

# The Credit Connection

February 2008



## Message from the President



### HAPPY NEW YEAR!

Another year has gone by. For some of you, it was filled with many personal and professional challenges. For many of you, the year brought rewards and surprises. Wherever you are today, you are a member of CPI because you want to be. Thank you for that commitment.

Our membership as of December 31, 2007, was 322 compared to 333 in December of 2006. We have already added 19 new members this year. Congratulations to those who recruited them. But we have also lost a number of our older members. So we need to keep working hard to recruit new members by letting others know what a great organization CPI is.

Each of us, as members, needs to INVEST IN OUR FUTURE by setting achievable goals for the upcoming year. The key to our success is increasing membership and this will be achieved if we can see the benefits of adding members and visualize the future of CPI.

Goals for CPI cannot move from concept to reality unless you, as a CPI member, create them. The following are ways for each of you to realize your goals:

- Write down your goals. (Can they be achieved?)
- Display your goals in a visible place as a reminder. Goals need attention.
- Goals are achievable, if you live and breathe them. This can motivate and give you energy.
- Eliminate the goals' FEAR factor (False Evidence Appearing Real). You will achieve your goal if you: see it, believe it and, most of all, if you make it happen.

Your action plan should be achievable. Make sure that you take some action everyday. Each achievement gets you closer to your goal. SUCCESS is just around the corner.

Find people who have the same vision. This will assure that you are going in the same direction.

### In This Issue

President's Message	1
Membership Forum	3
Legislative Update	4
State News	5
Credit News	6
How To Stand Out in Your Company	7
Living Memorials	9
Credit Education Month	10
Bookmark This!	11
Deadwood Fred	Back cover

(Continued on page 2)

(Continued from page 1)

Look to others who have achieved as role models and mentors. You can learn from them.

Are you accountable in achieving goals? Invest in yourself. Find someone who will listen, endorse and support you and your commitments.

INVEST IN YOUR FUTURE WITH CPI. Let's not put off until tomorrow what we can do today. You realize your goals and you want to accomplish these goals. LET'S GET STARTED.

Starting making plans today to attend your State, District and International Conferences. The International Conference will be hosted by Las Madrugadoras CPI in Albuquerque, June 5-8, 2008. This conference will provide great education, many networking opportunities, and lots of fun. Check the CPI website ([www.creditprofessionals.org](http://www.creditprofessionals.org)) for the agenda and conference details. This will be one conference that you will not want to miss.

March is Credit Education Month (CEM). The theme this year is "Invest In your Future With Credit Education". You will find the CEM poster and some great credit education resources in the "Members Only" section of the CPI website. Everything you need—from how-to advice to materials—is there. Please forward reports on all of your CEM activities to Jean Jervis, CCCE/MPCE, the International Education Chairman, so they can be published in the next issue of *The Credit Connection*.

I know that each of you and your local, state and district associations have been very busy since we last met in June. Please forward any pictures, articles, or newsletters to Dorothy Utley, the International Historian, for the history book.

All officers at every level should be aware by now of the new 2008 small tax-exempt organizations annual electronic filing requirement. Each local, state and district is required to complete the IRS questionnaire. This form should be submitted to your District President who will forward to Gail Ottinger, CCCE/MPCE, the CPI Volunteer Bookkeeper. She will compile and submit, on behalf of each of you, to the IRS. Failure to submit this information will result in

the loss of the tax-exempt status for your local, state or district. Should you have any questions, please direct them to your District President.

**NEW in this issue: *Bookmark This*** is a new feature that will appear in this newsletter. (*see page 11*) It will alert members to helpful information you can obtain online. We will focus on websites related to the credit industry, to business management and to career advancement. We encourage you to send us your favorite websites so that we can share them with your fellow CPI members.

Thanks to Cindy Westenhofer, MPCE, for her continued support of CPI and for maintaining our website as Webmaster. If you have not visited our website ([www.creditprofessionals.org](http://www.creditprofessionals.org)) recently, do it today. There are new and exciting changes. You can access the updated membership directory in the "Members Only" page, along with all of the publications that are available with your membership.

