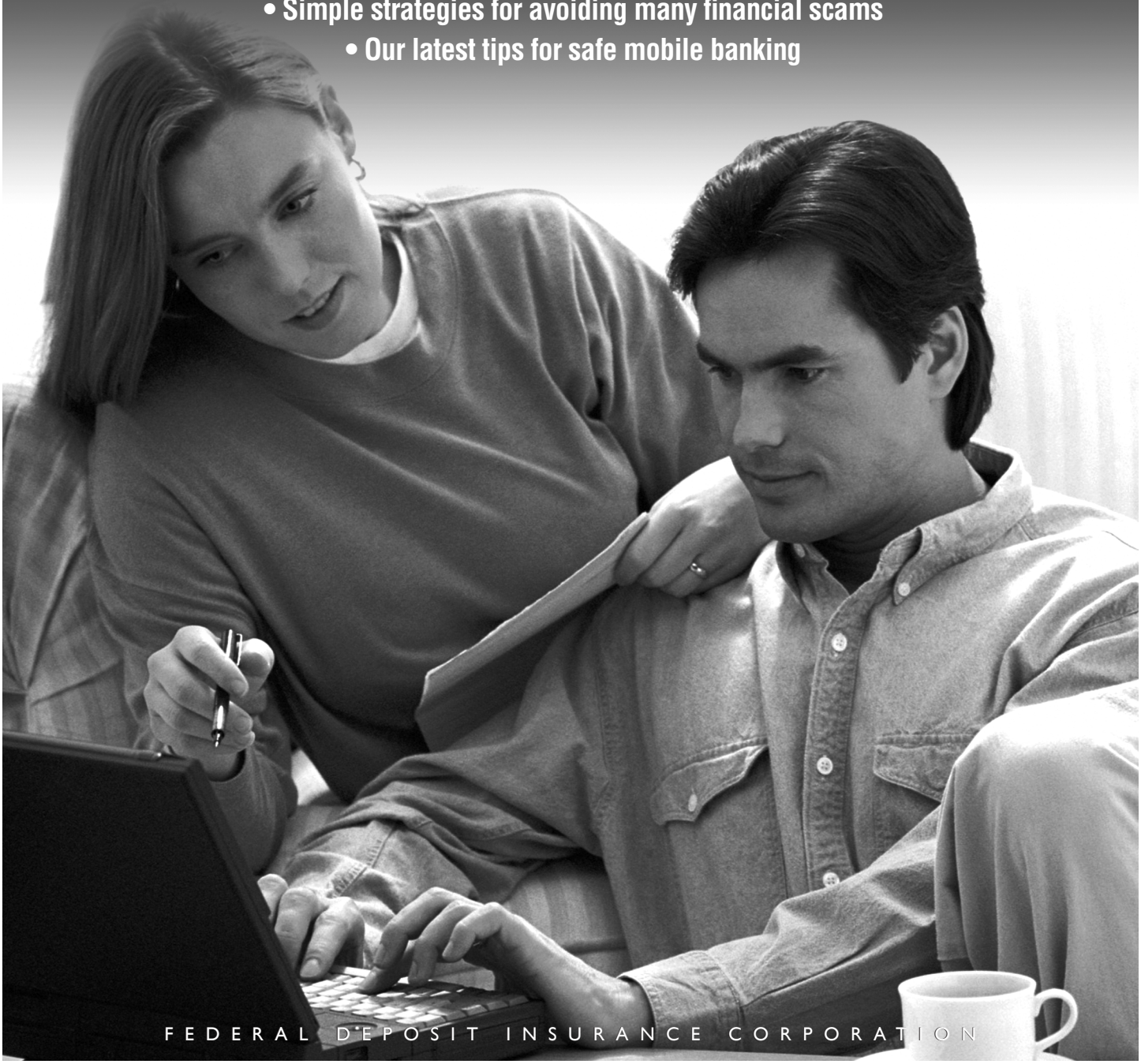
Winter 2012/2013

FDIC Consumer News

Practical Solutions for Protecting Your Money

Plus Common Questions and Misconceptions

- Different ways to be covered by FDIC deposit insurance
- Q&As on billing errors, debit card fraud, credit reports and mortgage help
- What to know when you want to stop or withhold a payment
- Simple strategies for avoiding many financial scams
- Our latest tips for safe mobile banking



