

FEDERAL RESERVE BANK
OF NEW YORK

Circular No. 8809
April 24, 1980

NEW ILLUSTRATED BOOKLET
"The Story of Consumer Credit"

*To All Financial Institutions, and Others Concerned,
in the Second Federal Reserve District:*

I am pleased to send you a copy of our new booklet, entitled "The Story of Consumer Credit," produced by this Bank in conjunction with its Consumer Credit Information (CCI) program.

The 24-page publication, in comic book format, explains credit rights and responsibilities and provides general audiences with an introduction to credit regulations. The proper use of credit by consumers is particularly important these days in view of the new Federal Reserve Credit Restraint Program designed to help moderate and reduce inflationary forces in the United States economy.

"The Story of Consumer Credit" is the fourth in a series of illustrated primers dealing with money and banking, and the tenth publication in the CCI series.

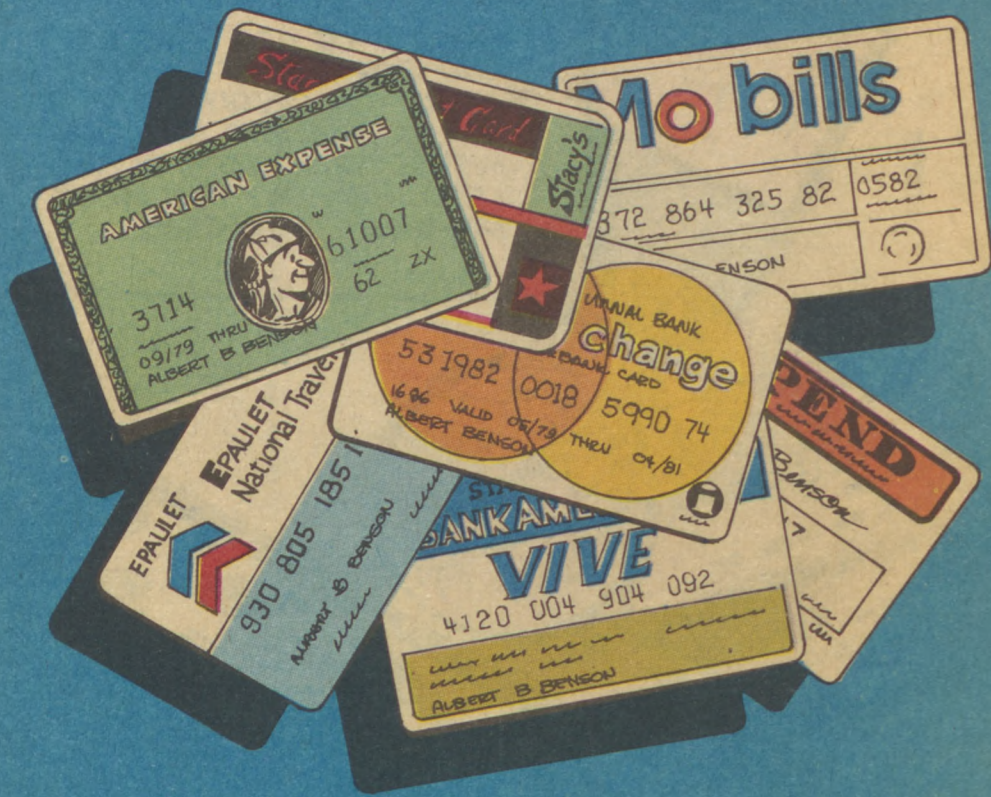
Copies of the booklet are available, free of charge, from our Public Information Department (Tel. No. 212-791-6134). Requests for more than 500 copies should be made in writing to that department.

CCI materials are intended as a resource to help both creditors and borrowers. They are designed for use in classrooms and in bank training programs, as well as for the use of bank customers and community groups.

Comments are always welcome and may be directed to Peter Bakstansky, Vice President.

ANTHONY M. SOLOMON,
President.

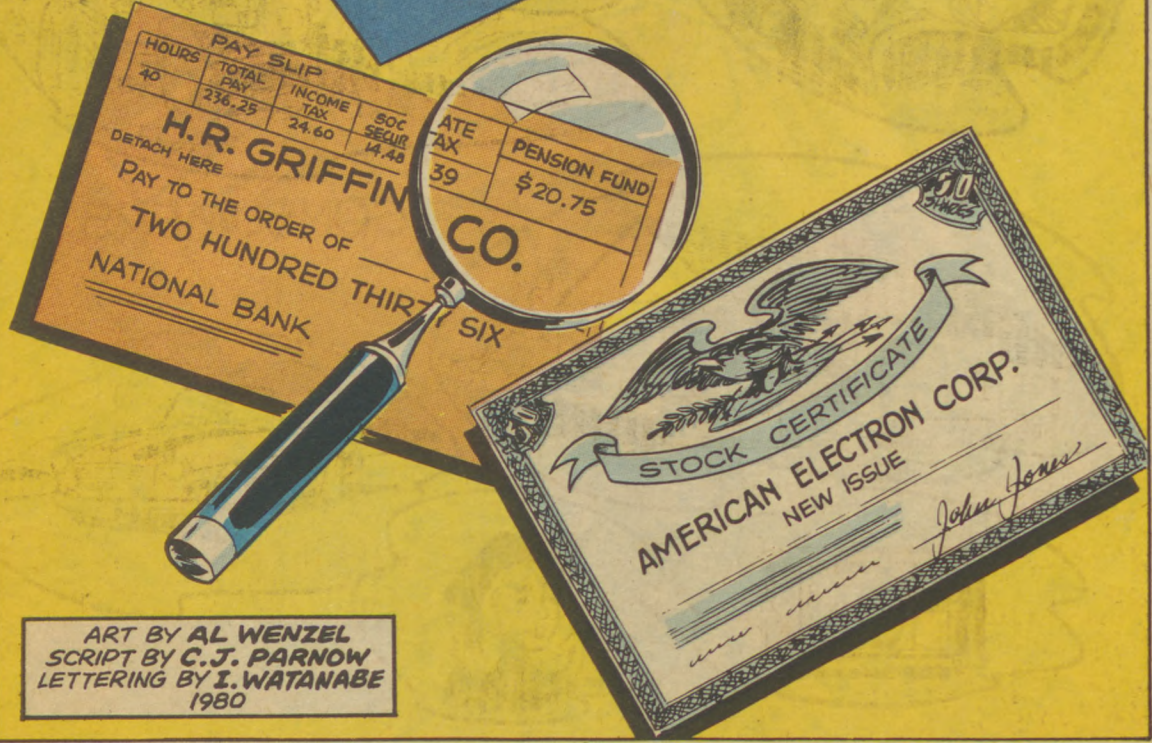
THE STORY OF CONSUMER CREDIT



FEDERAL RESERVE BANK
OF NEW YORK

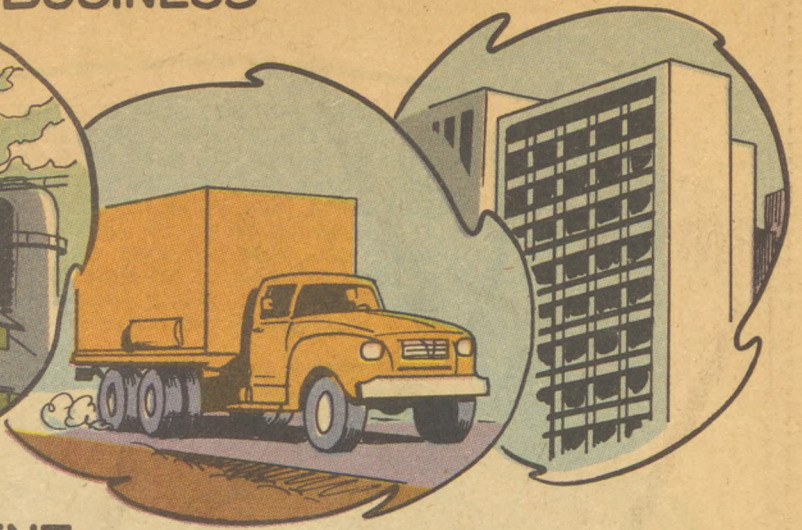
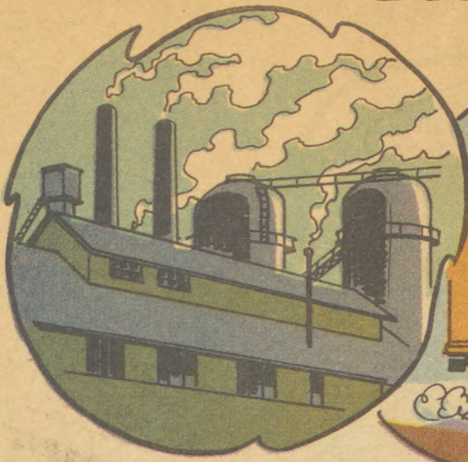


MOST OF US ARE LENDERS AND BORROWERS IN THE WORLD OF CREDIT. WE PUT OUR SAVINGS INTO FINANCIAL INSTITUTIONS, WHICH, IN TURN, LEND THEM OUT FOR MANY DIFFERENT PURPOSES.