It is with great sadness that we report the untimely death of Ruth Ann Aller, CCCE/MPCE, International Publications Chairman. (*see page 8*). She was an outstanding CPI member and we will miss her. We are grateful to Past International President Linda Bridgeford, CCCE/MPCE, for accepting the appointment as Publications Chairman.

To Charlotte Rancilio, THANK YOU for your expertise and support of Credit Professionals.

As your International President, I am asking each of you to make a commitment to CPI by INVESTING IN YOUR FUTURE WITH CPI. Take time from your busy schedules to promote what you believe in—CPI. Thank you for your membership and commitment.

I would like to leave you with this quote from an anonymous author:  
*"The best way to predict the future is to create it"*

Here is to a Great 2008 CPI Year!!!!!!!!!!!!!!!

*Barbara J. Chapin, CCCE/MPCE  
International President*

# Take the Time To Increase Your Membership Through Education, Networking and Communication

For the last two quarters, I have been sharing information from the book **MILLENNIUM MEMBERSHIP** by Mark Levin as he discussed ideas about “How to attract and Keep Members in the New Marketplace”. It is my hope that out of these ideas, you have been able to find something that will help you in your quest to secure and retain members.

Again let me emphasize that we want to hear from you on the ideas that you have found helpful.

**25. Keep experienced members active through targeted involvement.** The success of membership organizations in this century depends, in part, on understanding the shifting priorities of the new generation of members. Newer (younger) members have different attitudes toward their organizations and different views on what they need. At the same time, another generation of members has led the organization up to this point. These older members still feel loyalty toward the organization but, in some cases, also feel pushed aside as the newer generation takes over leadership roles. Membership organizations need to keep both groups interested and involved. Ask experienced members to:

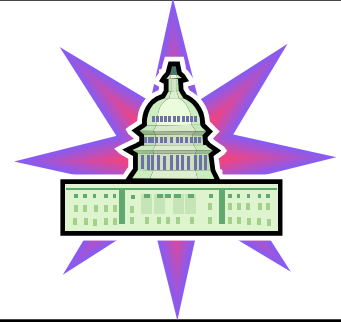
- serve as mentors for newer members or newer leaders.
- write articles for your publications.
- serve as liaisons to other organizations.

**26. If your organization has corporate members, develop a system to involve the top management of those companies.** In individual member organizations, target top management in firms that employ large numbers of members. Some ideas are:

- Executive briefings, where a representative of the membership organization makes a brief presentation to the senior management of the targeted firm.
  - A series of executive profiles and interviews in your publications.
  - Ask some key CEOs to serve on a panel at one of your meetings.
- 27. Produce materials that clearly show what the company/employer gains by joining and participating in your organization.** At times you may have to take the extra step and give members some help in “selling” the value of membership to their employers. This area lends itself to customization. Customization gives members a stronger message to take back to their employers.
- 28. For members recruited during a membership drive, add at least one extra contact during their first year of membership.** Most efforts include an incentive for the new member who joins, for the current member doing the recruiting, or for both. Membership drives today may look different than former years because of advances in technology and communications advances, but they will probably still be around.
- 29. During functions, suggest that officers look for new members and spend time with them.** Make sure new members’ name tags indicate their status. New forms of networking include teleconferences, chat rooms, listserves, and other electronic interactions. Whatever method is used, the key to making new members feel welcome is the behavior of other members, not the type of name tag.

*(Continued on page 10)*

# FEDERAL LEGISLATION UPDATE



## **Data Security Bill Introduced**

Rep. William Lacy Clay (D-Missouri) introduced a bill (HR 4791) in December to improve how agencies and the private sector prevent and respond to data losses.

Clay's bill would codify many of the requirements set up by the Office of Management and Budget (OMB) in a series of memos issued after a series of data breaches in 2006.

These include OMB directives that:

- require agencies to encrypt personal data using standards that would make the information unusable by unauthorized persons;
- mandate that agencies establish minimum requirements regarding the protection of information maintained or transmitted by mobile digital devices;
- require agencies to report data breaches in a timely manner to OMB and the Homeland Security Department's U.S. Computer Emergency Response Center.

