

Is your bank treating you like a Second Class Citizen?

These are the signs of the times that we currently live in, especially if you are dealing with a bank for your financial needs:

- Bank tellers and customer service representatives that treat you like if you are in interruption to them, and they address you as “sir” or “ma’am” in a surly, abrupt or otherwise disrespectful manner.
- Banks that play with your checking account to pay the highest item first so that you are overdrawn.
- Increasing fees for use of your debit card or other services.
- Despite your good credit, you are turned down for an auto loan, a credit card, or even a mortgage.
- Payments on your loans, credit cards or mortgages are not applied properly.
- Payments that are not even accepted if you are one second late.
- Banks that either jack up your interest rate, lower your credit limit on your credit card, or a combination of the two, often times without warning.
- Your bank or mortgage lender threatening you with foreclosure proceedings even though your mortgage loan is current.
- If you are struggling with your mortgage, your bank or mortgage lender flatly refuses to listen to you and dangles the threat of foreclosure against you.
- If you happen to have a Home Equity Line of Credit (HELOC), your bank lowers your HELOC limit based on what the banks say is the appraised value of your home. *After all, bank ordered appraisals are often biased towards the lender, and the lender will look to any way to lower your HELOC limit. (This is why if you intend to refinance, get your own appraisal first before you apply).*
- You are trying to refinance your mortgage and your request is declined. *Again, bank ordered appraisals are often biased towards the lender.*
- Your bank does not care about you, period.

The good news is that you do not have to put up with this kind of treatment from your unfriendly bank. Fortunately, there is an alternative out there without having to resort to check cashing services and/or payday loans for your everyday financial needs, and that alternative is a credit union.

What is a credit union? Simply stated, a credit union is a financial cooperative which is owned by its membership. When you open an account at a credit union, you are not just a member – you are also a part owner of the credit union. In essence, a credit union ultimately reports to its membership, not to stockholders like at a bank.

You will be also surprised at what you will find at a credit union:

- Staff that cares about you and will take the time to answer your questions or resolve any problems that may occur.
- Lower loan interest rates.

- Low to no-fee checking and savings accounts (hey, if you set up direct deposit of your paycheck to your credit union account more than likely your fees will be waived).
- The better credit unions have mortgage products such as first mortgages, home equity loans and home equity lines of credit all at better interest rates (and better qualification criteria).
- Need to build a good credit history or do you need to rebuild your credit history after a major event such as a foreclosure or bankruptcy? Your credit union can help you establish or re-establish your credit (and practicing good credit habits such as paying your loans on time will help you in the long run). *Try to find this at your unfriendly bank!*
- Fee free ATM access to your funds.
- You can transact your business the way you like: Online, by telephone or the plain old-fashioned way at your credit union branch. And you don't have to fear about being charged a fee for dealing with a teller at your credit union, unlike what you would fear at a bank.
- If you need a loan such as an auto loan, you can even telephone or go online to get pre-approved – after all, there is practically no need to take precious time away from work (where nine times out of ten you are not paid for time off depending on who you work for) to apply for a loan.
- Great competitive rates on credit cards. Some credit union credit cards have a rewards program where you can earn points towards merchandise or travel.
- Better rates on savings products.
- And much, much more!

Sound interesting? You are now asking yourself, “how do I go about joining a credit union in my area?” Credit unions can be found everywhere in America; you might have one or several just right around the corner. In fact, based on who you work for you may have membership privileges at a credit union as part of your employee benefits.

Finding the credit union that's right for you

I know, you are interested in jumping ship on your unfriendly bank. You are asking yourself which credit union would suit your needs.

Got Internet access at home? Or you use the nearest Wi-Fi hotspot with your laptop? You have the most powerful research tool in your hand! Your first place to start looking for a credit union that suits your needs is the National Credit Union Administration (NCUA), an agency of the United States Government that handles everything related to credit unions in the United States. The NCUA is the agency that insures your deposit at a credit union up to \$250,000. Simply go to the NCUA's website at <http://www.ncua.gov>; once there you can use their credit union locator to locate credit unions which are in your area.

While on the NCUA website, you can search by selecting your home state or you can use their advanced search to search for credit unions within your locale. A list of credit unions in your area will appear; clicking on the Info button to the right of the credit union name will give you the name of the credit union, the address of their main office, and much more information including a link to that particular credit union's website.

