

www.second-chance-banking.com



EBOOK
GUIDE

SECOND CHANCE BANKING

1	Second Chance Banking	4
1.1	What Is Second-Chance Banking?	4
1.2	Who Should Use Second-Chance Banking?	4
1.3	How Second Chance Checking Works	5
2	What Is ChexSystems and How Does It Work?	5
2.1	What Data Is Inside ChexSystems?	6
2.2	Difference Between Non-ChexSystems and Second Chance Bank Accounts	7
3	Picking a Second Chance Checking Account	7
3.1	Overdraft Restrictions	8
3.2	Fees.....	8
3.3	Minimum Balance.....	8
3.4	Checking Privileges	8
3.5	Online Banking.....	9
4	Banking Accounts to Consider	9
4.1	BBVA Compass ClearConnect Checking.....	9
4.2	BBVA ClearChoice Free Checking	9
4.3	United Bank Gateway Checking.....	9
4.4	BancorpSouth Second Chance Checking	10
4.5	Wells Fargo Opportunity Checking.....	10
4.6	Regions LifeGreen Checking+	10
4.7	Bank of America Core Checking®+.....	10
4.8	Chase Total Checking.....	11
4.9	PNC Bank Foundation Checking	11
4.10	Woodforest National Bank Second Chance Account	11
4.11	First National Bank Renew Checking Account.....	12
4.12	Radius Bank Essential Checking.....	12
4.13	Corporate America Family Credit Union Fresh Start Checking	12
4.14	Green Dot Bank GoBank.....	12
4.15	MemoryBank Memory Builder Checking	13
5	Non ChexSystems Banks (Banks That Don't Use ChexSystems)	13
5.1	TD Bank Ameritrade	13
5.2	US Bank.....	13
5.3	Navy Federal Credit Union.....	14
5.4	Renasant Bank	14
5.5	Capital One	14
5.6	BBVA Compass Easy Checking	14

- 6 Alternatives to Second Chance Checking and Non ChexSystems Banks 15**
 - 6.1 E-Wallet Services 15
 - 6.2 Prepaid Debit Cards 15
 - 6.3 Secured Credit Cards 15

- 7 How to Get Off ChexSystems and Graduate to Better Accounts 16**
 - 7.1 Switching to Higher Tier Checking Accounts 16

- 8 Bottom Line 16**

1 Second Chance Banking

For people with past issues affecting their current ability to open a checking account, second chance banking provides renewed prospects. The account opportunities afforded by multiple well-known banks do not erase history. Instead, they allow you to recover from past habits and rebuild a positive banking history.

By understanding your options for checking accounts that will approve your application even after having episodes of overdrafts, negative balances, and even identity theft and fraud in the past, you can move forward more successfully. The banks, credit unions, and other financial companies that take on the risk of second chance customers with strict rules in place. With the right information, you can minimize fees while working toward higher level account acceptance.

1.1 What Is Second-Chance Banking?

If you were rejected from a checking account application in the past, the reason stems from a reporting agency called ChexSystems. It functions much like a credit history report but focuses specifically on banking activity. Second chance banking accounts either do not look at ChexSystems when they determine who can open a bank or allow you to open one anyway.

Many banks do not allow any accounts at all if you have certain negative marks against your ChexSystems' report. While one may offer second chance banking for someone who bounced a couple of checks, they may not offer it to someone who attempted fraud. Unfortunately, the negative results of having your identity stolen may linger on these reports.

These second chance accounts offer basic capabilities such as safe storage of money and reasonable withdrawal limits, but do not allow potentially risky behavior. For example, you get the convenience of online bill paying, but do not get overdraft protection that pays bills if you have insufficient funds. Most of the differences come down to user-friendliness and the ability to access and move your money freely.

1.2 Who Should Use Second-Chance Banking?

Anyone who received a "Not Approved" message when trying to open a checking account may have to look at second chance options. Any bank you used in the past could submit data to ChexSystems, and that does not go away for up to five years.