## **Bill Introduced To Halt Credit Card Rate Hike Practice**

Sen. Carl Levin (D-Michigan) is sponsoring legislation to prevent credit card companies from increasing a customer's interest rate when that person's credit rating has fallen elsewhere.

In testimony before the Senate Permanent Subcommittee on Investigations in late December, some consumers reported that their credit card interest rate was raised, even though they were paying more than the minimum payment on their cards. In one case, this resulted in 88 percent of the consumer's payments going for interest.

Levin's bill would restrict credit card interest rate increases to certain instances—such as at the conclusion of a low introductory rate period, on contracts that have variable rates, and when a cardholder violates the agreement with the issuer.

“When a credit card issuer promises to provide a cardholder with a specific interest rate if they meet their credit card obligations, and the cardholder holds up their end of the bargain, the credit-card issuer should have to do the same,” Levin said.

The banking industry is opposed to Levin's proposed legislation, although some major credit card companies such as Citigroup Inc. and JPMorgan Chase & Co. have said they will discontinue the practice of raising a customer's interest rate based solely on a credit report.

In addition to the proposed legislation, the Federal Reserve is looking into the situation as well and plans to require credit-card issuers to give customers at least 45 days' notice before raising interest rates and to provide clearer information on fees.

## **U.S. Senate Considers Identity Theft Bill**

The Senate Judiciary Committee has approved the Identity Theft Enforcement and Restitution Act bill, sponsored by Senator Patrick Leahy (D-Vermont).

If passed, the Act would add civil and criminal forfeiture to the arsenal of tools available to federal prosecutors for combating cybercrime.

It also would allow ID theft victims to seek restitution for the loss of time and money spent restoring credit and remedying the harm they had suffered. In

*(Continued on page 5)*

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addition, it would allow prosecution under Federal identity theft laws of ID thieves who impersonate businesses in order to steal sensitive personal data. Current U.S. law only provides for prosecution of ID theft perpetrated against an individual.

The Act would eliminate the requirement that damage to a victim's PC exceed US\$5,000 before charges could be brought for unauthorized access to a computer. It would also make it a felony to employ spyware or keyloggers to damage 10 or more computers, regardless of the aggregate amount of damage caused.

### **New Law Gives Break on Student Loan Repayment**

Legislation passed by the U.S. Congress in late 2007 added some important new benefits to the federal student loan program.

Federal guaranteed student loans, called Stafford loans, are available to all full-time college students, regardless of family income. They offer fixed interest rates—now 6.8 percent—and flexible repayment terms. Repayment begins six months after graduation.

Under the recently adopted changes, Stafford loan borrowers will never have to spend more than 15 percent of their discretionary income on loan payments.

In addition, the law reduces interest rates over the next four years for federally subsidized loans, which are available to students who can show financial need. In another change, borrowers who work in certain public service jobs for at least 10 years will be eligible to have the balance of their student loans forgiven.

## **OTHER LEGISLATIVE NEWS**

**Tennessee** has a new law, which became effective January 1, 2008, to help thwart identity theft. The law bans companies, nonprofit groups and, in most cases, government agencies from sending mailings containing Social Security numbers or from requiring website visitors to log in using Social Security numbers.

It also forbids displaying Social Security numbers on most identification cards and requires attorneys filing civil documents, such as divorce petitions, to file Social Security numbers separately, so that court clerks can keep them confidential.

When other aspects of the law become effective later this year, credit-reporting agencies will face new requirements for quickly honoring requests from consumers who don't want their information given out. In addition, consumers will be able to apply for an "identity theft passport" to prove they have been victims, which will help them when trying to clear up problems caused by identity thieves.

**Illinois** has a new law, which became effective January 2, 2008, requiring that gift cards sold on or after that date be good for five years. The law also prohibits charging fees that would diminish the gift card's value.

**Missouri** has a new law requiring high school students to pass a personal finance class in order to graduate, beginning with the class graduating in 2010. Students will learn such skills as income and money management, spending, and savings and investments.

**New York City** is considering legislation that would require all debt collectors who operate in the city to register with the Department of Consumer Affairs. The legislation was prompted by a report from the Urban Justice Center saying that 42 percent of city debt cases were brought to court by unlicensed debt collectors.