You will want to go to the website(s) of the credit union(s) that you are interested in. There you will find where branches are located, their operating hours, a listing of the financial products that are offered and much, much more.

A typical credit union offers the following financial services:

- Savings (share) accounts
- Checking (share draft) accounts
- Certificates of Deposit
- Money Market accounts
- Various club accounts such as vacation club, Christmas club, etc.
- Share secured loans
- Automobile loans
- Credit cards (either MasterCard or Visa)
- Specialty loans, such as computer technology loans

The better credit unions also offer mortgage products such as first mortgages, home equity loans and home equity lines of credit (HELOC). Loan rates are better than what you would find at your unfriendly bank. Some credit unions offer safe deposit box service for the storage of your irreplaceable valuables too, usually free for members or at a nominal yearly cost.

As you conduct your search for the credit union that interests you, your first stop should be the membership eligibility requirements. Whoa! What do I have to be a member of to join a credit union?

First and foremost, credit unions don't just take anyone that comes in off the street, like a bank which is open to everyone. A credit union is governed by a legal document called an operating charter; that document spells out who is allowed to join a particular credit union. Moreover, you may be part of a group called a Select Employee Group; a credit union can enter into an agreement with a group such as an employer to offer credit union membership as an employee benefit. It's worth checking out.

Also check out the various fees that the credit union charges. Most credit unions charge account maintenance fees but you may be able to avoid these fees by having your paycheck directly deposited into your account. A loan relationship can also help you save on fees too.

OK. I want to jump from my unfriendly bank's ship. What do I do?

By the time you have got to this section you have found a credit union that suits your needs. You meet the membership requirements and you want to declare your financial independence from your unfriendly bank. What do you do?

It is strongly recommended that you visit the branch of the credit union that you have chosen. Some credit unions let you even join online, but I would strongly recommend visiting the credit union in person so that you can get a feel for the services that are offered.

Once you are at the credit union, you will want to visit the reception desk and let them know that you want to open an account. The receptionist will more than likely direct you to sign in and be

seated in the lobby area. In a short time, a member service representative will greet you and show you into the representative's office.

Once inside the representative will explain to you the various kinds of account products that you are interested in and answer any questions you may have. The representative will begin the membership application process on the computer; at this point you will be asked for your identifying documents such as a passport, passport card, driver's license, etc. to verify your identity as this is required by the USA PATRIOT Act.

You will be asked for your street address (where you live); some credit unions base membership criteria on where you live. If you have a post office box where you receive mail, tell the representative opening your account so that all correspondence from your credit union will find you.

You will also want to bring some money with you to open your accounts. First and foremost, you will be required to have a savings (share) account and you will deposit a small sum – usually \$5.00 – which represents your initial share deposit which cannot be withdrawn for as long as you are a credit union member. If you are opening a checking (share draft) account at the same time you will be required to deposit a small sum into that account to get it funded, as well as ordering checks.

Don't be surprised if your credit union runs a small consumer background check on you. This is not a credit check like you are getting a loan; instead this check is to see if you have had a troubled banking history such as writing bad checks. Perhaps you may have left your unfriendly bank on unfriendly terms and it may show up on the consumer background check the credit union obtains on you as part of the account opening process; if this has happened to you discuss this with the member service representative before beginning the account opening process. More and more credit unions nowadays will let you open an account to help reestablish your banking record; you may have to complete a short financial education class to demonstrate that you can handle an account properly.

The process of opening an account at a credit union takes about 15 minutes on average, so plan accordingly for your schedule. In the end, you will have in your hand a savings and checking account with your credit union! The member service representative will give you paperwork that shows you your account number and receipts for the initial deposits into your accounts. While you are opening your account, you may also want to order your checks as well as a debit card so that you can get everything done in one visit.

Most credit unions issue you a main identifying number as your account number. A suffix is added to your account number to distinguish the type of account it is, such as a savings and checking account as well as other specialty accounts such as club accounts, certificates of deposit and money market accounts. Loans you may get from your credit union – such as a credit card, auto loan or a mortgage – will also have a suffix that identifies the loan associated with the account.