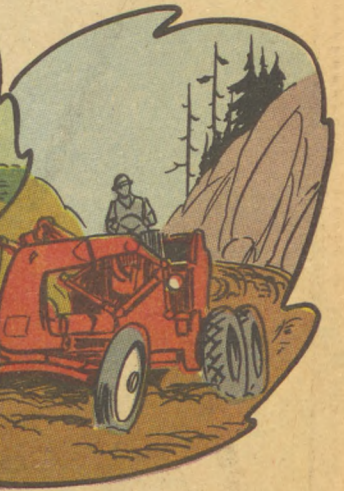
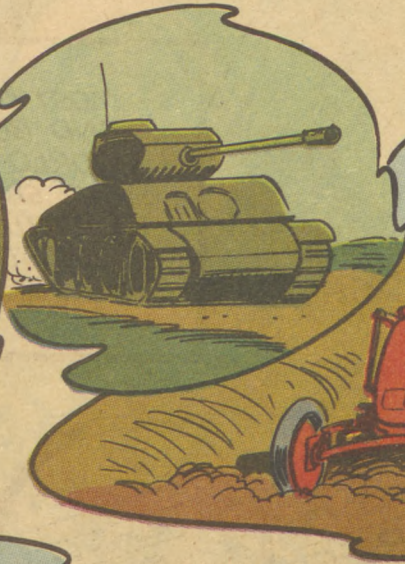
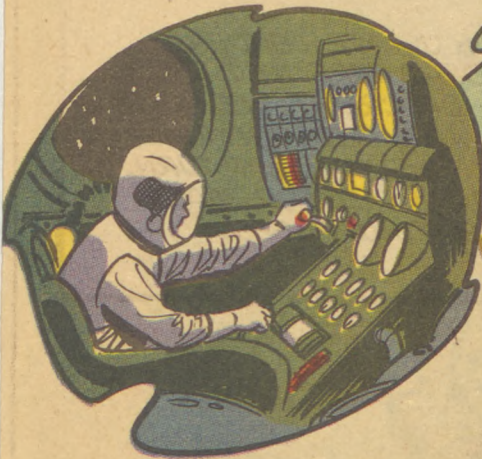


ART BY AL WENZEL
 SCRIPT BY C.J. PARROW
 LETTERING BY I. WATANABE
 1980

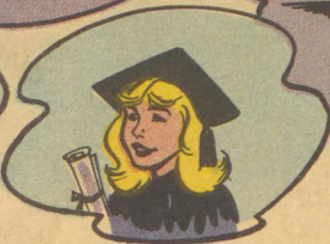
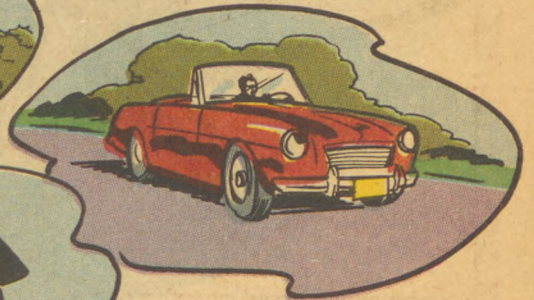
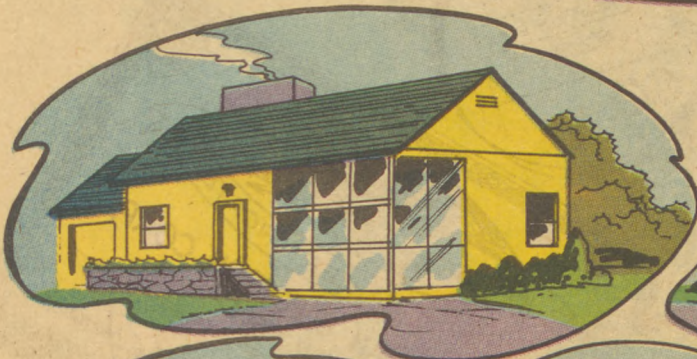
BUSINESS



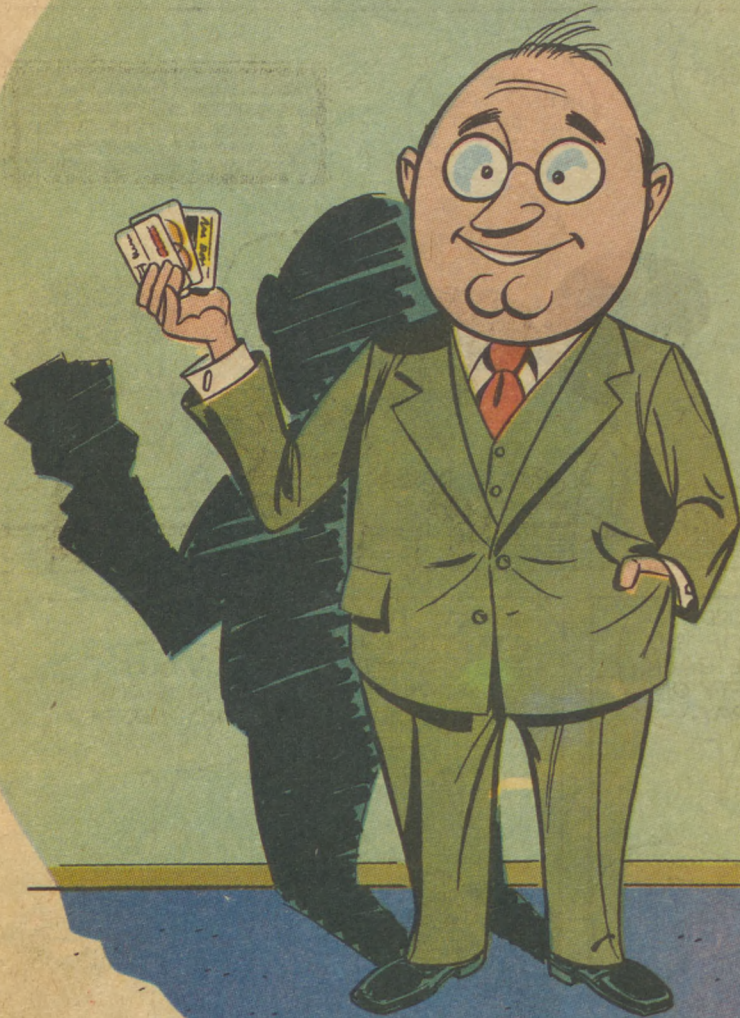
GOVERNMENT

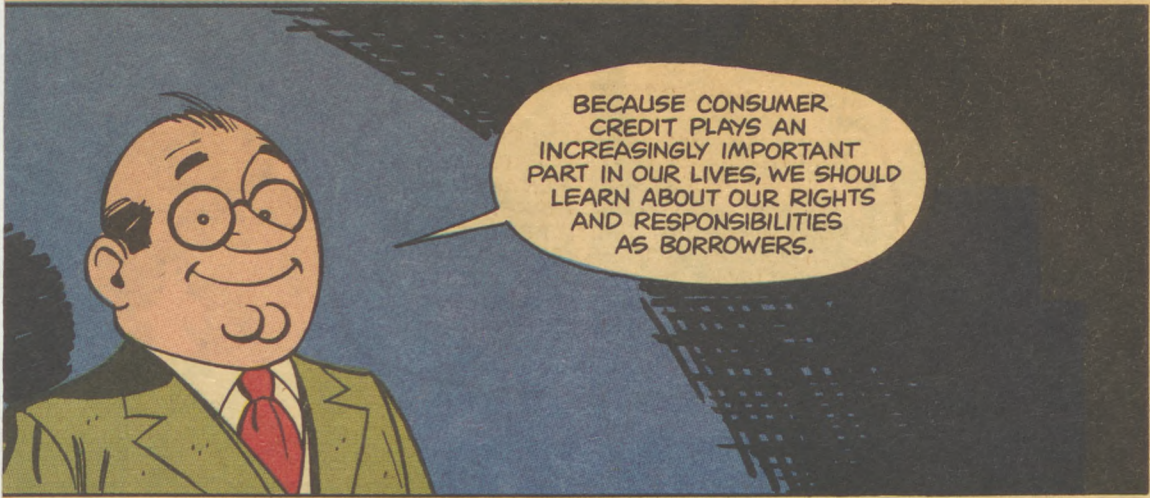


CONSUMERS



BUSINESSES AND GOVERNMENTS
HAVE USED CREDIT FOR CENTURIES, BUT
CONSUMER CREDIT HAS BEEN USED WIDELY
ONLY IN THE PAST 40 YEARS. USING
CREDIT HAS A DUAL IMPACT ON OUR LIVES.
IT ALLOWS US TO ENJOY WHAT WE
WANT NOW, BUT, BECAUSE CREDIT
IS DEBT THAT MUST BE REPAYED, IT
OBLIGATES US TO MAKE FINANCIAL
PLANS FOR THE FUTURE.





BECAUSE CONSUMER CREDIT PLAYS AN INCREASINGLY IMPORTANT PART IN OUR LIVES, WE SHOULD LEARN ABOUT OUR RIGHTS AND RESPONSIBILITIES AS BORROWERS.