Negative activities that can make it hard to open a new checking account include:

- Bounced checks or overdrafts using a debit card
- Accounts abandoned with negative balances

- Exceeding or attempting to exceed withdrawal or transfer limits
- Fraud, identity theft, and account abuse
- Anything that causes the bank to close your account

The precise definitions of some of these items, such as "account abuse," are left up to the discretion of the specific bank. What flags your activity as negative at one may not do so at another. It is also possible that the information on the report is wrong or stems from identity theft. You can request a ChexSystems report if you want to know more about what is affecting your ability to get a new account. Dispute incorrect data with proof.

1.3 How Second Chance Checking Works

Second chance checking accounts either do not look at ChexSystems reports or disregard all but the most egregious, such as those with criminal fraud or identity theft on them. Signing up for these accounts is similar to any other. Many accept online applications, and some do not even have physical branches to go to. You must give accurate and complete personal information including name, address, social security number, and whatever else a particular bank requires.

In some cases, banks use your credit report and score to determine your eligibility for account ownership as well. Second chance checking is not specifically created for these purposes since credit reports and ChexSystems reports are separate, but they may offer options for people with poor credit history.

With a second chance account, you get usage of a checking account to help manage your money responsibly while minimizing risk to the bank or credit union. Since they have to take a chance that you will not overdraw your account or abandon it with a negative balance, they limit withdrawal, charge higher fees, and frequently disallow overdraft payments. Each individual banking institution makes their own rules about the accounts they offer.

2 What Is ChexSystems and How Does It Work?

The eFunds Corporation, currently owned by Fidelity National, owns and operates ChexSystems. Much like Experian, Equifax, and Transunion gather and record financial transactions as they relate to your credit report and score, ChexSystems does the same for your banking history. Most banks report to it if someone misuses their account privileges. Unlike credit reports, however, it only reports negative information.

The data the reports contain does not influence your credit score in any way. Instead, any report provided by a past banking account can reduce the chance of successfully opening a

new one. Even if a bank lets you open an account, they could use the data in your file to prevent check writing or debit card use.

If you have ever had a banking account before in your life, your information is undoubtedly in ChexSystems. If you have never exhibited negative behavior with your accounts, your report will be empty. If someone stole your identity, their fraudulent activity could still affect your report until you take steps to fix it legally.

2.1 What Data Is Inside ChexSystems?

Besides personally identifying information, the ChexSystems records any information reported by the banks you had or have accounts with. More specifically, it includes negative reports of things you did to breach the contract you had with the banks. Each bank chooses what to report and when.

The data contained in your file usually comes from either running out of money or fraud. Activities that create a negative report on ChexSystems include:

- Writing "bad checks" that bounce due to insufficient funds
- "Kiting" checks or attempting to cash checks from multiple accounts before the withdrawals are processed fully so it still looks like the money is available
- Withdrawing or attempting to withdraw over your ATM limits
- Abandoning bank accounts with a negative balance and not paying it back
- Any financial fraud associated with that account
- Breaking or circumventing other bank account rules
- Using fake information to attempt to open an account
- Excessive bank record inquiries (These vanish after 90 days instead of 5 years.)

Other potential red flags such as opening many accounts in a small amount of time or ordering an excess number of checks may also appear on your ChexSystems report. These are not necessarily negative marks against you. Instead, they function as markers for potential fraudulent behaviors. In most cases, these things disappear from the report sooner than the five year limit.

From the information on your ChexSystems report, the agency calculates a QualiFile Consumer Score. This number between 100 and 899 indicates your level of risk to bank accounts you apply for. The higher the number, the better. While this number has nothing to do with your FICO credit score number, some financial institutions use both when determining eligibility for accounts, credit, and loans.

2.2 Difference Between Non-ChexSystems and Second Chance Bank Accounts

Some banks do not look at ChexSystems to determine who can and cannot open an account with them. If you find one of these, the bank accounts they offer will include all of the usual banking benefits like check writing, debit card use, and perhaps some others like overdraft protection. These non-ChexSystems accounts do not penalize you for past mistakes in your personal financial history.

Characteristics of non-ChexSystems banks include:

- Low or no minimum daily balance requirements
- Low or no maintenance fees
- Possible overdraft protection in place
- Includes basic benefits like bill paying, debit card, ATM access, etc.