Before you leave the credit union with your new accounts, there is one more thing that you need to find out regarding your account number: How to get your paycheck direct deposited to as well as preauthorized withdrawals from your new credit union account. The member service representative will give you the numbers you are going to need:

- The credit union's routing and transit number, which is a nine-digit number. This identifies the credit union within the United States banking system.
- Your account number and how to format it for electronic deposits and payments. Your member service representative will show you the correct format.

Now that you are a credit union member

Congratulations!

You have taken a major step to disassociate yourself from your unfriendly bank! Now that you have a credit union account, I'll show you how to make the transition from your unfriendly bank to your new friendly credit union. Remember, at a credit union you are a member – not a customer.

First, let's get your direct deposits and preauthorized withdrawals moved over to your new credit union.

MOVING YOUR DIRECT DEPOSIT FROM YOUR EMPLOYER

The best way to move your direct deposit of your paycheck to your new credit union is to contact your employer's payroll department, as you will be expected to complete their form to change your financial institution.

Simply fill out the form as directed. Make sure that you have the credit union's routing number and your new account number in the format shown to you by the member service representative when you fill in the information requesting your accounts. If however you feel uncomfortable filling in the account information on your employer's direct deposit form feel free to take it to your credit union and a member service representative will help you.

Upon completion turn the form in to your employer. The process takes about two weeks on average; by that time your paycheck should be deposited in your new credit union account. If there are any problems first contact your employer's payroll department, then your credit union if needed.

OTHER DIRECT DEPOSITS SUCH AS SOCIAL SECURITY CHECKS

If you are receiving payments from Social Security such as your retirement benefits or SSI, you may want to visit the website of the Social Security Administration at ssa.gov/pdd to update your banking information. Or, you can contact Social Security at (800) 772-1213 and the folks there at Social Security should be able to help you. Remember, Social Security requires direct deposit of monthly benefits or a debit card gets mailed to you.

If you are receiving payments from other sources, you may want to contact the paying entity and let them know that you have changed financial institutions. The entity will either refer you to a website to update your information or forms will be mailed to you to complete and return.

In any event, if you are unsure of the numbers you must supply for direct deposit of Social Security or other payments simply stop by your credit union and a member service representative will help you.

PREAUTHORIZED WITHDRAWALS

Most of you have preauthorized withdrawals set up to pay monthly bills. You will want to contact the entity involved to update your account information; usually you can change the information via the entity's website or you will have forms mailed to you to complete and return. As mentioned earlier if you feel uncomfortable filling in the account information on the preauthorized withdrawal authorization form feel free to take it to your credit union and a member service representative will help you.

PAYPAL

Most of you have a [PayPal](#) account, especially if you are selling on eBay. Here's how to update your account information on PayPal:

1. Log in to PayPal with your PayPal email and password.
2. Select the option to add or delete a bank account.
3. First, you want to add the new credit union account into your PayPal profile. Have your account information handy as it will be requested during the process. Click OK to continue after verifying that your information is correct.
4. PayPal will give you a message that it will take a couple of days to verify that the account you entered is a real account; this is for your protection. PayPal will make two small deposits (less than \$1.00) into your account. You will want to check with your credit union to see if the two deposits have occurred and get the amounts, as you need them for PayPal to verify that the account is yours.
5. Log back into PayPal and enter the two amounts you were given. This will confirm your accounts and you will be able to use PayPal with your new credit union accounts.
6. While you're logged into PayPal, go back into add or delete a bank account and delete the account references to your soon-to-be former unfriendly bank. Click on OK when you are prompted.

If you run into any issues entering your new credit union account information in PayPal, you may want to contact PayPal by selecting the Contact Us option while you are logged in. You may get a toll free number to call depending on your circumstances; be prepared for somewhat unfriendly customer service representatives from PayPal if you call. If you are being mistreated by one of PayPal's customer service representatives (unfortunately, these representatives are based out of overseas call centers) ask politely to speak to a supervisor.

Dealing with your unfriendly bank for one last time

Now that you got your credit union accounts set up, it's time to sever the relationship with your unfriendly bank. However, you have some minor housekeeping to do before you sever the relationship.