BENJI, I FORGOT MY WALLET. LEND ME A DOLLAR?

CAN'T LEND WHAT I DON'T HAVE!



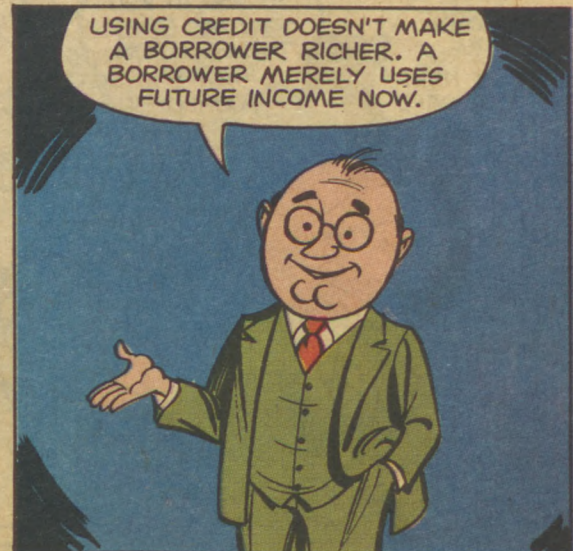
I DON'T LEND MONEY TO GIRLS... THEY'RE NOT DEPENDABLE.

I'LL LEND IT TO YOU, IF YOU PAY ME BACK TWO-FIFTY ON FRIDAY.



WATCH THAT GUY, SHARON. HERE, I'LL TRUST YOU TILL TOMORROW...

WOW! I'M GLAD I ONLY NEEDED A DOLLAR.



LET'S TAKE A LOOK AT A TYPICAL CONSUMER TRANSACTION. SINCE JACK'S OLD CAR WON'T LAST MUCH LONGER, HE NOW FACES AN IMPORTANT DECISION-- WHETHER TO USE CREDIT FOR A NEW CAR.

I'M GOING TO BE LATE FOR WORK AGAIN!



JACK HAS SOME SAVINGS, BUT NOT ENOUGH TO BUY A CAR. BESIDES, HE KNOWS HE CAN'T WAIT TO SAVE UP THE REST AND WOULD RATHER KEEP PART OF HIS SAVINGS FOR AN EMERGENCY.



JACK SHOPS AROUND FOR THE CAR HE WANTS AND CAN AFFORD.

IF IT RUNS, YOU'VE GOT A DEAL.

BIG SAM'S USED CARS



THEN HE FINDS OUT WHERE HE MIGHT BORROW THE MONEY AND WHAT THE TERMS AND THE COST WILL BE.

I NEED A CAR.

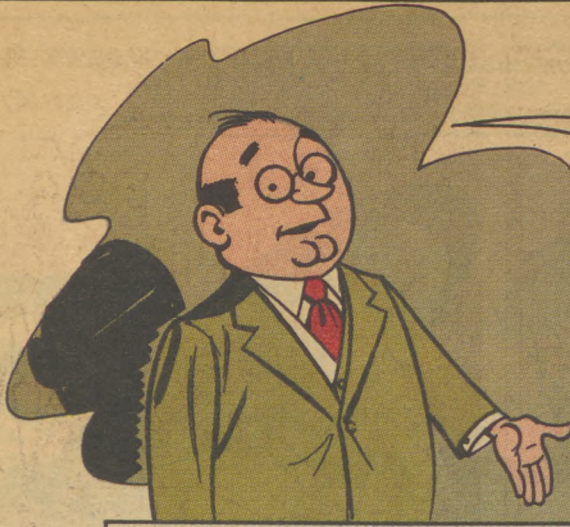
YOU'RE NOT KIDDING. I SAW YOU GETTING PUSHED INTO THE PARKING LOT.



JACK THEN ADDS UP HIS MONTHLY LIVING EXPENSES AND FIGURES HOW MUCH HE WILL HAVE LEFT OVER TO REPAY THE LOAN.

I THINK I CAN SWING IT!





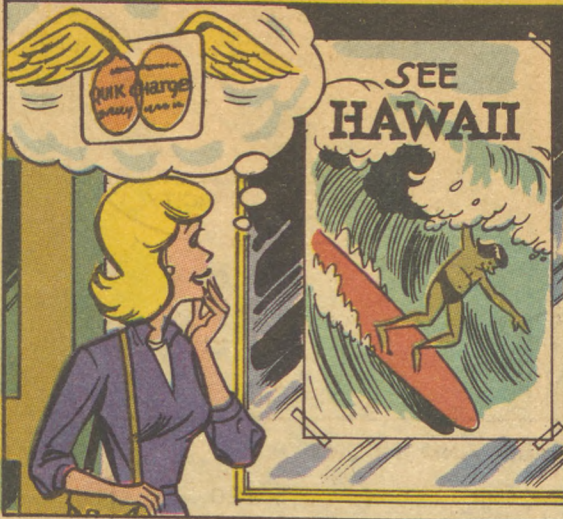
MOST LENDERS EXPECT MONTHLY PAYMENTS. SO, BORROWERS SHOULD DEVELOP A PROFILE OF MONTHLY EXPENSES TO SEE WHAT IS LEFT TO MAKE LOAN PAYMENTS. LOOK AT THE BUDGET BELOW AS AN EXAMPLE OF CALCULATING REPAYMENT CAPACITY.

MONTHLY EXPENSES AND INCOME	
FOOD.....	\$ 320
RENT.....	250
TRANSPORTATION..... (INCLUDING AUTO INSURANCE AND GAS)	77
UTILITIES.....	50
ENTERTAINMENT.....	50
CLOTHING (INCLUDING LAUNDRY).....	25
SAVINGS.....	50
LOAN REPAYMENTS.....	100
OTHER.....	55
	<u>\$ 977</u>
AFTER TAX INCOME.....	1040
EXPENSES.....	<u>977</u>
REPAYMENT CAPACITY.....	\$ 63

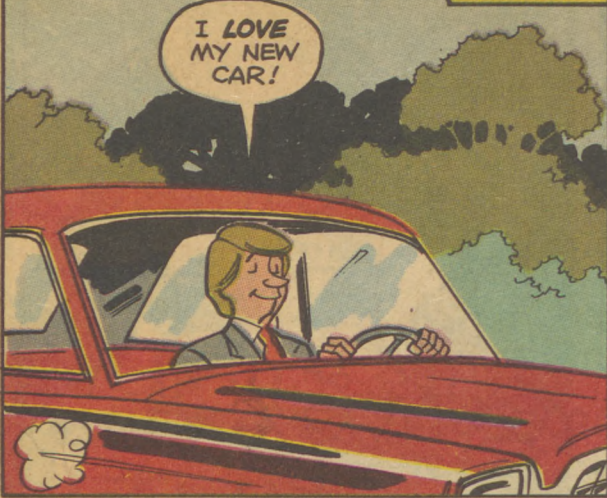
THESE CALCULATIONS ARE A GUIDE ONLY. THEY SHOULD BE USED CAUTIOUSLY BECAUSE YOU MAY NOT BE ABLE TO MEET MONTHLY PAYMENTS WHEN INFLATION IS PUSHING UP THE COST OF BASIC ITEMS, SUCH AS FOOD, FUEL AND HOUSING.



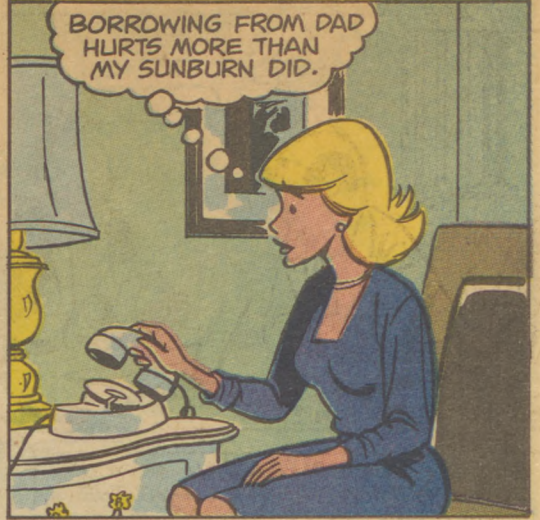
SALLY THE SPENDER IS THE OPPOSITE OF METHODOICAL JACK.



JACK'S CREDIT BUYING GAVE HIM A NEW CAR AND A SENSE OF HAVING MADE A SOUND DECISION.



SALLY'S CREDIT BUYING GAVE HER A GREAT VACATION, BUT A HEADACHE.



GENERALLY, BORROWERS MUST HAVE A CREDIT RECORD THAT HELPS LENDERS JUDGE THEM AS CREDIT RISKS. ESTABLISHING THIS HISTORY TAKES TIME AND PATIENCE.



A GOOD FIRST STEP IS SETTING UP SAVINGS AND CHECKING ACCOUNTS TO SHOW LENDERS YOU CAN HANDLE MONEY.