FEDERAL DEPOSIT INSURANCE CORPORATION

Unlimited FDIC Insurance for Certain Transaction Accounts Comes to an End

From December 31, 2010, through December 31, 2012, certain transaction accounts that pay no interest were entitled to unlimited deposit insurance coverage. This special, temporary protection was created by Congress to help maintain confidence in the financial system for depositors who had large balances in noninterest-bearing checking accounts, typically for businesses but any depositor qualified. Now that the unlimited coverage has ended, ***FDIC Consumer News*** wants to clear up some common misconceptions about this law, and a related one.

As in the past, noninterest-bearing transaction accounts will be insured up to the standard coverage amount of at least $250,000, along with any other deposits held in the same ownership capacity (such as single or joint accounts). "We have been getting questions from depositors who think noninterest-bearing transaction accounts are no longer insured at all, and that is incorrect," emphasized Martin Becker, Chief of the FDIC's Deposit Insurance Section.

Funds in special trust accounts that lawyers establish for their clients — commonly known as "Interest on Lawyer Trust Accounts" or "IOLTAs" — also will be protected for at least $250,000. Under a special exemption, IOLTAs previously qualified for the temporary unlimited coverage for noninterest-bearing transaction accounts even though they can pay interest. IOLTAs typically hold deposits for multiple clients, and under the rules the insurance coverage "passes through" to each owner's share of the account for up to $250,000. "That means the total, fully insured amount in the IOLTA account can greatly exceed $250,000," Becker explained.

The standard FDIC deposit insurance coverage amount of at least $250,000 per depositor at each insured institution is still in effect. In 2008, Congress passed a law increasing the basic FDIC coverage from $100,000 to $250,000, but only through 2013. Then in 2010, the lawmakers approved a permanent increase to the $250,000 coverage amount. However, some depositors are still asking whether the standard deposit insurance coverage of $250,000 will revert back to $100,000 at the end of 2013. "The answer is no, Congress made permanent the standard coverage amount of at least $250,000 in 2010," Becker stressed.

Any questions? Call toll-free 1-877 ASK-FDIC (1-877-275-3342) or visit www.fdic.gov/deposit/deposits.

FDIC Insurance: Understanding the Different Account Categories

How deposits are separately protected up to at least $250,000 at each bank

You probably know that the basic FDIC insurance coverage is $250,000 for each depositor at each insured institution. But did you know there are many different ways depositors can be insured for that amount?

"The FDIC deposit insurance rules provide for what are commonly called separate 'ownership categories." What this means is if the depositor meets the requirements of an ownership category, he or she is insured up to at least $250,000 in those categories," said Martin Becker, Chief of the FDIC's Deposit Insurance Section.

Here we will look at the six most common FDIC insurance categories that apply to individuals and how depositors could be fully insured at any one bank if their bank were to fail. Note that the examples below are solely to demonstrate ways you can be insured by the FDIC; they are not intended as a specific guide for your estate planning.

Single Accounts: The most common way an individual is covered by FDIC deposit insurance is to simply open an account in his or her own name. If the deposit does not list any beneficiaries, the depositor's funds are insured for up to $250,000 under FDIC's single ownership category. So, if John and his wife Mary each have single-ownership deposits at the same bank, their individual accounts there are separately insured for up to $250,000.

As for John and Mary's children, minors typically cannot have bank accounts unless a custodian has established bank deposits for them. A common way to transfer funds to a minor is to set up an account under the Uniform Transfers to Minors Act or "UTMA," as adopted by the state in which the deposit will be established. Under UTMA, the minor child is considered the legal owner of the funds. Therefore, for the purpose of FDIC deposit insurance coverage, each child is insured for up to $250,000 in total per FDIC-insured bank.

