



PARTNERSHIP FOR HOMEOWNERSHIP

PUTTING A FREEZE ON IDENTITY THEFT

SPECIAL POINTS OF INTEREST:

- IHDA's interest rates for the Rural Guarantee Housing Initiative are 6.115% with \$1500 in closing cost assistance; 5.99% with \$1000 in closing cost assistance or 5.74% with no closing cost assistance. (This applies to NEW reservations only.)

Illinois Housing Development Authority
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Really, must we all go back to cash-only transactions to protect our personal information?

In the past several years, millions of consumers have been put at risk of identity theft as their personal information has been either stolen from or left unprotected by the companies that collect it. The latest data breach involves TJX Cos., which operates T.J. Maxx and Marshalls stores.

The company recently revealed that the computer systems that process customer transactions had "suffered an unauthorized intrusion" and that some information had been stolen. In a statement, TJX said it did not know the full extent of the theft or how many customers might have been affected. The break-in involved the portion of TJX's computer network that handles credit card, debit card, check and merchandise return transactions for customers.

TJX did what it was supposed to do and alerted law enforcement agencies. The company also said: "With the help of leading computer security experts, TJX has significantly strengthened the security of its computer systems."

But then the company said something we all should keep in mind. "No computer security can completely guarantee the safety of data."

Therein lies the problem. No matter how many firewalls are built to protect our information, the con artists are actively working to outsmart the companies that store consumer data.

So what can consumers do?

Well, we can press our state lawmakers to enact legislation that would greatly reduce access to our credit files. I'm talking specifically about a way to put a "security freeze" on our credit reports.

A security freeze blocks access to your credit reports and credit scores. This is better than a fraud alert, which simply advises that you may

be a victim of identity theft. With an active fraud alert, lenders can still access your file. However, with a freeze, consumers control access to their credit files. A security freeze prohibits, with certain specific exceptions, the credit-reporting agency from releasing your credit report or any other information without your express authorization. Often that means giving the agency a PIN or confirmation number.

With a security freeze, if lenders or businesses can't get access to your credit file, they aren't likely to issue new credit. This greatly reduces the ability of a thief to open a credit account in your name. A security freeze lets you decide when and with whom your credit information should be shared.

There is a downside to a security freeze. It can make it harder for you to take advantage of instant credit offers because you have to notify the credit bureaus to lift the freeze. In addition, to temporarily remove a freeze and to reactivate it later, you may have to pay a fee. Fees vary by state, but generally it's \$10. In many states, senior citizens and victims of identity theft are not charged to place a freeze on their credit report.

Twenty-six states and the District have adopted laws that allow consumers to freeze access to their credit files to prevent crooks from opening fraudulent accounts with stolen information, according to Consumers Union. Maryland and Virginia currently do not have security freeze laws in place, but legislatures in both states are considering bills to enact this important consumer protection.

As the 2007 state legislative sessions begin around the country, 17 states are considering security freeze laws, the consumer advocacy group recently reported. Rather than complain that companies can't protect our information, we need to push our state lawmakers to enact legislation that makes it easier for us to protect ourselves.

By Michelle Singletary
 Www.washingtonpost.com

INSURANCE POLICIES TO LIVE BY

Ideally, you never need to file a homeowners insurance claim. But if and when you do, that difficult process will be a lot easier if you avoid some common mistakes people make, said David Siesko, an insurance expert and founder of Siesko Partners, a consultant to companies on insurance issues.

Many homeowners probably stash their policy in a desk drawer without ever reading the whole thing, but that's a mistake. Homeowners should check their policies to make sure they have the coverage they need and that they're getting it at a good value.

"Homes are probably some of the biggest assets that we all have, and a lot of times people don't pay enough attention to the details associated with homeowners insurance," Siesko said. He recommends that homeowners compare policies -- both the cost of the policy and what it covers -- by meeting with an independent broker.

"You have to compare the price you're paying, and you have to compare the product that you're getting," he said. "A good broker can help you do that."

Homeowners may not be able to find huge cost savings from one policy to the next, but they can improve the level of service the company offers, and that will pay off when claims are filed, Siesko said.

"For homeowners insurance, the cost is usually very close, but what a broker can help you do is determine the kind of policy you want. Service levels are different

across insurance carriers; how long it takes you to get the check when you've incurred a loss can be a very big issue for you," he said. "The service side [is] where carriers are distinguishing themselves from one another."

One common mistake homeowners make: failing to record the contents of their home.

"One of the first things you need to do is make sure you keep track of all of the things you have in your home of value. You should keep lists, take pictures, do videos, because when there's a claim, the insurance company is going to want to see what it is in fact you're claiming for. A lot of people don't do that," Siesko said.

Also, "keep the receipts for expensive items," he said. "That makes the whole process with the insurance company easier, and a lot of people don't do that as well." Another oversight? Assuming your valuables are covered. "Jewelry, watches, anything that is antique is probably not covered under the insurance policy, and people really should get those scheduled onto their policy specifically," Siesko said.

Homeowners also tend to assume there's no coverage for certain major disasters, such as earthquakes or floods. "Most people make the mistake of believing there's no such coverage out there for those kinds of losses, but in fact there is," Siesko said.