YOU MIGHT PUT UP YOUR SAVINGS AS SECURITY AGAINST A SMALL LOAN. "PASS-BOOK" LOANS ARE USUALLY EASIER TO GET AND HAVE A LOWER INTEREST CHARGE.



YOU MIGHT ALSO BUY SOMETHING ON TIME AT A MAJOR STORE...OR APPLY FOR A GASOLINE CREDIT CARD.



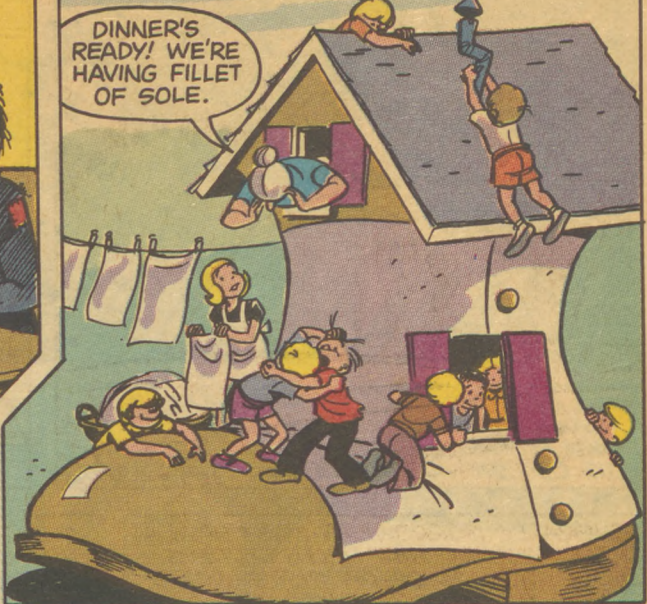
LENDERS CHECK APPLICANTS VERY CAREFULLY, LOOKING FOR THREE BASIC QUALIFICATIONS. FIRST, THEY CONSIDER YOUR CHARACTER-- MAINLY HOW RELIABLE YOU ARE.



FINALLY, YOUR COLLATERAL-- DO YOU OWN ANYTHING VALUABLE THAT THE LENDER CAN SELL TO PAY OFF YOUR LOAN IF YOU FAIL TO REPAY.



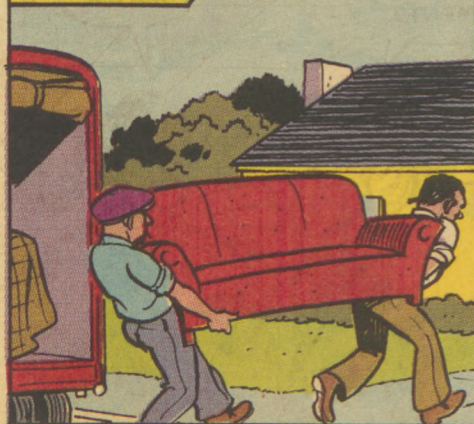
THEN, YOUR CAPACITY-- HOW MUCH YOU EARN, YOUR BASIC EXPENSES, NUMBER OF DEPENDENTS AND ANYTHING AFFECTING YOUR INCOME AND ABILITY TO PAY, LIKE ALIMONY OR CHILD SUPPORT.



IN SPITE OF A GOOD CREDIT RECORD, YOU STILL MIGHT BE TURNED DOWN FOR SEVERAL OTHER REASONS. FOR EXAMPLE, YOU MAY HAVE JUST CHANGED JOBS...



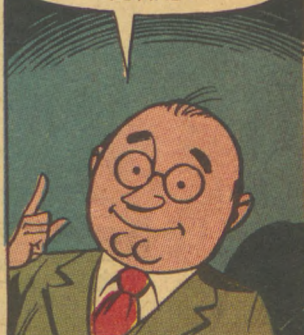
...OR YOU MAY HAVE JUST MOVED. SOME LENDERS REQUIRE TWO OR MORE YEARS AT A JOB OR RESIDENCE.



YOU ALREADY MAY HAVE TOO MANY DEBTS OR MIGHT BE MAKING AN UNREASONABLE REQUEST.



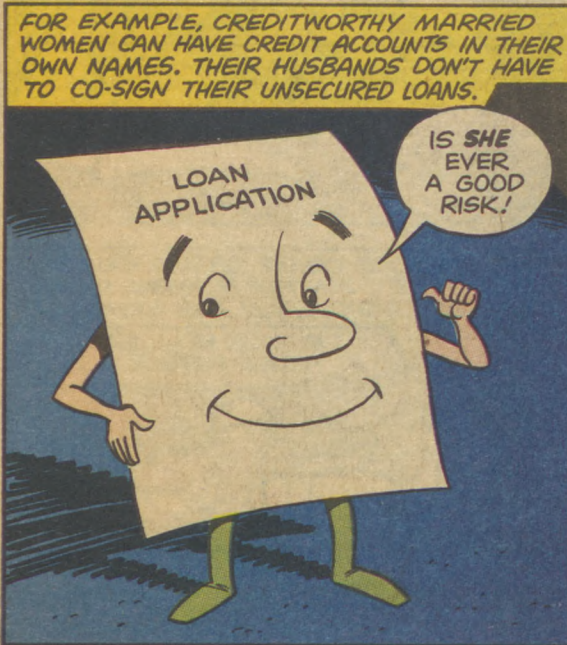
THE LENDER YOU'RE ASKING MAY HAVE STRICTER STANDARDS THAN OTHER CREDITORS OR MAY NOT HAVE FUNDS LEFT FOR CERTAIN TYPES OF LOANS.



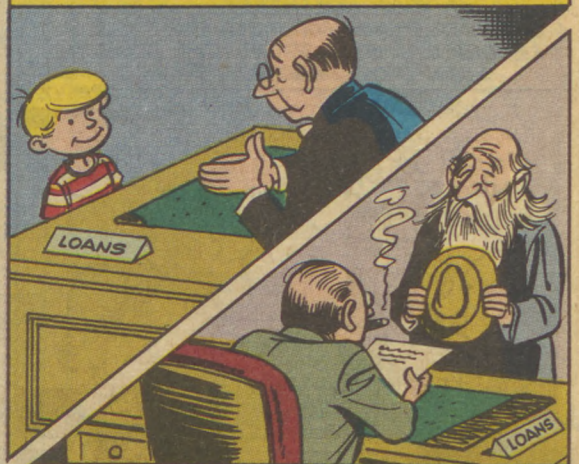
CREDITORS MAY JUDGE YOU ON MANY FACTORS, BUT, LEGALLY, THEY CAN'T TURN YOU DOWN ON THE BASIS OF ANY OF THESE.



FOR EXAMPLE, CREDITWORTHY MARRIED WOMEN CAN HAVE CREDIT ACCOUNTS IN THEIR OWN NAMES. THEIR HUSBANDS DON'T HAVE TO CO-SIGN THEIR UNSECURED LOANS.

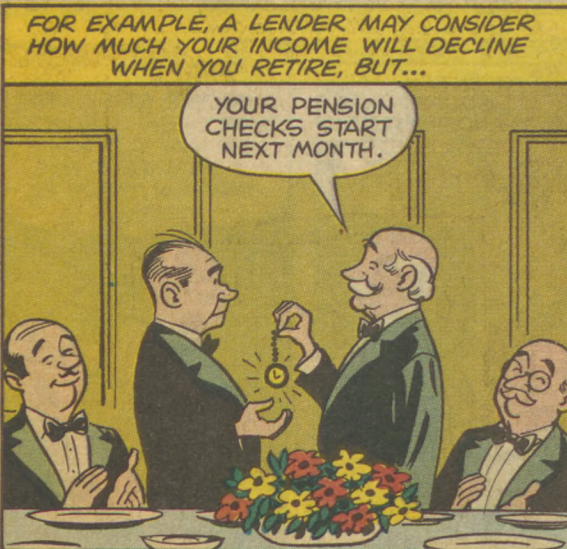


A LENDER MAY ASK YOUR AGE TO BE SURE YOU CAN LEGALLY MAKE A CONTRACT...

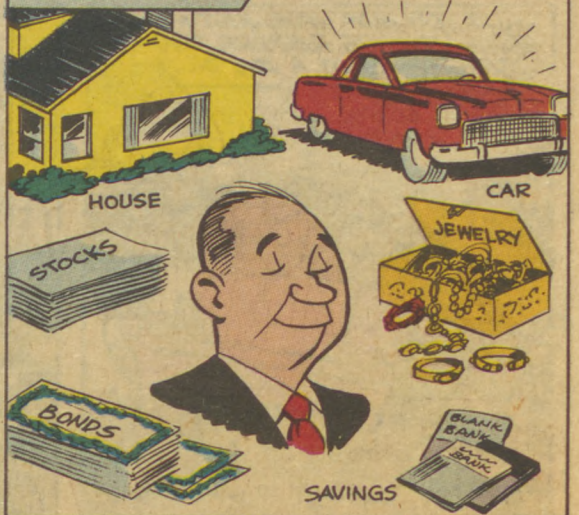


... BUT CANNOT USE YOUR AGE TO TURN YOU DOWN, MAKE YOU REAPPLY FOR AN EXISTING LOAN OR IGNORE YOUR RETIREMENT INCOME.