While any amount can be given to a minor child, federal gift tax laws must

be complied with to avoid taxes. The maximum gift amount in 2013 that is excluded from federal taxes, for gifts from one individual to another, is $14,000 per year. "Based on current tax law, parents can each give, free of federal taxes, a total of $14,000 to each of their children — $28,000 per child per year," noted Calvin Troup, an FDIC Senior Consumer Affairs Specialist.

Joint Accounts: Two or more people who are co-owners of funds can have FDIC deposit insurance coverage under

the joint ownership category. To qualify, each owner must have equal withdrawal rights to the funds and there cannot be beneficiaries named on the account. Under the FDIC's rules, each co-owner is separately insured for up to $250,000 for his or her ownership share in all qualifying joint ownership deposits he or she has in any one bank.

Typically, joint ownership deposits are held as "joint tenants with right of survivorship," which means that when one owner dies, the ownership of his or her share of the funds typically passes to the remaining co-owner or co-owners on the account. As an example, Kathy and her daughter Ellen would be fully insured for up to $500,000 in a joint account, in addition to any single ownership or other accounts they might have at the same bank.

Certain Retirement Accounts: What about retirement funds such as Individual Retirement Accounts (IRAs)? Under the "Certain Retirement Accounts" deposit insurance category, an individual's self-directed retirement funds are insured for up to $250,000 per owner. Self-directed means the consumer chooses how and where the money is deposited. Let's say that David and Barbara each have IRA deposits in an FDIC-insured bank. Those deposits would be separately insured for up to $250,000.

Remember that depositors would need to establish their own IRA account(s) at the bank since IRAs cannot be co-owned. Assuming that David and Barbara qualify to contribute to their own IRAs, their basic contribution (under current law) would be $5,000 each per year. If you have any questions about your tax situation, you should discuss them first with your financial advisor before opening a retirement account.

Employee Benefit Plan Accounts: If you participate in a retirement plan that is not self-directed — such as a pension plan or a defined benefit plan — the FDIC will insure your ownership interest in any deposits placed by your employer's third-party administrator up to $250,000, provided that certain requirements are met. The FDIC often refers to this as "pass-through coverage" because the insurance passes through to the employee, who is considered the owner of the funds. These deposits also are insured separately from any accounts that the employer or you may have in the same FDIC-insured institution.

Revocable Trust Accounts: A revocable trust deposit is an account used for testamentary purposes — that is, the account specifically names one or more beneficiaries who would receive funds when the trust deposit owner(s) is deceased. The FDIC recognizes two types — "informal" and "formal."

An informal revocable trust is a simple way to leave funds to your beneficiaries through a contract set up in the bank. The testamentary intent of the account transfer is typically conveyed by terms such as "payable-on-death" (POD) or "in-trust-for." For more complicated estate planning and greater flexibility in distributing assets, a depositor may use a formal revocable trust, which is typically a written document drafted by an attorney.

Deposits can be established in an FDIC-insured bank using either an informal or formal trust with up to $250,000 insured for each of the beneficiaries named. If Bill and Teresa use the formal revocable trust method since they have three minor children to whom they wish to leave all of their assets equally among the children, the "Bill and Teresa Revocable Trust" would be insured up to $1.5 million (two owners times three beneficiaries times $250,000).

Irrevocable Trust Accounts: These are deposit accounts held in connection with a trust for which the owner typically gives up ownership of the assets and the right to modify the agreement. Irrevocable trust accounts commonly are established based on either state law, a written trust agreement or, quite often, due to the death of an owner of a revocable trust. In general, an irrevocable trust deposit account is insured up to $250,000, and perhaps more if the interests of the beneficiaries are unconditional. This insurance will be separate from the coverage for other types of deposit accounts the owner or the beneficiaries have in the bank.

Let's say that Frank creates an irrevocable trust for a child and places close to $250,000 in it. The funds would be fully insured up to $250,000 under the irrevocable trust category, separately from any other deposits Frank has in other types of accounts at that same bank.

The bottom line: Our examples show the benefit of discussing with your banker the deposit insurance coverage for the various account categories. Do you want to learn more about how you can protect all of your deposits with FDIC insurance? To speak with a deposit insurance specialist, call the FDIC toll-free at 1-877-ASK-FDIC (that's 1-877-275-3342). Additional FDIC resources are listed below.