First and foremost, go into your check register and see if you have any outstanding checks. You can check to see if an outstanding check has been paid by contacting your bank. If you have any outstanding checks, wait until these checks have cleared.

Additionally, if you have direct deposit of your payroll check you may want to wait until the changeover is complete. Changes to direct deposit authorizations usually take about a week or two to process depending on your employer.

If you have no further outstanding checks or other issues, then it's time to break the relationship with your unfriendly bank. Just walk in to your unfriendly bank and ask to speak to a customer service representative. Explain to the representative that you have changed banks and that you want to close your account.

Nine times out of ten, your request should be met with no resistance on the bank's part. However, your unfriendly bank may try anything and everything within their power to keep you as a customer. A question that may be asked is where did you move your banking business to; that is a personal question that you do NOT have to answer. In fact, don't even mention that you moved to a credit union.

The bank's customer service representative may also do other activities to retain your business such as waiving fees for services. You have the right to say NO. The representative at this point may end up treating you in a surly, rude or otherwise discourteous manner just to keep you as a bank customer; if the representative begins to treat you poorly in any way politely ask for the branch manager.

If you are subjected to extreme mistreatment at the hands of your unfriendly bank because of you closing your account(s) – such as threatening to call the police and have you trespassed and banned for life or threatening to report you to the consumer reporting agency so that you cannot open another bank or credit union account in the future – you may want to consider contacting an attorney for advice. Banks have NO right to mistreat you in any way, especially if you are in the branch office closing your account.

When your account is closed, your bank will give you a check for the balance that is in your account. Immediately take that check to the credit union and deposit it in your new account. At this time, destroy all unused checks that are drawn on your now former bank; your credit union may offer a service to securely destroy your unused checks on your behalf.

At this point, your relations with your unfriendly bank are severed now that you have closed your accounts. You are now a credit union member, and watch the savings add up from you not having to pay those bank fees.

Moving your loans to your new credit union

Now that you are with your new credit union, the lower rates for loans will more than likely give you a reason to refinance. Refinancing your loans with your credit union should be a straightforward process, depending on what the loan is.

YOUR CREDIT REPORT

Now's a perfect time to check your credit report if you haven't done so already. If you have not checked your credit report in the past year you may want to do so through AnnualCreditReport.com, the service where you get your credit reports from all three reporting agencies – Equifax, Trans Union and Experian – at no charge to you on an annual basis.

If you need a copy of your credit report and it's been a while but less than a year, you will have to pay for a credit report. I would strongly recommend Equifax not only to get your report but to get your score as well. Their reports are easy to read and interpret. *Exception: If you recently applied for credit but was denied, you are entitled to a free copy of your credit report from the agency that the creditor used to base the creditor's decision. The credit reporting agency's name is on the letter the creditor sent you in denying you credit.*

Once you get a copy of your credit report, check it to see if there are any errors. If there are any errors, contact the credit reporting agency that supplied the report and file a statement of dispute. By law the credit reporting agency must investigate your dispute by contacting the source of the erroneous information and verifying the information. If it cannot be verified then the credit reporting agency must delete that information from your report and give you a corrected copy of your report.

If there are no errors in your credit report, then you should be ready to move your loans out of your unfriendly bank to your new credit union. Again, given the precarious state of America's economy it depends on the type of loan you have.

CREDIT CARDS (MASTERCARD AND VISA)

These are the easiest to transfer. Simply complete an application either online or in person at your credit union; tell them that you will be transferring a balance over to your new card from your old card and that you will be closing the account.

Depending on your credit history, approval should be a snap. This is why you need to check your credit report as explained earlier before you apply.

Once you receive your new credit card from your credit union, immediately transfer the balance from your old card to your new card. After you do this, be sure to close that old credit card account by cutting it in half and sending it along with a letter – certified mail, return receipt requested – to your old credit card issuer requesting that the account be closed.

It is imperative that you close that old credit card account as soon as you get that new credit card. Not only this guards against the temptation to spend beyond your means, it also is good for your credit report and score as multiple credit cards can weigh down your credit score. A credit card with a balance close to the credit limit can lower your score by as much as 50 points per card. Besides, one credit card is good enough – you don't need multiple credit cards for the prestige.