FOR EXAMPLE, A LENDER MAY CONSIDER HOW MUCH YOUR INCOME WILL DECLINE WHEN YOU RETIRE, BUT...



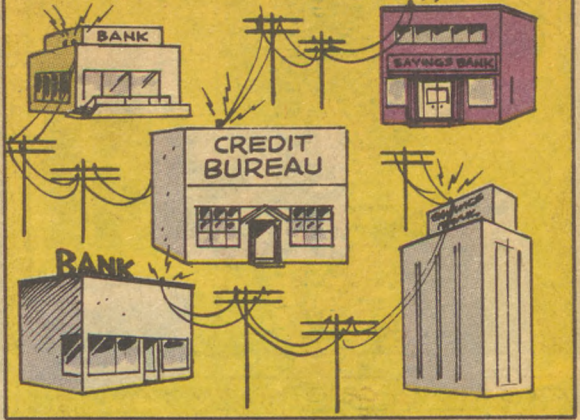
... MUST ALSO CONSIDER ALL OF THE OTHER STANDARDS OF CREDITWORTHINESS, SUCH AS COLLATERAL.



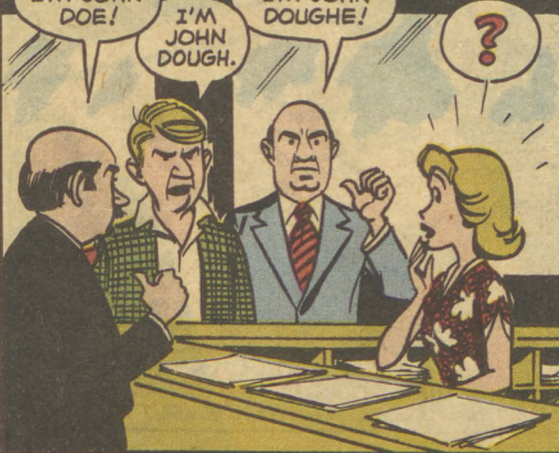
THE LENDER MUST APPROVE OR DENY YOUR APPLICATION IN WRITING WITHIN 30 DAYS. IF YOU'RE TURNED DOWN, THE LETTER SHOULD EXPLAIN WHY OR STATE THAT YOU HAVE A RIGHT TO BE TOLD. BE SURE TO FIND OUT WHY!



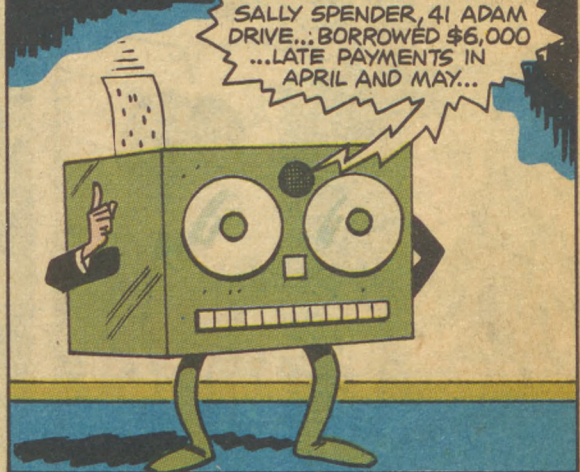
YOU MAY BE TURNED DOWN BECAUSE OF A REPORT BY A CREDIT BUREAU OR REPORTING AGENCY - INFORMATION GATHERING SERVICES MANY LENDERS USE TO CHECK HOW YOU'VE HANDLED DEBTS IN THE PAST.



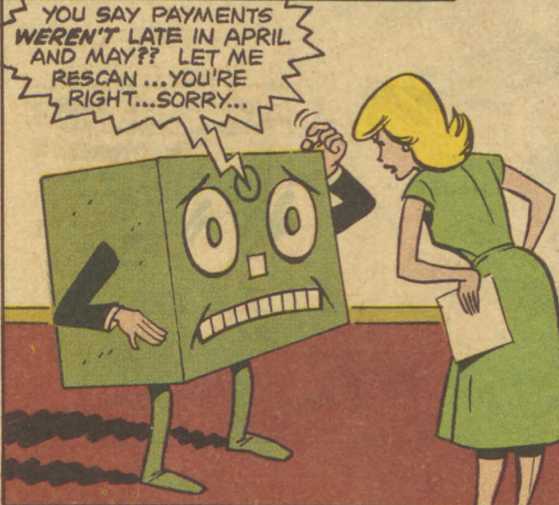
FOR EXAMPLE, A MIX-UP IN NAMES COULD PUT UNFAVORABLE INFORMATION ABOUT SOMEONE ELSE IN YOUR FILE, CAUSING A LENDER TO DENY YOU CREDIT.



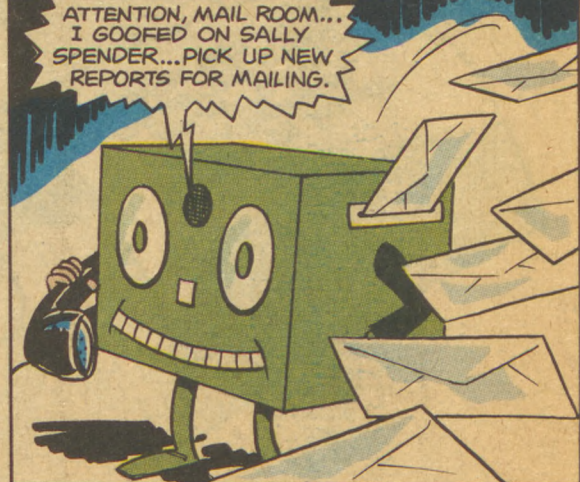
FEDERAL LAW SAYS THE CREDIT BUREAU MUST TELL YOU ABOUT THE INFORMATION IN YOUR FILE, AND, IF A MISTAKE IS FOUND...



...THE BUREAU MUST RECHECK THE INFORMATION AND EITHER CORRECT OR REMOVE IT.



AT YOUR REQUEST, REVISED REPORTS MUST BE SENT TO EVERYONE WHO REQUESTED YOUR FILE IN THE PREVIOUS SIX MONTHS.



YOU CAN ARRANGE TO VISIT A CREDIT BUREAU EASILY, USUALLY BY PHONE.

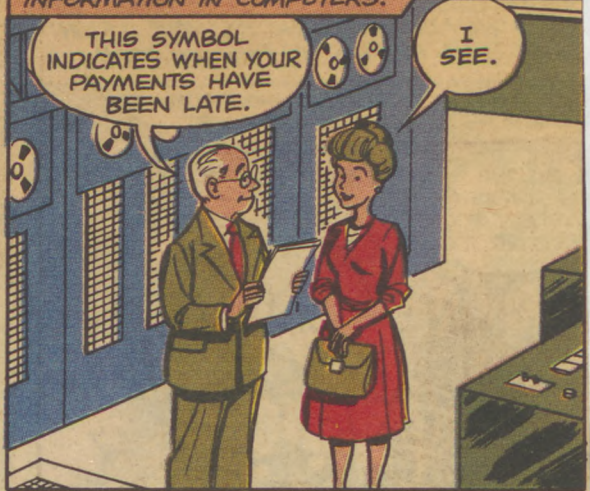
I'D LIKE AN APPOINTMENT TO REVIEW MY FILE... NO, I DON'T HAVE A COMPLAINT!



SOMEONE AT THE BUREAU PROBABLY WILL HAVE TO EXPLAIN THE CODES USED TO KEEP INFORMATION IN COMPUTERS.

THIS SYMBOL INDICATES WHEN YOUR PAYMENTS HAVE BEEN LATE.

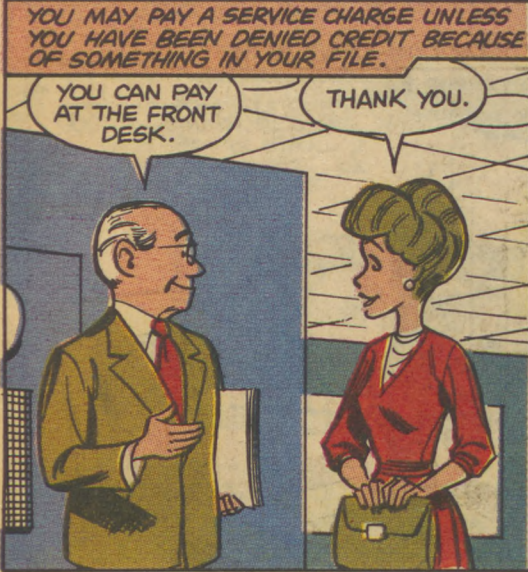
I SEE.



YOU MAY PAY A SERVICE CHARGE UNLESS YOU HAVE BEEN DENIED CREDIT BECAUSE OF SOMETHING IN YOUR FILE.

YOU CAN PAY AT THE FRONT DESK.

THANK YOU.



THE REPORT WILL CONTAIN SOME FAIRLY ROUTINE DATA AS WELL AS...