For More Help or Information on FDIC Insurance

Use "EDIE," the FDIC's online tool for analyzing your insurance coverage, at www.fdic.gov/edie. "EDIE is ideal for verifying your deposit insurance coverage for existing deposit accounts as well any new accounts you might consider opening at your bank," said Calvin Troup, an FDIC Senior Consumer Affairs Specialist. EDIE can be used for all but a few deposit categories, such as complex trust deposits.

Watch the 30-minute FDIC video "Deposit Insurance Coverage." It is available in both English and Spanish at www.youtube.com/user/FDICchannel.

Read the FDIC's two main consumer publications about deposit insurance. Go to www.fdic.gov/deposit/deposits to read and order free printed copies of "Deposit Insurance Summary" (a two-page overview) and "Your Insured Deposits" (a more in-depth guide}.

When in doubt about your deposit insurance coverage, you can always contact the FDIC. Call toll-free 1-877-ASK-FDIC (1-877-275-3342), send an e-mail at www2.fdic.gov/starsmail or write to the FDIC, 550 17th Street, NW, Washington, DC 20429.

Answers to Some Common Questions From Consumers

On billing errors, debit card fraud, credit reports and mortgage help

Consumers sometimes come to the FDIC with questions about their bank accounts or their rights and responsibilities. Here are examples and answers you may find useful.

There is a billing error (e.g., an incorrect amount or a transaction I didn't make) on my credit card statement. What should I do?

The Fair Credit Billing Act (FCBA) requires a consumer who is reporting a billing error — including a fraudulent transaction — to write to the credit card issuer at the address for billing disputes noted on the monthly statement. While not required by law, it's also a good idea to try to work out a dispute with the merchant before filing a dispute, and to call the bank right away to report a fraudulent transaction.

In general, the creditor must resolve the dispute within 90 days after getting your letter. However, the FDIC has received complaints from consumers who say they experienced problems getting issues resolved.

In some situations, the consumer incorrectly mailed the dispute letter to the card issuer's address for payments instead of the one for error disputes. "Make sure the card issuer receives your written dispute at the correct address within 60 days of when it sent your billing statement, and you may want to use certified mail as proof of your dispute," suggested Kirk Daniels, an FDIC Supervisory Consumer Affairs Specialist.

In other examples, consumers called, faxed or e-mailed about their dispute instead of submitting a letter. If your card issuer allows you to report a billing error securely online, print a copy for your records.

Finally, some consumers have said that, for fraudulent transactions, their card issuer required a copy of a police report to consider the dispute. Although it may be a good idea to report identity theft or similar incidents to the police, the FCBA does not require it, and there is no guarantee the police will conduct an investigation or issue a report.

For additional guidance, go to the Federal Trade Commission's (FTC) "Fair Credit Billing" page at www.consumer.ftc.gov/articles/0219-fair-credit-billing.

A thief used my debit card to withdraw money from my checking account, but I'm being told I am responsible for the loss. Why?

The Electronic Fund Transfer Act limits your liability for unauthorized transactions to $50 if your debit card was lost or stolen or you saw an unauthorized transaction from your account and you notify the bank within two business days. "But if you wait more than two business days, you may be responsible for up to $500 or even more," said Daniels.

Some banks may voluntarily waive liability if you took reasonable care to avoid fraud or theft, but you still need to report errors promptly. And as described previously for credit card errors, it may be wise to first seek a refund from the merchant or report a theft to the police, but you are not required to do so by law.

For more information, see the Fall 2009 ***FDIC Consumer News*** (www.fdic.gov/consumers/consumer/news/cnfall09/debit_vs_credit.html).

What's the best way to get a copy of my credit reports and credit score?

To order the free credit report authorized by law from each of the three main credit bureaus every 12 months, go to www.AnnualCreditReport.com or call 1-877-322-8228.

One of the reasons it's important to check your credit report is to look for mistakes. As a new FTC study suggests, a sizable percentage of consumers had errors on their credit reports that could damage their credit scores and increase costs for products such as consumer loans and various kinds of insurance.