## Fair Isaac Introduces FICO 08

Fair Isaac Corp., which developed the FICO credit score used by most lenders, is introducing a new scoring model designed to help lenders reduce default rates on their consumer credit by 5 percent to 15 percent.

FICO 08 will largely look the same to consumers and lenders but will take a closer look at information in consumers' credit files to separate the good risks from the bad risks.

For example, FICO 08 will give more points to consumers who maintain a variety of credit types, such as credit cards, a mortgage and auto loan, because it shows they can manage payments on different kinds of loans. But it will penalize borrowers who use a high percentage of their available credit.

FICO 08 also aims to curtail the business of allowing people to polish their credit by "piggybacking" on someone else's good credit history. Recently, credit-repair websites have been helping subprime consumers boost their credit scores by becoming authorized users on accounts held by strangers with better credit.

The expected end-result of this fine-tuning is that higher-risk borrowers may find it tougher to get credit but that those with less risky profiles will start to get better deals from lenders.

Consumers and lenders can expect to start seeing the new FICO scores in Spring 2008.

## Consumers Face Pitfalls in Getting Credit Reports and Scores

The recent proliferation of websites offering free credit reports and, in some cases, free credit scores, is confusing consumers and sometimes misleading them.

Although the Fair and Accurate Credit Transactions Act of 2003 (FACT Act) gave consumers annual free access to their credit reports, these free reports are only available:

online at: **[www.annualcreditreport.com](http://www.annualcreditreport.com)**

by phone at: **877-322-8228 (toll free)**

by mail at:

**Annual Credit Report Request Service  
PO Box 105281  
Atlanta GA 30347-5281.**

This service was jointly set up by the three big credit bureaus, Equifax, Experian and TransUnion, expressly for this purpose.

The other websites promoting free products are actually sales vehicles for products and services,

such as monthly "credit monitoring." At these sites, consumers are offered a variety of packaged deals. They may, for example, be misled into purchasing a package or product to obtain their "free" credit report. Experian and TransUnion operate most of these sites.

Equifax, on the other hand, sells its consumer products primarily through its website, [www.Equifax.com](http://www.Equifax.com).

Consumers seeking their credit score also can be misled by the highly promoted websites. **Most lenders use the FICO credit score, which is only available, for a fee, at [www.myFICO.com](http://www.myFICO.com) or [www.Equifax.com](http://www.Equifax.com).**

Consumers who obtain their credit score from any other website are likely to get one based on VantageScore, a new scoring system developed by the credit bureaus, or another proprietary score, such as Experian's Plus score or TransUnion's TransRisk score. These scores generally don't correlate with the FICO score, often giving a score higher than FICO.

# Ten Positive Behaviors To Help You Stand Out In Your Company

By Joanne G. Sujansky, Ph.D., CSP

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In today's business world, being self-motivated is critical for anyone to become successful. But, doing a great job and waiting for recognition won't work. You must also market yourself and let key people know about your skills. Career development is in your hands. Your manager is there to support you, but you are the creator of your career mobility. Here are 10 tips for standing out and moving forward.



1. **Discover your expertise.** Try new tasks that may not be of interest at first. You will create expertise through greater knowledge and experience.
2. **Strive to be the best.** Invest in your own development. If you don't believe in yourself, nobody else will either. Do this without being full of yourself.
3. **Take charge of the situation.** Think about the "big picture", not just the here and now. Try to get involved in the organization in as many ways as possible. A leader is a person who leads, guides, or takes charge.
4. **Look and act the part.** Recognition takes time and practice. Model behavior of those you admire: dress more professionally, sharpen your language skills, etc.
5. **Engage others and contribute to the organization.** Collaborative management skills are essential. Managers want people who are innovative and full of excitement that can add fresh ideas to the organization.
6. **Take responsibility for all of your work.** Speak up and acknowledge your strengths and weaknesses; don't just blend into the woodwork.
7. **Learn from mistakes.** Apply the learning to new opportunities and challenges. Admitting to your faults shows that you are willing to learn and grow from them.
7. **Share minute details.** Recognize all efforts—part of being a star is the ability to recognize your supporting cast. Mention the accomplishments you are proud of.
8. **Celebrate the successes of others.** Show appreciation for other's accomplishments—organize celebratory get-togethers, etc.
9. **Be visible.** Get involved in community services and events. Get to know as many people as possible to build your network. People will soon recognize the true person inside.
10. **Re-imagine the possibilities.** Take time to learn how to market yourself for your current or future career. Think outside the box!