NAME: WENDY GORDON
ADDRESS: 3301 LINCOLN AVE.
WYCKOFF, N. J. 07482
BORN 1943
SOCIAL SECURITY NUMBER
147-30-7609

EMPLOYER: HUDSON TEXTILE
COMPANY, WESTPORT AVE.
JONESVILLE, N. J. 07487
EMPLOYED: 1974

WYCKOFF BANK
MORTGAGE ASSUMED
IN 1972, \$15,000

OUTSTANDING COURT
JUDGMENT TO PAY
\$15,000 DAMAGES IN
AUTO ACCIDENT

UNO CREDIT-PERSONAL LOAN
3-YEAR CONTRACT
1973-\$3000

MAXIE'S DEPARTMENT STORE
CREDIT ACCOUNT-1976-
HIGHEST AMOUNT
OUTSTANDING \$700
CURRENT BALANCE \$53

VIVE CHARGE CARD
1975-LIMIT \$900
\$150 OUTSTANDING

...DATA ABOUT YOUR BACKGROUND AND YOUR BORROWING AND REPAYMENTS, INCLUDING LATE PAYMENTS.

THIS INFORMATION GIVES LENDERS A GOOD PICTURE OF WHO YOU ARE AND HOW WELL YOU PAY YOUR BILLS.

ANY DATA YOU DISPUTE MUST BE INVESTIGATED AND CORRECTED, IF WRONG. IF THE DISPUTE ISN'T RESOLVED, YOU CAN PUT A STATEMENT IN YOUR FILE EXPLAINING YOUR SIDE. YOU MAY ALSO WANT TO EXPLAIN LATE PAYMENTS CAUSED BY PROBLEMS SUCH AS ILLNESS OR LAY-OFFS.

BILLING ERRORS CAN AFFECT YOUR RECORD, TOO.



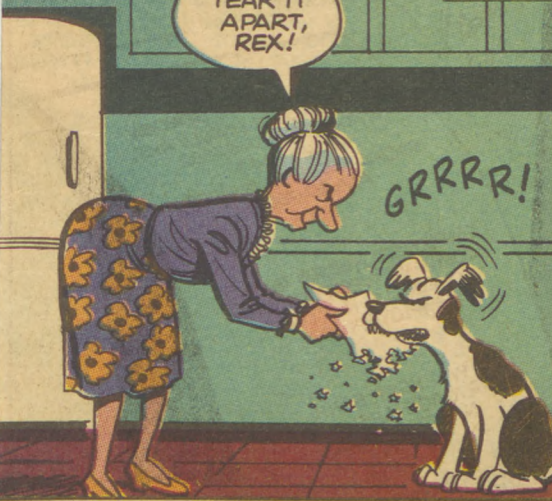
CREDIT CARD BILLING ERRORS CAN BE A HEADACHE, BUT THE LAW OUTLINES HOW TO RESOLVE THEM.



GETTING ANGRY OR IGNORING THE BILL WON'T HELP.

TEAR IT APART, REX!

GRRRR!



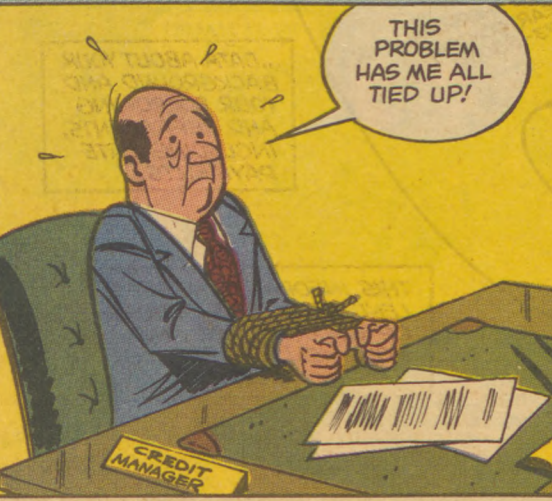
PUT YOUR COMPLAINT IN WRITING.

"HOW DARE YOU SADDLE ME WITH THIS OUTRAGEOUS BILL."

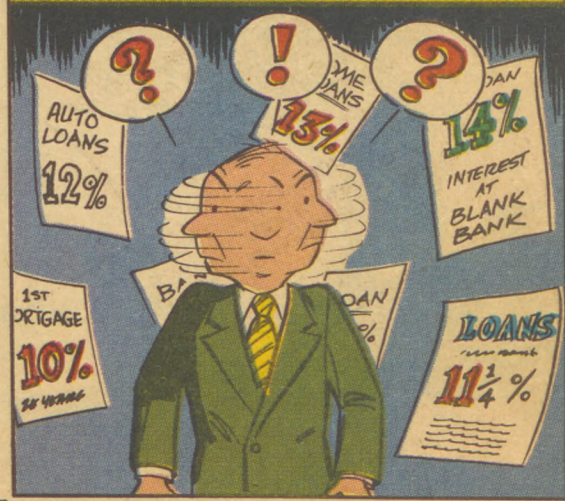


THE LENDER CANNOT ALTER YOUR CREDIT RECORD UNTIL THE DISPUTE IS SETTLED, WHICH MUST BE DONE WITHIN 90 DAYS AT MOST.

THIS PROBLEM HAS ME ALL TIED UP!

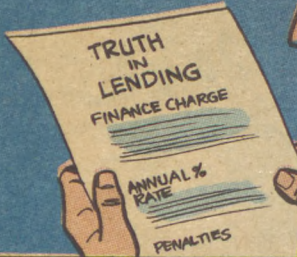


SHOP FOR CREDIT AS CAREFULLY AS ANYTHING ELSE. IT'S AS IMPORTANT TO BE CREDIT-SMART AS IT IS TO BE CREDITWORTHY.



FEDERAL LAW SIMPLIFIES COMPARING CREDIT COSTS BY REQUIRING LENDERS TO REVEAL TWO IMPORTANT NUMBERS—THE FINANCE CHARGE AND THE ANNUAL PERCENTAGE RATE.

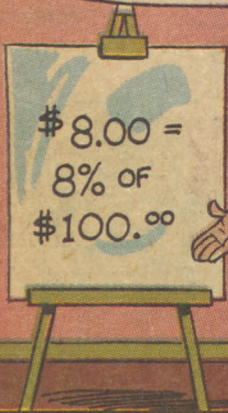
AHH, THAT'S EASIER.



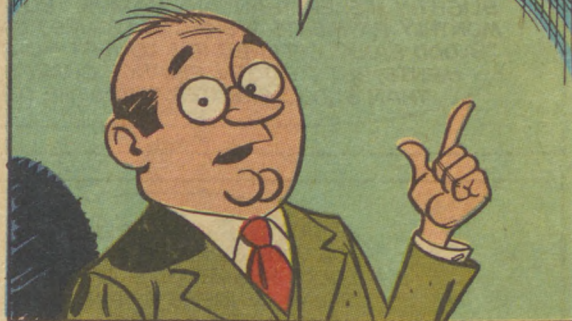
THE FINANCE CHARGE IS THE LOAN'S TOTAL DOLLAR-AND-CENTS PRICE TAG. THE FINANCE CHARGE ON A 1-YEAR \$100 LOAN AT 9%, FOR EXAMPLE, MIGHT COST \$10--\$9 INTEREST PLUS A \$1 SERVICE CHARGE.



THE ANNUAL PERCENTAGE RATE IS THE KEY TO COMPARING THE COST OF BORROWING MONEY FOR A YEAR. FOR EXAMPLE, \$8 INTEREST ON A \$100 LOAN REPAYED AT THE END OF A YEAR EQUALS 8 PERCENT. THAT'S A SIMPLE COMPARISON...



...BUT, IF YOU REPAY THE \$100 AND THE FINANCE CHARGE (A TOTAL OF \$108) IN 12 MONTHLY INSTALLMENTS OF \$9 EACH, YOU HAVE THE USE OF LESS THAN \$100 EACH MONTH. SINCE YOU'RE STILL PAYING 8 PERCENT OF THE FULL \$100 EACH MONTH (BUT DON'T HAVE USE OF THE FULL AMOUNT), YOU'RE ACTUALLY PAYING AN ANNUAL PERCENTAGE RATE (APR) OF ABOUT 14.5%



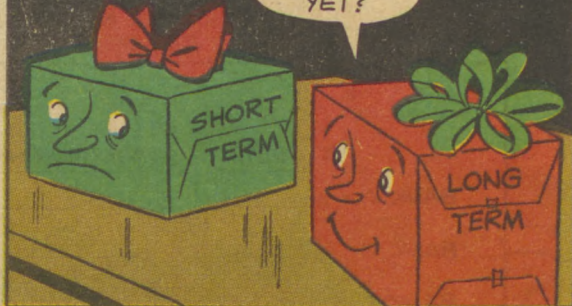
LENDERS WHO SUPPLY OPEN-END CREDIT, SUCH AS CREDIT CARDS, MUST DESCRIBE THE METHOD USED TO CALCULATE FINANCE CHARGES AND WHEN THOSE CHARGES BEGIN.