AUTOMOBILE LOANS

These loans are secured loans as there is a lien on your vehicle until the vehicle is paid off. More and more credit unions are offering attractive rates to refinance your vehicle (and hopefully lower your payments!).

Simply complete a loan application to refinance your vehicle with your new credit union. You can do this either online or at your credit union branch. There may be a small fee involved as there is paperwork to update the lien holder information on the title. Like applying for a credit card, depending upon your credit history approval should be a snap.

Once approved, your credit union will send a check to your former bank to pay off the loan and the title will be corrected to update the new lien holder information. *Simply watch the savings add up when your interest rate is lower (and your payments are lower as well too)!*

OTHER SECURED LOANS (Excluding Mortgages)

Refinancing your loans with your credit union should be a snap. A loan application is completed just like you would do with any other loan, and depending on your credit history approval should be a snap.

Keep in mind, most credit unions have policies in place that permit you to have only one unsecured loan such as a credit card. I believe in credit unions that have such a policy in place; that is the sign of a credit union that teaches good financial habits.

MORTGAGES (First Mortgages, Home Equity Loans and Home Equity Lines of Credit (HELOC Loans))

Given the state of today's economy and the current housing crisis which has resulted in property values going downward, refinancing can be a challenge. Despite reports from the news media that say that it is difficult or impossible, you can still refinance your mortgage.

More than likely your credit union offers mortgage products with attractive rates that will make you want to refinance. Before you apply to your credit union to refinance your mortgage, be sure to read this section.

First and foremost, *get an appraisal of your home*. You can get an all purpose appraisal of your home from a professional property appraiser for around \$300. Besides, the cost may be high but it is worth it.

Why get an appraisal of your home when your credit union will order an appraisal or you can find out from your county's property appraiser? The reasons are twofold:

1. When underwriting mortgages including refinancing, banks and credit unions will order an appraisal. Unfortunately, these appraisals are often biased towards the lender and the lender can find anything to say that your refinance is denied due to a low home value – you are underwater on your mortgage.
2. A county property appraiser (in Florida¹) values properties for the purpose of computing your annual property tax bill. These appraisals are conducted *en masse* and include any foreclosures in your area which can weigh down your property value.

Do not proceed with any mortgage refinancing until you have an all purpose appraisal of your home done by a professional property appraiser. Once you receive this appraisal you have a more accurate appraisal that you can prove to your new lender. Besides, you want to be sure if you are underwater or not on your mortgage.

¹ In other states, the name of your local property appraiser may be different.

If you are not underwater on your mortgage based on your appraisal: Your refinancing should be a snap. When you go to the credit union to apply for refinancing, take the appraisal with you. Besides, mortgage lenders will order their own appraisals just for their benefit – not yours. With your appraisal, you have the upper hand.

If you are indeed underwater on your mortgage based on your appraisal: There is still hope for you. But before you think about refinancing your mortgage, consultation with an attorney who specializes in real estate matters is strongly advised.

If you are underwater and intend on staying in your home, more than likely you may be struggling with your mortgage payments. The best advice to you is do NOT stop paying on your mortgage – instead, contact your existing mortgage lender (the name of your mortgage lender is on your mortgage paperwork) and ask for the person responsible for loss mitigation or a similar department. In this day and age of mortgage foreclosures, any reputable lender would more than likely work with you rather than file an action to foreclose on your home, as foreclosures result in at least a \$50,000 loss to the lender due to the costs involved such as attorney fees, etc.

Moreover, your credit union – especially if your credit union offers mortgage products – can be of invaluable assistance if you want to refinance but you are underwater. Your credit union can point you in the right direction.

On the other hand, if you are underwater on your mortgage and it has come to the point that you cannot take it anymore and you need to sell, consultation with a real estate attorney is strongly advised. There are actions out there such as short sales and deed in lieu of foreclosure, but these actions can have an adverse impact on your credit report but it is less than having an actual foreclosure on your credit report.

Short sales are sales of property where the lender accepts for less than what is owed on a mortgage. A deed in lieu of foreclosure is where the owner signs the deed for the property over to the lender to avoid a foreclosure action.