By Andrea Coombes

FINANCIAL QUICKSAND: PAYDAY LENDING

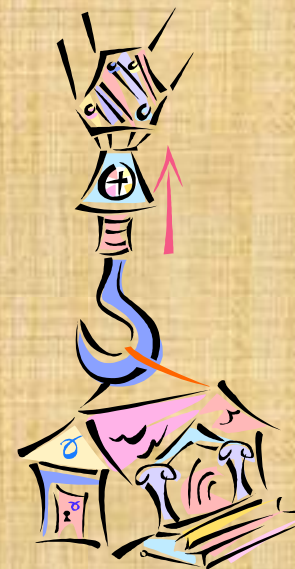
Every year, payday lenders strip \$4.2 billion in excessive fees from Americans who think they're getting a two-week loan and end up trapped in debt. This report finds that across the nation payday borrowers are paying more in interest, at annual rates of 400 percent, than the amount of the loan they originally borrowed.

Despite attempts to reform payday lending, now an industry exceeding \$28 billion a year, lenders still collect 90 percent of their revenue from borrowers who cannot pay off their loans when due, rather than from one-time users dealing with short-term financial emergencies.

In this report, we find that:

- Ninety percent (90%) of payday lending revenues are based on fees stripped from trapped borrowers, virtually unchanged from our 2003 findings. The typical payday borrower pays back \$793 for a \$325 loan.
- Predatory payday lending now costs American families \$4.2 billion per year in excessive fees.
- States that ban payday lending save their citizens an estimated \$1.4 billion in predatory payday lending fees every year.

To read the full report, go to:
<http://www.responsiblelending.org>



THE FLEECING OF BLACK BORROWERS

According to new Federal Reserve Board data, less than one-fifth of non-Hispanic white borrowers took out high-priced loans last year. But for African Americans, the proportion was more than half. Black borrowers paid -- and will continue to pay for the life of these loans -- high prices at more than triple the rate that whites did. And Latinos were more than 1 1/2 times more likely than whites to pay high prices.

But why don't Americans shop for the best loan price? Perhaps it's because loan officers and brokers present a certain price as "the rate for which you qualify" and some 40 percent of Americans then erroneously believe that under the law this is the best rate for which they qualify. Because lenders are less likely to suggest to minorities that they have any choice, more than 65 percent of African Americans believe this is indeed the rate they must pay.

The home loan market is what economists call "inefficient" and what the rest of us might call plain unfair: Minorities -- and many whites -- receive high-priced loans when they are financially qualified for lower-priced loans.

So what to do?

- We should require mortgage lenders to quote a firm price 30 days before closing, giving applicants time to shop for the best price before committing.
- The offer should provide information in a form that consumers can understand and compare. Four dollar figures would be sufficient for this "Home Loan Price Tag": loan proceeds, nonrefundable upfront charges, maximum monthly payment and loan length.
- Loan structures should be simple enough that this "price tag" is complete. Balloons, prepayment penalties and negative amortization should, in most instances, be prohibited.
- The price tags should instruct consumers to compare tags from other lenders. A borrower could choose any of these loans once the initial 30-day price-lock period ended.
- Finally, we could bring the home loan market to the consumer. A neutral party could post price tags on a secure Web site, along with key borrower and property information. Lenders could send competing price tags to consumers through the neutral party. The advantages of firm, comparable, competitive bids would flow to both sides of the "digital divide."

By: Lauren E. Willis



*"Providing
Resources to
Reach the
American
Dream"*

CREDIT MYTHS & FACTS

Credit Myths

- When paid, the bad debt will go away.
- If you catch up on your late payments, it won't show up on your credit report.
- If you have a good FICO score, one late payment won't hurt it.
- You have to pay to fix errors on your credit report.
- You will be penalized for checking your credit report.
- You should close as many credit cards as possible before applying for a mortgage.
- Once you have credit problems, your credit score will not improve for seven years.

Credit Facts

- You can improve your credit score over a shorter period of time. The most recent entries to your credit report carry more weight than old ones.
- Bad debts, charge-offs and late payments can stay on your credit report for at least seven years. But you can provide an explanation of your situation in a very limited space on future credit reports.
- Your credit report must show that you are caught up, but it will also show that you were late.
- A first-time delinquency can drag down your score by at least 100 points. The later the payment, the more the damage.
- Nobody needs to pay to fix errors. Contact the credit bureau that created the report and work with the bureau to erase mistakes.
- People can check their credit report or score as many times as they want without hurting their credit rating. When shopping for a mortgage, your credit can be checked multiple times in a 30-day period without penalty.
- Having credit cards open does not harm your credit score and can even help if they are in good standing. Having them maxed out hurts.

WE ARE ON THE WEB!
WWW.PFHO.ORG



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**Resources to Reach the American
Dream!**

The Partnership for HomeOwnership, Inc. is a nonprofit organization established by the Illinois Association of REALTORS in 1996 to help low-income first-time buyers achieve homeownership in Illinois. The foundation received a 2005 National HOPE (Home Ownership Participation for Everyone) Award for its innovative Quincy, Illinois Initiative, which now serves as a model for employer-assisted housing programs administered by IHDA.

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