*(Continued on page 8)*

(Continued from page 7)

Business success grows from dedication and incomparable excellence and/or service. Marketing your key advantage shows people who you are and what you are capable of becoming. Share your vision for yourself with others and let them be captivated by your motivation and drive.

**Joanne G. Sujansky, Ph.D., CSP** (Certified Speaking Professional) is the founder of KEYGroup® Consulting and a highly sought-after speaker for keynote addresses, seminars, conferences and workshops. She helps leaders to increase business growth and profitability by creating and sustaining what she calls a Vibrant Entrepreneurial Organization. Earlier in her career, she held management- and director-level positions across several different industries. She is a past national president of the American Society for Training and Development and the recipient of their highest honor, the Gordon M. Bliss Award. She also is an active member of the National Speakers Association. Dr. Sujansky has authored numerous articles and books on leadership, change and retention, including *“The Power of Partnering: Vision, Commitment and Action,”* *“The Keys to Conquering Change: 100 Tales of Success,”* *“The Keys to Mastering Leadership: 101 Practical Tips,”* and *“The Keys to Unlocking Your Potential.”*

# CREDIT EDUCATION MONTH MARCH 2008

**Find great ideas for celebrating  
this event in your community  
and download a poster at:**

**[www.creditprofessionals.org](http://www.creditprofessionals.org)**

## Obituary

### Ruth Ann Aller, CCCE/MPCE



Ruth Ann Aller, CCCE/MPCE, of Pocatello, Idaho, died suddenly on November 16, 2007, at age 62. The cause of death was a heart attack.

A member of Credit Professionals International since 1974, Ruth Ann held many elected and appointed offices at every level of the organization. She was a past president of CPI of Pocatello and also served on the Board of Directors of the Credit Education Resources Foundation. At the time of her death, she was District 10 First Vice President, chairman of the 2008 District 10 Conference, and International Publications Chairman.

Ruth Ann held degrees in elementary education and business administration from Idaho State University. After a four-year career in teaching, she began a 35-year career in business management at dental offices. She was employed as business manager in the office of Jason Mauseth, DDS, PC, in Pocatello, at the time of her death.

Although Ruth Ann never married or had children, she enjoyed the many children of her family and friends. She loved to travel and visited every state in the union, some of them more than once. She also traveled abroad, most recently to France.

Ruth Ann is survived by an aunt and uncle, several cousins and her dog, Misty.



# LIVING MEMORIALS AND CONTRIBUTIONS

**MEMORIAL**—A lasting tribute to the memory of a deceased relative, friend or CPI member.

**SALUTE**—A thoughtful way to remember achievements, special occasions, birthdays, anniversaries, to say “Thank You” or to give recognition for an event that is special to you.

**CONTRIBUTION**—A monetary donation given by an individual or group to support the activities of Credit Professionals International or the Credit Education Resources Foundation.

All donations are entered into our permanent memorial record. An acknowledgement, without reference to the amount of the gift, is sent to the person you designate.

The memorials and contributions listed below are those received since the last issue of *The Credit Connection*.



## LIVING MEMORIALS

Enclosed is my contribution to:

\_\_\_\_ Credit Professionals International  
\_\_\_\_ Credit Education Resources Foundation

\_\_\_\_ Memorial \_\_\_\_ Salute \_\_\_\_ Contribution

Salute:

Name of honoree \_\_\_\_\_

Occasion \_\_\_\_\_

Address of honoree \_\_\_\_\_

\_\_\_\_\_

Memorial:

Name of Deceased \_\_\_\_\_

Please notify:

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Relationship \_\_\_\_\_

Contribution from:

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Send donations to: 525-B N. Laclede Station Road, St. Louis, MO 63119.