Also consider spreading out your requests so you receive one credit report approximately every four months.

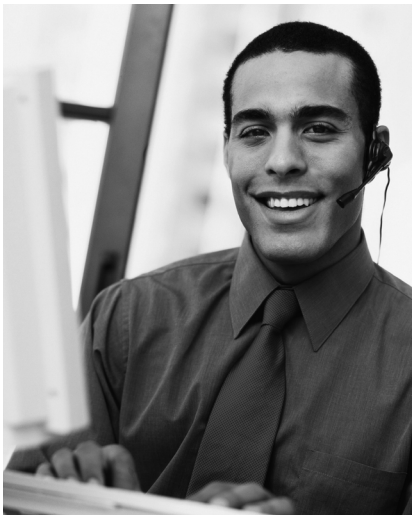
As for credit scores, various sources prepare them based on the information in your credit report. Under the law, you can get your credit score free from your lender but only in certain circumstances.

For more information, visit the FTC's "Credit and Loans" page at www.consumer.ftc.gov/topics/credit-and-loans.

My mortgage loan is past due. Where can I go for help?

Contact your lender or your mortgage servicer right away. If you need help working with your lender, you can receive free or low-cost assistance from a housing counselor approved by the U.S. Department of Housing and Urban Development. For a referral, call HUD at 1-800-569-4287 or visit www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm. For more information, including how to avoid foreclosure scams, see tips from the FDIC at www.fdic.gov/consumers/loans/prevention/toolkit.html.

If you have questions about your consumer rights, start at www.fdic.gov/quicklinks/consumers.html or visit www.mymoney.gov. To speak with an FDIC information specialist, call toll-free 1-877-ASK-FDIC (1-877-275-3342).



Need to Stop a Payment? Know Who to Contact and How

It's easy to change your mind about a purchase or not realize that you have signed up for a service that will result in monthly charges. And while many merchants offer easy refunds or exchanges, sometimes you may need to stop or withhold payment. Here are several key facts to know when you want to stop a credit card, debit card, check or pre-arranged payment.

Withholding or reversing a payment on a credit card purchase: The Fair Credit Billing Act (FCBA) includes legal protections for problems with the quality of goods or services purchased with a credit card. Under that law, if the purchase totals $50 or more, the merchant is in your home state or within 100 miles of your home, and you made a good-faith effort to correct the problem with the merchant, you may withhold payment for defective goods or services while your credit card company investigates the matter. You also may withhold payment for defective goods or services under other circumstances, such as if the merchant is also your card issuer, regardless of the cost or geographic location.

However, you are still responsible for paying any other charges on your account that are not related to the disputed amount, and for promptly notifying the card issuer of the problem. If you cannot resolve the matter with your card issuer, you can contact the institution's state or federal regulator for assistance and guidance. To find out who regulates a financial institution, you can call or e-mail the FDIC (see the last paragraph).

The FCBA also provides protections if you've already paid your credit card bill but you later are dissatisfied with a purchase. First contact the merchant to request a refund. If it refuses, you may file a complaint with your credit card issuer. The card issuer may provide a refund to your account if it agrees with your complaint.

Also review the benefits of your card to see if it provides further purchase protections. "Those could include extended warranty coverage for products purchased or even coverage against certain types of damage for a set time period after purchase," explained Luke W. Reynolds, Acting Associate Director in the FDIC's Division of Depositor and Consumer Protection.

Stopping or reversing a debit card payment: A debit card deducts payments electronically from a checking or savings account. Unlike credit cards, debit cards are not covered by federal legal protections for damaged goods or faulty service. However, your bank or the merchant may still offer help.

Contact your financial institution to ask if there is time to stop the deduction of funds from your account or if there is anything else that can be done. But given the speed of debit card transactions, you probably will need to resolve the matter with the merchant or pursue other legal remedies.

Because federal consumer protections are stronger for credit cards than for debit cards in certain circumstances relating to disputes with stores or other merchants, "you might consider using a credit card if you're concerned that your purchase might not go smoothly," said Heather St. Germain, an FDIC Consumer Affairs Specialist. Keep in mind that you may have to pay interest if you use a credit card and don't pay the bill in full.

