



PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

FOR IMMEDIATE RELEASE
May 27, 2009

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Buyer Beware: Tips from the FDIC on How to Protect Against Foreclosure Frauds, Easy Money Schemes and Other Costly Deals

Other Topics in the Latest FDIC Consumer News Include the Extension of \$250,000 Deposit Insurance, More About Mortgage Modification Programs, and Shopping for a CD

Many people concerned about their mortgage, their job or their finances may be especially vulnerable to scams and other costly "fixes" for their problems. The Federal Deposit Insurance Corporation today issued a variety of tips to help consumers be on guard financially in the current economy. The advice was published in the Spring 2009 issue of ***FDIC Consumer News***, the agency's quarterly newsletter for consumers. Among the topics covered:

- Our latest tips for protecting against foreclosure rescue and loan modification scams that target homeowners having difficulty making their monthly mortgage payments;
- A warning about frauds promising easy money -- supposedly from the government's economic stimulus package or from lenders or employers -- but ending with the victims losing money instead;
- Examples of financial services that sound good but may come with heavy fees, such as certain programs to cover overdrafts (bounced checks or other withdrawals that would deplete a bank account) and credit cards advertised to help repair a damaged credit history;
- Potential risks and costs associated with blank "convenience checks" that credit card companies send to their customers offering a quick way to write a loan, pay



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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bills or transfer another debt to their account; and

- Why an advertised interest rate on a short-term certificate of deposit (CD) that is far above the competition could be a marketing ploy by a non-bank company trying to sell uninsured, long-term investments that may not be in the consumer's best interest.

The latest issue also notes that, on May 19, Congress extended the temporary federal deposit insurance limit of \$250,000 per depositor through December 31, 2013. This is important news, especially for people who have or plan to place long-term deposits, because the insurance limit would have reverted back to \$100,000 per depositor on January 1, 2010, if Congress did not authorize the extension.

Other timely articles describe the Obama Administration's program for lowering monthly mortgage payments through refinancing opportunities and loan modifications; various tips on shopping for a CD; and an FDIC legal opinion clarifying the deposit insurance coverage of a pre-paid card if the bank holding the money for the card fails.

The Spring 2009 issue can be read or printed at www.fdic.gov/consumers/consumer/news/cnspr09.

The goal of ***FDIC Consumer News*** is to deliver timely, reliable and innovative tips and information about financial matters, free of charge. Current and past issues, including special editions, are online at www.fdic.gov/consumernews.

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