$A+B=C \times R=T?$
 $2+2=4$
 $E=MC^2?$

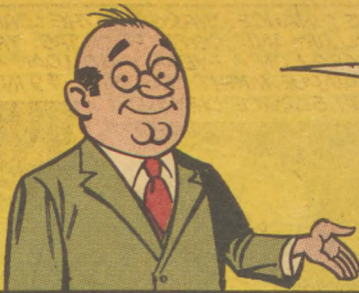


LOANS COME IN ALL KINDS OF PACKAGES. SOME ARE PAID BACK FAST AND HAVE HIGHER MONTHLY PAYMENTS BUT LOWER TOTAL COST.

IS IT XMAS YET?



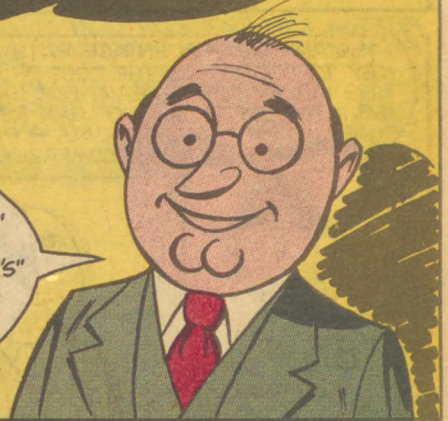
LONGER TERM LOANS HAVE SMALLER MONTHLY PAYMENTS, BUT COST MORE OVERALL. YOUR CHOICE DEPENDS ON YOUR MONTHLY BUDGET AND HOW MUCH YOU'RE WILLING TO PAY. IT'S WISE TO SHOP AROUND BECAUSE DIFFERENT LENDERS HAVE DIFFERENT RATES.



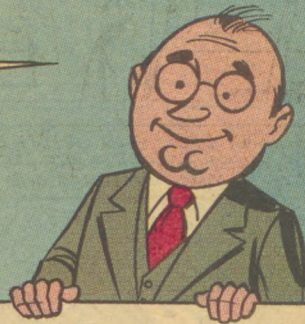
SINCE INTEREST RATES AND TERMS VARY, HOW DO YOU FIND THE BEST DEAL? THAT DEPENDS ON WHAT YOU'RE LOOKING FOR—A LONGER REPAYMENT PERIOD AND LOWER MONTHLY PAYMENTS OR A LOWER FINANCE CHARGE. LET'S LOOK AT HOW JACK SHOPPED FOR HIS \$5,000 CAR LOAN.

	RATE	TIME (MONTHS)	MONTHLY PAYMENTS	TOTAL FINANCE CHARGES	TOTAL COST
ANY BANK	12%	3 YRS. (36)	\$166.07	\$978.52	\$5978.52
BLANK BANK	18%	2 YRS. (24)	\$249.62	\$990.88	\$5990.88
BLOOD BANK	18%	4 YRS. (48)	\$146.87	\$2049.76	\$7049.76

"ANY BANK" OFFERED THE LOWEST ANNUAL PERCENTAGE RATE (APR), BUT ITS REPAYMENT SCHEDULE WAS A YEAR LONGER THAN "BLANK BANK'S." THE TOTAL COST OF "BLANK BANK'S" LOAN WAS ONLY SLIGHTLY HIGHER THAN "ANY BANK'S," BUT "BLANK BANK'S" MONTHLY PAYMENTS WERE THE HIGHEST OF THE THREE. "BLOOD BANK" OFFERED THE LOWEST MONTHLY PAYMENTS, BUT ITS TOTAL FINANCE CHARGE WAS MORE THAN \$1,000 GREATER THAN THE OTHERS.

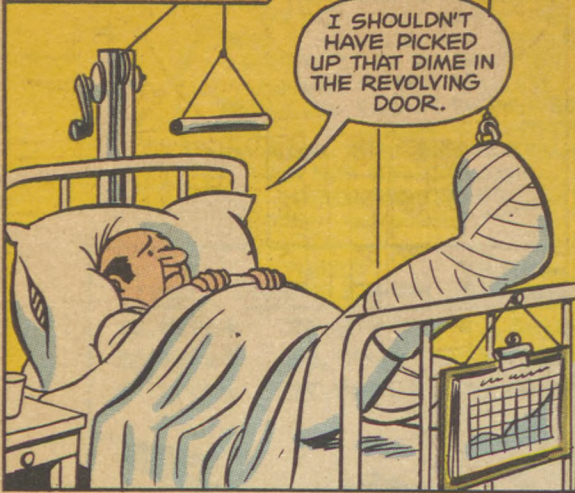


TRY THIS COMPARISON ON YOUR OWN. CHECK YOUR LOCAL NEWSPAPERS OR VISIT SOME LENDERS TO FIND OUT WHAT INTEREST RATES AND TERMS THEY OFFER, AND FILL OUT THE TABLE BELOW.

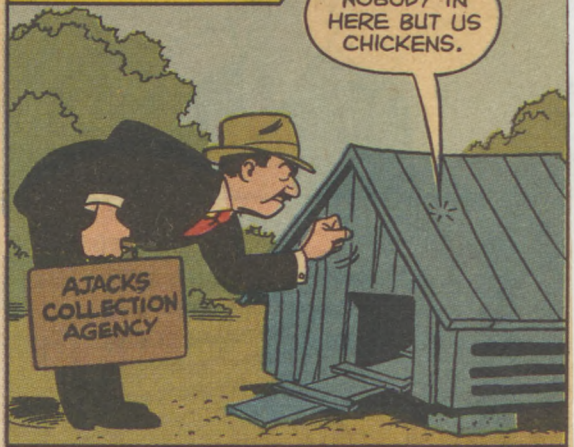


	RATE	TIME (MONTHS)	MONTHLY PAYMENTS	TOTAL FINANCE CHARGES	TOTAL COST
BANK A	_____	_____	_____	_____	_____
BANK B	_____	_____	_____	_____	_____
BANK C	_____	_____	_____	_____	_____

ONCE YOU'VE TAKEN ON A DEBT, PROBLEMS SUCH AS LOSS OF A JOB OR ILLNESS CAN MAKE YOU MISS PAYMENTS.



IF YOU DON'T MAKE PAYMENTS ON TIME, YOU MAY BE CONTACTED BY A DEBT COLLECTOR— SOMEONE WHO COLLECTS DEBTS FOR OTHERS OR A LENDER WHO COLLECTS DEBTS UNDER NAMES OTHER THAN HIS OWN.



FEDERAL LAW PROHIBITS DEBT COLLECTORS FROM USING CERTAIN PRACTICES.



FOR EXAMPLE, THEY CAN CONTACT YOUR FRIENDS AND RELATIVES—BUT ONLY TO FIND OUT WHERE YOU LIVE. COLLECTORS CANNOT REVEAL HOW MUCH YOU OWE...

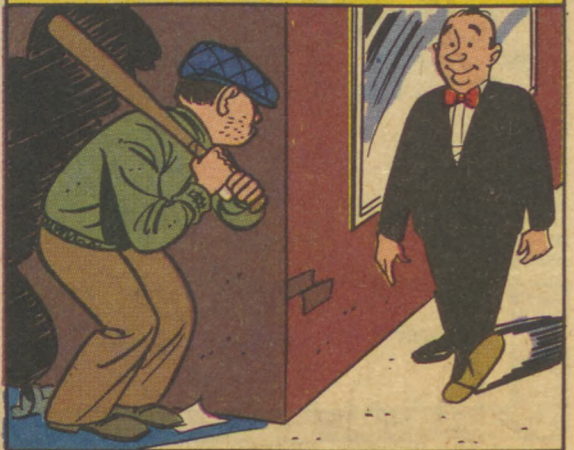
...NOR CONTACT YOU IN THE MIDDLE OF THE NIGHT...



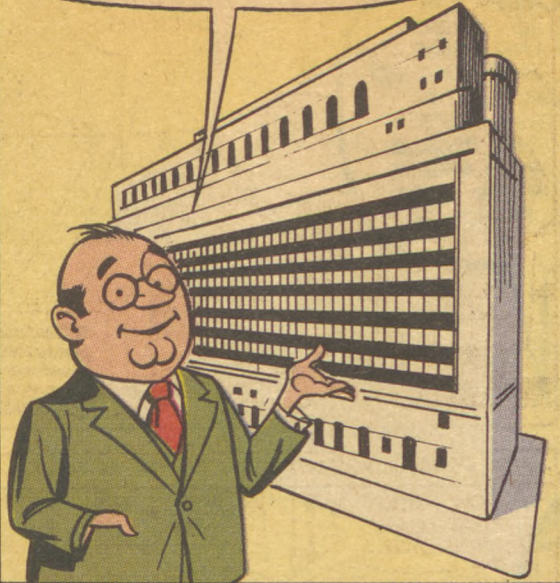
...USE THREATS, OBSCENE LANGUAGE OR ANNOYING PHONE CALLS, NOR PUBLICIZE YOUR DEBT.



CERTAIN LENDERS OPERATE OUTSIDE OF LAWS AND REGULATIONS, AND THEIR COLLECTION PRACTICES CAN BE DANGEROUS TO YOUR HEALTH. DEAL ONLY WITH REPUTABLE CREDITORS.