Also note that while protections for defective goods or services purchased with a debit card are limited, the Electronic Fund Transfer Act (EFTA) provides safeguards against billing errors and unauthorized transactions on your debit card account.

Stopping a check: Your bank must receive and process your request before the funds are removed from your account — and that window of opportunity has gotten shorter in recent years. Once a check has been paid, it's up to you to try and get your money back from the person or merchant who cashed the check. Also remember that your bank may charge a fee, typically ranging from $20 to $35, to stop a check.

If you orally request a stop payment, follow up in writing. Under the law in most states, an oral request to stop payment on a check expires after 14 days, but a written request is good for up to six months.

Stopping an automatic, recurring payment: If you have regular, automatic deductions from your checking account (to pay for expenses such as insurance premiums or utility bills), the EFTA allows you to stop those payments. First, notify the vendor. Next, tell your bank about your request at least three business days before the money is scheduled to be transferred. Your notice to the bank may be oral, but the institution may require you to provide a written follow-up within 14 days to ensure that no additional payments are made. If you fail to provide a written follow-up, the bank is no longer responsible for stopping future payments.

Stopping an automatic, recurring payment on a credit card is different. Start by putting in your request with the vendor. But if the vendor continues to charge your credit card, contact your card issuer. You'll have 60 days to dispute the charge, starting when the card issuer sends you the statement with the charges.

"Any time you need to stop a recurring payment from your checking or credit card account, it's a good idea to put your requests to the vendor and to the financial institution in writing, so that you have a record of it in case of a dispute," explained St. Germain.

Also, even though your financial institution may stop some payments, you may still be legally obligated for other payments depending on your contract with the service provider. For example, if you sign a contract to receive and pay for certain services for 12 months, and you cancel before the end of the agreement, you may still owe the entire amount.

If you have questions or concerns about stopping a payment, first contact your financial institution. For additional guidance, you can call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342) or send an e-mail to www2.fdic.gov/starsmail. 🏛

Avoiding Scams: Sticking to the Basics Can Go a Long Way

There is plenty of information available to consumers to help avoid being a fraud or theft victim. "But some people complain that there is too much to remember and that being vigilant can be a daunting task," said Millie Spencer, a financial crimes specialist with the FDIC. Here's a short list of simple ways to avoid many financial crimes.

Never provide passwords, credit or debit card information, Social Security numbers and similar personal information in response to an unsolicited text message, e-mail, call or letter. An identity thief can use this information to apply for credit cards or loans, access your bank accounts online or otherwise commit fraud using your name.

Crooks often send e-mails, text messages or phone messages that appear to be from a legitimate, trusted organization asking consumers to "verify" or "update" personal information. The scam is called phishing (pronounced "fishing") because the criminals throw out bait in hopes of luring a consumer into biting.

Criminals also create bogus Web sites in hopes that consumers will enter valuable personal information. "We've seen everything from fake bank Web sites to sites offering payday loans or credit repair services," added Michael Benardo, Manager of the FDIC's Cyber Fraud and Financial Crimes Section. "Some of these sites offer incredibly low prices or other enticing promotions."

And, as Spencer noted, "Always be suspicious of these types of requests because a legitimate organization would not solicit updates in an unsecured manner for information it already has."

Think twice before opening attachments or clicking on links in unsolicited e-mails and text messages. These messages may install "malware" (malicious software) on your computer or cellphone. "This software could allow crooks to spy on you and gain access to your online banking sites," explained Benardo.

To confirm a message's validity, contact the supposed sender. "But don't automatically assume the contact information listed in the e-mail is accurate," said Benardo. He recommended finding the telephone number, Web site or e-mail address from an independent, reliable source.

For guidance on whether a bank or bank Web site is legitimate, you can call the FDIC at 1-877-275-3342 or use Bank Find, our online directory of FDIC-insured institutions that provides Web sites, at http://research.fdic.gov/bankfind.