## LIVING MEMORIALS

### In Memory Of:

### Given By:

Juanita Fraser  
*(Past President of  
South Suburban  
Chicago CPI and  
later a member of  
District 3&4)*

Martha Philip, CCCE  
West Central Illinois CPI  
Nona Ellzey, MPCE  
Gail Ottinger, CCCE/MPCE  
Sue Heusing, MCE

Jr. Yagi  
*(Husband of District  
Nine Past President  
Selma Yagi)*

Mary Nebeker, CCCE/MPCE

### In Memory Of:

### Given By:

Ruth Ann Aller, CCCE/MPCE

*(District 10 First  
Vice President and  
Conference Chairman;  
CPI Publications  
Chairman; Past  
President Pocatello  
CPI; former director  
of Credit Education  
Resources Foundation)*

Mary Nebeker, CCCE/MPCE  
West Central Illinois CPI  
Nona Ellzey, MPCE  
Gail Ottinger, CCCE/MPCE  
Sue Heusing, MCE  
Barbara Chapin, CCCE/MPCE  
Marlene Wilcox, CCCE/MPCE  
Joyce Jones, CCCE/MPCE  
Betty Nichols, CCCE/MPCE  
Nancy Swaffield, MCE

30. **Scan industry, professional, and community publications, as well as the Internet, for ads by members.** Look through newspapers, magazines, and other business or professional publications to identify current members who are advertisers.
31. **Give members points when they participate in an activity.** Whenever members buy publications, attend meetings and so on, award activity points that can be exchanged for various incentives.
32. **Establish a Member Service Center for “one-stop shopping.”** Customers and members may feel more comfortable dealing with your organization if they go to a central place for assistance.
33. **Establish standards for responding to members.** When evaluating membership organizations, members often consider responsiveness—the manner in which inquiries are answered and how quickly the answers arrive.
34. **When conducting focus groups at meetings, invite attendees who are not leaders to participate.** Through focus groups, members who may never serve in a leadership role can feel their input is still valued.
35. **Send mini-surveys that can be done quickly (via fax).** Members appreciate the shorter time needed to respond to mini-surveys and are glad you asked for their opinion.
36. **Develop a telephone orientation for new members.** In smaller organizations, the new member orientation has been a staple of membership retention efforts for years. With time restraints on all our lives, one option is to develop a new member orientation done over the phone. Set ground rules to limit the time used on the phone and to coincide with the member’s available time.

*By Esther T. Brinkley, CA/MPCE  
International First Vice President*

## Credit Education Gets Results

Consumers who receive credit education are more likely than others to open deposit accounts, save money, use and adhere to a budget, and have increased confidence in their financial abilities, according to a recent study by the Federal Deposit Insurance Corporation (FDIC).

That’s good news for CPI members, who are now preparing to **celebrate Credit Education Month in March 2008** by implementing such programs in their communities.

Taken among consumers who took the FDIC’s *Money Smart* financial education program, the study found that:

- 43 percent of those who did not have a checking account had opened one within 6 to 12 months of completing the course.
- 37 percent of those who did not have a savings account had opened one within 6 to 12 months of completing the course.
- 22 percent who already had a checking account at the conclusion of the training had opened a checking account at a different financial institution and 13 percent had opened a different type of

account at the same institution, demonstrating their newfound ability to comparison shop.

- 61 percent of those who were not using a spending plan at the end of the course had used one when polled.
- 95 percent of those who were using a spending plan at the end of the course were still using it when surveyed.
- Between the beginning of the course and the survey, there was a 12 percent increase in the number of participants who always paid bills on time.

Since its inception, more than 864,000 consumers have attended a least one financial education class using the *Money Smart* curriculum.

**CPI members and local associations can use the FDIC’s *Money Smart* program as part of their credit education efforts. It is available free of charge on the FDIC’s website at [www.fdic.gov](http://www.fdic.gov) and on a computer-based instructional CD-ROM. The program is available in six languages and in Braille.**

## BOOKMARK THIS!



*(Here are websites offering credit-related or business-related information that CPI members may find useful. After checking them out, you may want to add them to your bookmarks/favorites list.*

**About.com** offers many different newsletters. Two that have career information are **Management** by F. John Reh and **Career Planning** by Dawn Rosenberg McKay.