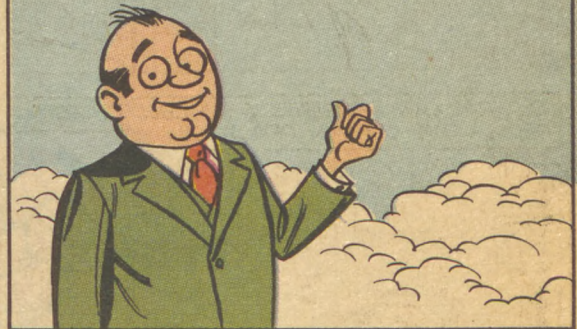
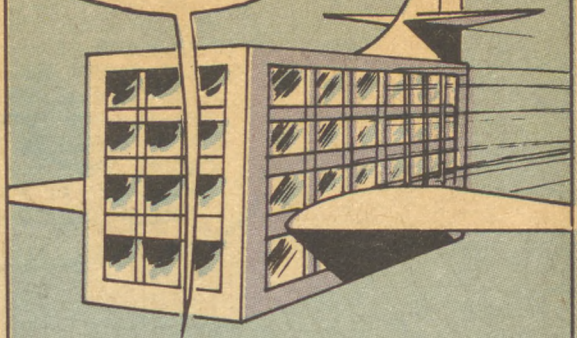


BECAUSE OF THE FEDERAL RESERVE SYSTEM'S EXPERIENCE WITH CREDIT, CONGRESS GAVE IT RESPONSIBILITY FOR WRITING MOST OF THE CONSUMER CREDIT REGULATIONS.



HOWEVER, MANY DIFFERENT FEDERAL AGENCIES ADMINISTER THESE REGULATIONS AND HANDLE COMPLAINTS.

FOR EXAMPLE, THE CIVIL AERONAUTICS BOARD DEALS WITH AIRLINE CREDIT MATTERS.



IF YOU HAVE A CONSUMER CREDIT COMPLAINT OR BELIEVE YOU HAVE BEEN TREATED UNFAIRLY, TRY TO RESOLVE THE PROBLEM WITH THE LENDER.

HOW COME YOU TURNED DOWN MY LOAN? I WORK FULL TIME AS A **SPARRIN' PARTNER!**

I'M SORRY, BUT THAT'S BANK POLICY... NO COLLATERAL... NO LOAN!



IF YOU CANNOT RESOLVE THE PROBLEM AND ARE UNSURE OF WHICH AGENCY SHOULD HANDLE YOUR COMPLAINT, SEND IT TO THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE IN WASHINGTON, D.C., WHICH WILL SEND IT ON TO THE APPROPRIATE AGENCY.

I HOPE THIS GETS RESULTS!



SINCE 1968, CONGRESS HAS TAKEN MANY STEPS TO PROTECT CONSUMERS SEEKING AND USING CREDIT. THESE STEPS HAVE CREATED A KIND OF CONSUMER BILL OF RIGHTS. HOWEVER, THEY DON'T GUARANTEE THAT YOU WILL RECEIVE CREDIT. THE ONLY WAY TO ASSURE YOUR ABILITY TO BORROW IS TO KEEP A GOOD CREDIT RATING.



TYPES OF CONSUMER CREDIT

INSTALLMENT SALES CREDIT-A LOAN WHICH ALLOWS THE CONSUMER TO RECEIVE MERCHANDISE, USUALLY HIGH-PRICED ITEMS SUCH AS REFRIGERATORS OR FURNITURE. THE CONSUMER MAKES A DOWN PAYMENT AND USUALLY SIGNS A CONTRACT TO REPAY THE BALANCE, PLUS INTEREST AND SERVICE CHARGES, IN EQUAL INSTALLMENTS OVER A SPECIFIED PERIOD.

INSTALLMENT CASH CREDIT-A DIRECT LOAN OF MONEY FOR PERSONAL PURPOSES, HOME IMPROVEMENTS OR VACATION EXPENSES. NO DOWN PAYMENT IS MADE, AND PAYMENTS ARE MADE IN SPECIFIED AMOUNTS OVER A SET PERIOD.

SINGLE LUMP SUM CREDIT-A LOAN TO BE REPAYED IN TOTAL ON A SPECIFIED DAY. LUMP SUM CREDIT IS USUALLY USED TO PURCHASE A SINGLE ITEM.

OPEN-END OR REVOLVING CREDIT-A FORM OF CREDIT USED BY MANY RETAILERS. CUSTOMERS CAN PURCHASE GOODS AT ANY TIME UP TO A FIXED DOLLAR LIMIT. USUALLY, THERE IS AN OPTION OF PAYING IN FULL WITHIN 30 DAYS WITHOUT INTEREST CHARGES OR... REPAYMENT IS MADE IN STATED MONTHLY INSTALLMENTS BASED ON THE ACCOUNT BALANCE PLUS INTEREST.

SERVICE CREDIT-A LOAN WHICH ALLOWS THE CUSTOMER TO PAY FOR SERVICES AFTER THEY ARE USED. DOCTORS, DENTISTS AND UTILITY COMPANIES ARE AMONG THOSE EXTENDING SERVICE CREDIT.

SPECIAL BANK CREDIT PLANS-A PRE-ARRANGED LOAN FOR A SPECIFIC AMOUNT WHICH THE CONSUMER CAN USE ALL OR PART OF BY WRITING A CHECK. REPAYMENT IS MADE IN INSTALLMENTS OVER A SET PERIOD. FINANCE CHARGES ARE BASED ON THE AMOUNT USED DURING THE MONTH AND THE OUTSTANDING BALANCE.

CREDIT CARD LOANS-A LOAN THE CONSUMER RECEIVES BY USING A CREDIT CARD. PLANS VARY CONSIDERABLY. SOME CARDS ARE ISSUED FREE; OTHERS REQUIRE AN ANNUAL FEE. SOME ARE USABLE IN A SINGLE STORE; OTHERS ARE USABLE INTERNATIONALLY. SOME ARE REPAYED IN FULL EACH MONTH; OTHERS IN MINIMUM MONTHLY INSTALLMENTS BASED ON THE AMOUNT OUTSTANDING.

FEDERAL ENFORCEMENT AGENCIES

National Banks

Comptroller of the Currency
Consumer Affairs Division
Washington, D.C. 20219

State Member Banks

Federal Reserve Bank serving the district in which the State member bank is located.

Nonmember Insured Banks

Federal Deposit Insurance Corporation
Regional Director for the region in which the nonmember insured bank is located.

Savings Institutions Insured by the FSLIC and Members of the FHLB System (except for Savings Banks insured by FDIC)

The Federal Home Loan Bank Board Supervisory Agent in the district in which the institution is located.

Federal Credit Unions

Regional Office of the National Credit Union Administration serving the area in which the Federal Credit Union is located.

Creditors Subject to Civil Aeronautics Board

Director, Bureau of Enforcement
Civil Aeronautics Board
1825 Connecticut Avenue, N.W.
Washington, D.C. 20428

Creditors Subject to Interstate Commerce Commission

Office of Proceedings
Interstate Commerce Commission
Washington, D.C. 20523

Creditors Subject to Packers and Stockyards Act

Nearest Packers and Stockyards Administration area supervisor.

Small Business Investment Companies

U.S. Small Business Administration
1441 L Street N.W.
Washington, D.C. 20416

Brokers and Dealers

Securities and Exchange Commission
Washington, D.C. 20549

Federal Land Banks, Federal Land Bank Associations, Federal Intermediate Credit Banks and Production Credit Association

Farm Credit Administration
490 L'Enfant Plaza, S.W.
Washington, D.C. 20578

Mortgage Bankers, Consumer Finance Companies, and All Other Creditors

FTC Regional Office in which the creditor operates or
Federal Trade Commission
Equal Credit Opportunity
Washington, D.C. 20580

All complaints may be referred to Civil Rights
Division of the Department of Justice,
Washington, D.C. 20530.

OTHER FEDERAL RESERVE CONSUMER PAMPHLETS

Consumer Credit Terminology Handbook
Fair Debt Collection Practices
Your Credit Rating
Your Credit Rating (Spanish)
The Equal Credit Opportunity Act and Credit Rights in Housing
The Equal Credit Opportunity Act and Age
The Equal Credit Opportunity Act and Women
The Equal Credit Opportunity Act and Incidental Credit
How to File a Consumer Credit Complaint
Fair Credit Billing
If You Borrow to Buy Stock
Truth in Leasing
What Truth in Lending Means to You
How the New Equal Credit Opportunity Act Affects You
How to Establish and Use Credit
If You Use a Credit Card
The Rule of 78's
Consumer Handbook to Credit Protection Laws
On Using Credit
Credit-ability

WRITE TO:

FEDERAL RESERVE BANK OF NEW YORK

Public Information Department

33 Liberty Street • New York, N.Y. 10045



Consumer _____
Credit _____
Information _____

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FEDERAL RESERVE BANK OF NEW YORK

Public Information Department

33 Liberty Street • New York, N.Y. 10045