Deal only with reputable merchants, service providers and charities. Friends and family may be able to provide recommendations. You can search for complaints against a business by contacting your state or local consumer affairs office (www.consumeraction.gov/state.shtml) and your local Better Business Bureau (www.bbbonline.com). There also are popular sites on the Internet for consumer ratings and reviews of businesses.

Fraud artists also claim to be from legitimate charitable organizations — especially after a major disaster — and ask for "donations." The Better Business Bureau's Wise Giving Alliance (www.give.org) and other organizations can help you find legitimate charities with good reputations.

Be on guard against counterfeit checks, cashier's checks or money orders. These often are associated with scams that say you have won a lottery or other prize, are bogus work-from-home offers, or are attempts to steal something you are selling on the Internet. They can also be associated with offers to purchase items you are selling online or through classified ads. Be especially leery if you get a check for more than the amount due and you're instructed to return the difference by depositing the check and wiring the excess amount to the other party's account or to an associate. If the check turns out to be counterfeit, you will be out the money regardless of whether you sent a check, wire or cash.

Be wary of unsolicited investment offers that sound too good to pass up or that require you to act fast. "Statements about low-risk investments with 'guaranteed returns' that are unusually high are red flags," said Luke W. Reynolds, Acting Associate Director in the FDIC's Division of Depositor and Consumer Protection.

He also advised walking away from any offer that involves pressure to pay cash or provide personal information right away. For additional guidance, see "Don't Get Burned by Hot Investments," in the Spring 2007 ***FDIC Consumer News*** (www.fdic.gov/consumers/consumer/news/cnspr07/investments.html).

Protect your mail and other documents at home. Thieves know that credit card or bank statements and other documents contain valuable, confidential information. Try to use a secure mailbox for your incoming mail. Keep bank and credit card statements, tax returns, credit and debit cards and blank checks secure, even at home. Also shred sensitive documents before discarding them. Similarly, use an updated security program to protect your computer.

Look at your bank statements and credit card bills as soon as they arrive. Immediately report any discrepancy or anything suspicious, such as an unauthorized withdrawal or charge, to your financial institution.

Periodically review your credit reports and dispute any inaccurate information, which could indicate identity theft. You are entitled to a free copy from each of the nation's three major credit bureaus every 12 months. To request a credit report, go to www.AnnualCreditReport.com or call toll-free 1-877-322-8228.

To learn more about protecting yourself from common financial frauds, see back issues of ***FDIC Consumer News*** (www.fdic.gov/consumernews) and the FDIC's multimedia presentation "Don't Be an Online Victim" (www.fdic.gov/consumers/consumer/guard/index.html). Also visit the federal government's central Web site for financial information at www.mymoney.gov/category/topics/scams/-fraud.html.

Safe Mobile Banking: Our Latest Tips for Protecting Yourself

Using a smartphone, "tablet" computer or other mobile device to manage your finances can be convenient and help you monitor your money from practically anywhere. At the same time, it's important to take steps to protect your account information.

Be proactive in securing the mobile device itself. Depending on what security options are available on your device, create a "strong" password (consisting of unusual combinations of upper- and lower-case letters, numbers and symbols) or PIN (with random numbers instead of, say, 1234 or the last four digits of your Social Security number) and periodically change it.

"Always secure the device with a strong password or PIN in case it falls into the wrong hands," said Elizabeth Khalil, a Senior Policy Analyst in the FDIC's Division of Depositor and Consumer Protection. "Don't give that password or PIN to anyone or write it down anywhere." Also, never leave your mobile device unattended. And make sure you enable the "time-out" or "auto-lock" feature that secures your mobile device when it is left unused for a certain period of time.

Be careful about where and how you conduct transactions. Don't use an unsecured Wi-Fi network, such as those found at coffee shops, because fraud artists might be able to access the information you are transmitting or viewing. Also, don't send account numbers or other sensitive information through regular e-mails or text messages because those are not necessarily secure.

Take additional precautions in case your device is lost or stolen. Check with your wireless provider in advance to find out about features that enable you to remotely erase content or turn off access to your device or account if you lose your phone. Quickly contact your financial services providers to let them know about the loss or theft of your device. Notifying your bank quickly will help prevent or resolve problems with unauthorized transactions.