Reh covers a variety of management topics. Some of his most recent are: Managing Projects and People; Are You Management Material?; Following the 80/20 Rule of Time Management; How To Communicate With Your Team; and Advice for New Managers.

McKay covers both career topics and work-related matters. In the career area, she offers a great deal of information on looking for a job, plus such topics as:

Entertaining a Job Offer and Should You Relocate if Your Employer Moves to Another City? Some recent work-related matters she has covered include: Balancing Work and Family; Getting Along With Your Boss; How to Manage Your Time; Workplace Bullies; and Co-workers Who Make Others Uncomfortable.

CPI members will find Reh's newsletters at <http://management.about.com>. McKay's are available at <http://careerplanning.about.com>. Visitors to each site can sign up to have these e-mailed to them weekly.

To sign up for free e-mailed newsletters on other topics—including health, hobbies, home/garden, computing/technology, parenting, travel—visit the About.com website at <http://about.com>

**Share your favorite websites with your fellow CPI members. E-mail addresses, along with the reasons why you like the site, to the CPI Corporate Office: [creditpro@creditprofessionals.org](mailto:creditpro@creditprofessionals.org)**

### Book Review

#### **Mortgage Confidential: What You Need to Know That Your Lender Won't Tell You**

Author: David Reed

Publisher: American Management Association

Published November 2006

List Price: \$16.95

**Mortgage Confidential** is a good book for CPI members to recommend to potential homebuyers or to use themselves as a resource in preparing credit education speeches or materials for consumers.

Reed, who has written other books on this subject and has a regular column in *Realty Times*, covers such topics as risk elements, closing costs, interest rates, credit, loan choices and refinancing in an easy-to-understand format.

He explains where mortgage money comes from, how the annual percentage rate is determined, how to shop for a loan, and how to avoid some "junk" fees. He also discusses the differences between a bank, mortgage bank and a mortgage broker. In addition, he provides easy-to-use payment tables that you don't have to be a math wizard to understand.

Throughout the book, Reed stresses the need to understand certain mortgage terms. For example, if you are applying for an adjustable-rate mortgage, you should know what a margin is and how it works. And he provides tips, such as pointing out that any margin rate over 2.75 "is nothing more than a lender's attempt to get more interest from you faster."

The information Reed provides will help potential homebuyers understand loan terms and feel less intimidated when negotiating their loan.

# Deadwood Fred

## *A Hiring Q&A with Boyne McHargue*

**Q: It seems that many new hires, for whatever reason, don't make it long with their new employer. Why is that?**

**Boyne:** Well, there are multiple reasons. Sometimes, the new employee (let's call him Fred) is simply ignored after the hiring paperwork is processed. Oh, Fred's physical presence is noticed—but that's it. No introductions to key people or peers. No facilities tours. No in-depth policy reviews. No expectations are communicated regarding the company and its "brand" in the community. And very little, if any, training is provided. In reality, Fred may be doomed from the start.

**Q: Does the employer not realize that ignoring Fred is only asking for failure?**

**Boyne:** It's interesting. If you sit down and ask the key management players if it is their intention to ignore Fred, they will certainly say NO. In fact, in many cases they will *attempt* to give evidence that they are fully engaged in Fred's orientation to the company. But if you really want to KNOW what's going on, ask Fred. And usually, with a little nudging, he will tell you things aren't what they could be.

**Q: Any other reasons Fred doesn't make it?**

**Boyne:** Sure, there can be many. Probably the most significant is the "dead wood" dilemma. I remember an article that announced a prominent U.S. company was cutting back its workforce. The company representative simply said they were "removing the dead wood."

The question was posed, "Who is hiring dead wood, anyway? Or worse, who is hiring *live* wood, and then killing it?" The real question begging to be asked is, "Are you sure you were hiring the right person to begin with? And how would you know?"

**Q: Well, how WOULD you know?**

**Boyne:** Focus on the job first. Understand its design, purpose and demands. Benchmark top performers against the needs of that specific job. Be very clear about the requirements. Only *then* can you begin to consider candidates and evaluate their fit for the open position.

When hiring Fred, it's not so much an issue of whether you've got live or dead wood on your hands. In many cases, it's a simple question of whether you're trying to force a square peg into a round hole.



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