Again, if you are underwater on your mortgage based on an appraisal that you have ordered, speak with your current lender first. You may be able to get your mortgage modified in order to bring down the payments which can make your mortgage more affordable. If your lender – including your former bank in which you have closed your checking and savings accounts – does not want to listen to you or threatens you with foreclosure in any way, *you need to speak with a real estate attorney as soon as possible.*

Dealing with your new credit union when it comes to refinancing your mortgage can be a challenge given today's economy. With the high wave of foreclosures, things can take their time.

The final word – now that you're settled into your new financial home

Now that you are a credit union member, and that you have closed your accounts (and hopefully moved your loans) with your unfriendly bank that does not care about you, it's time to celebrate! Perhaps a movie at your local movie theater, or ordering a pizza and renting a DVD, or even going to an event such as a baseball game would be the trick!

Remember, as a credit union member, you are not a customer like you have been at your former bank – you also own a share of your credit union, which represents a piece of the credit union. Any profits the credit union makes is returned to you, the member, in the form of lower interest rates and higher dividends on your savings.

And one more thing: If you like your new credit union why not recommend it to your friends and co-workers? Some credit unions do pay you if you refer someone for membership and an account is opened and kept open for a certain number of days, usually 90 days. It doesn't hurt to ask.

There are many ways you can conduct your credit union business. You can do online banking through your computer. You can do telephone banking. You can do deposits and withdrawals at ATM's. Or, if you prefer the old fashioned way of going to the credit union and conducting business at the teller window that's fine too.

Your checklist for severing relations with your unfriendly bank and better days ahead with a credit union

RESEARCHING CREDIT UNIONS IN YOUR AREA

- What is the membership criteria?
- How long has the credit union been in business?
- Does the credit union have the word "Federal" in their name? *(Recommended)*
- Where are the branch offices located close to home or work?
- What is the membership fee to join?
- Does the credit union offer specialty savings accounts (CDs, money market, etc.)
- Does the credit union offer credit/debit cards such as Visa or MasterCard?
- What kinds of loans does the credit union offer?
- Does the credit union offer mortgages and home equity products?
- What are the fees for services provided by your prospective credit union?
- Does the credit union offer other services such as safe deposit box, etc.?
- Does the credit union have a one unsecured loan per member only policy?

OPENING A NEW CREDIT UNION ACCOUNT

- Find out how much is needed to open savings and checking accounts
- Order checks
- Order ATM or debit card for account access
- Order telephone banking
- Order online banking
- Get information about loans and how to transfer them
- Receive account number information after opening account

MOVING YOUR CHECKING AND SAVINGS TO YOUR NEW CREDIT UNION

- Arrange to have direct deposit of payroll moved
- Arrange to have direct deposit of Social Security and other payments moved
- Arrange to have preauthorized withdrawals debited from your new account
- Check to see that you do not have any checks outstanding before closing bank accounts
- Close accounts at your unfriendly bank
- Destroy unused checks and ATM/debit card from your unfriendly bank
- Deposit leftover funds into your new credit union account

CAUTION: If you have Certificates of Deposit with your former bank, you may incur a penalty for early withdrawal if you decide to move your money to your credit union. The savings by having your money in a credit union can far outweigh the penalty for early withdrawal; besides, the penalty can be written off of your income tax for the coming year.

MOVING YOUR LOANS (EXCLUDING MORTGAGES) TO YOUR NEW CREDIT UNION

- Get your credit report if you haven't done so yet**
- Review your credit report and resolve any errors
- Apply for credit card (MasterCard or Visa); transfer any balance and close old card
- Refinance your auto loan
- Refinance any other loans you may have

MOVING YOUR MORTGAGE TO YOUR CREDIT UNION

NOTE: Not all credit unions have mortgage products; check before opening your account

- Get your credit report if you haven't done so yet** *(skip this step if you have done so already)*
- Get an all purpose appraisal of your home from a qualified professional property appraiser**
- Review your appraisal to see if you may be underwater

If you are underwater on your mortgage – STOP. Speak with a real estate attorney!

If you are not underwater on your mortgage, continue below:

- Apply for refinancing and pay any application fees that may be charged
- Bring your appraisal with you when you apply

AFTER ALL IS SAID AND DONE

- Go celebrate! Maybe a movie, a pizza, a baseball game, or whatever...
- Sign up for electronic statement delivery – prevent identity theft
- Attend financial related seminars presented by your credit union if offered