Research any application ("app") before downloading it. Just because the name of an app resembles the name of your bank — or of another company you're familiar with — don't assume that it is the official one of that bank or company. It could be a fraudulent app designed to trick users into believing that the service is legitimate.

"The best place to download an app is from the official Web site of the bank or company that you are doing business with or from a legitimate app store. Note that the business will often direct you to an app store," said Jeffrey Kopchik, a Senior Policy Analyst in the FDIC's Division of Risk Management Supervision. "Also, if possible, be sure to protect your financial apps, ideally with a password that is different from the password for your device."

Be on guard against unsolicited e-mails or text messages appearing to link to a financial institution's Web site. Those could be "phishing" messages containing some sort of urgent request (such as a warning that you need to "verify" bank account or other personal information) or an amazing offer (one that is "too good to be true") designed to lead you to a fake Web site controlled by thieves.

"The concern is that on that fraudulent site you may provide sensitive information while believing you are providing the information to your bank or another trusted party," said Matthew Homer, a Policy Analyst in the FDIC's Division of Depositor and Consumer Protection.

For more guidance on avoiding phishing scams, see Page 6.

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Find current and past issues at www.fdic.gov/consumernews or request paper copies by contacting the FDIC Public Information Center. Call toll-free 1-877-ASK-FDIC (1-877-275-3342) or e-mail publicinfo@fdic.gov.

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For More Help or Information

Go to www.fdic.gov or call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342)

Updates and Reminders

New Mortgage Rules to Add Consumer Protections

In January 2013, the Consumer Financial Protection Bureau (CFPB) released several highly anticipated rules that will shape the mortgage industry for years to come. The new regulations, which implement provisions in the Dodd-Frank financial reform law, are intended to provide additional protections for consumers, establish new standards for mortgage lending, and prevent other lending-related problems that helped lead to the recent financial crisis.

One regulation provides standards designed to more accurately assess whether prospective homebuyers can afford to repay their mortgages. Other rules regulate compensation to loan originators (to reduce incentives for steering consumers to higher-cost or riskier loans) and strengthen loan originator qualifications. Additional rules relate to consumer protections for high-cost loans, appraisal disclosures, establishment of escrow accounts for higher-priced mortgage loans, and servicing of mortgage loans.

In addition, a rule issued by the FDIC, the CFPB and other regulators establishes new appraisal requirements for higher-priced mortgage loans.

Most of the rules will become effective in January 2014, with the exception of the escrow rule and certain parts of the mortgage loan originator rule, which will become effective in June 2013.

For more information, visit the CFPB's Web site at www.consumerfinance.gov/regulations. Also stay tuned for additional coverage in ***FDIC Consumer News***.

Banking-Related Tips for Saving Money at Tax Time

Are you in the process of filing your taxes? If you're expecting a refund, there are ways to focus on savings at tax time. For example, you can split part of your refund into a checking account for immediate needs and send some to savings for future use. Or, you can use some of the refund to buy a U.S. Savings Bond. In addition, look into IRS-coordinated programs offering free tax-preparation assistance. See the Fall 2010 ***FDIC Consumer News*** for more information (www.fdic.gov/consumers/consumer/news/cnfall10/happyreturns.html).

Also, having your refund direct deposited into your own bank account often is the best way to avoid costs and get your refund as quickly as possible. Beware of loans, "refund anticipation checks" or other options offered by tax preparers that claim to speed up a refund for a sizable cost.

For more information on refunds and your savings options, visit the IRS Web site at http://go.usa.gov/4v7G. If you need to hire a tax preparer, see tips from the IRS at http://go.usa.gov/4v7z.

FDIC Tips for Dealing With a Disaster

Hurricane Sandy was a tragic reminder about the importance of preparing financially for a natural disaster, a fire or another tragedy, especially one that requires people to evacuate their homes and not return for days, weeks or months. For tips from the FDIC, see our article in the Summer 2011 ***FDIC Consumer News*** (www.fdic.gov/consumers/consumer/news/cnsum11/protectingyourfinances.html).