Second chance bank accounts do look at ChexSystems' records before allowing you to open a checking or savings account. In many cases, this occurs more at large, well-known banks. These accounts offer banking basics but limit potentially risky behavior. They may not offer check writing or overdraft protection and may limit debit card or ATM withdrawal limits.

Characteristics of second chance bank accounts include:

- Low or no minimum daily balance requirements
- Maintenance or usage fees
- Overdraft protection is much less likely
- Limited services like debit card use, online bill paying, etc.

Besides ChexSystems, other banking history reporting companies like TeleCheck and Early Warning Systems exist. Just because a bank skips one does not mean they avoid them all. However, ChexSystems is by far the most commonly used.

3 Picking a Second Chance Checking Account

When you get a "Rejected" message after attempting to open a bank account, you still have options to manage your money, pay bills, and reestablish a more positive financial record. Second chance checking accounts provide the capabilities you need to conduct normal

personal finance transactions. Research potential accounts carefully in regard to the following rules and characteristics they may have.

3.1 Overdraft Restrictions

Many checking accounts offer overdraft protection to help customers avoid the types of problems that can land them in the ChexSystems, to begin with. When you forget about an automatic bill payment, for example, and write a check for another, the check bounces due to insufficient funds. With overdraft protection, the bank gives some leeway as long as you deposit enough to cover the debits promptly. Sometimes they still charge a fee.

On a second chance checking account, overdraft protection may not exist. This means the bills will not be paid if you have insufficient funds in the above example. If the bank offers some protection, it may be restricted for particular purposes or of a limited amount. Fees will undoubtedly occur.

3.2 Fees

Many second chance banking accounts have more fees than standard account options. Regular checking accounts may have monthly fees if the balance falls beneath a certain amount or if direct deposit is not used. The bank accounts suitable for those with low ChexSystems scores may have monthly fees regardless of the balance. Also, fees often cannot be waived or removed for any reasons. Research the list of definite and potential fees before choosing which bank to apply at.

3.3 Minimum Balance

Regardless of whether monthly fees are charged or not, many second chance accounts still have a minimum balance requirement. This means you have to keep a certain amount of money in the account for it to be viable and active. While amounts vary, this is a way for the bank to help you avoid potential problems. If you have that minimum balance in your account, the chance of you overdrawing it goes down. If your balance drops below that number, additional charges may occur.

3.4 Checking Privileges

Even though written checks are not used frequently these days, the bank may not extend the privilege to you if you have a second chance account. Other bank accounts offer fee-free check writing and may even give you free orders of checks. If you ever use paper checks to pay your bills or do any other types of transactions, look for a new bank account that allows this. However, if you have problems with overdrafts or fraudulent check writing in the past, your second chance account may not allow you to use them.

3.5 Online Banking

More people use online banking and online bill pay than ever before. These benefits to having a checking account have become ubiquitous and expected. In some cases, however, second chance accounts may not come with them as standard options. Again, this is a decision the banks make to minimize the risk of overdraft and misuse of funds.

4 Banking Accounts to Consider

When you are ready to reinvent your financial habits and sign up for a second chance checking account, find the best and most convenient option for you. Look in your neighborhood or city for branch locations nearby. Consider online banking options with no physical locations. The following list includes both.

This list of second chance and non-ChexSystems accounts to consider represents the best options we have found for most people. It is not exhaustive, and there is always a chance that the information may have changed slightly since it was written. Please visit the individual bank's websites or call for more information.

4.1 BBVA Compass ClearConnect Checking

This BBVA account option offers second chance checking with very reasonable terms. Open an account with \$25 minimum, pay no monthly or annual fees when you opt not to get a paper statement, and get most regular services of a non-limited account such as debit card, ATM access, and optional overdraft protection. There are rather hefty fees for insufficient funds, returned deposits, wire transfers, and telephone banking assistance.

4.2 BBVA ClearChoice Free Checking

The free checking option from BBVA offers regular checking account options without any fees based on balance. They require just \$25 to open an account. Unlike the ClearConnect option above, you can get a free paper statement with this choice. While this bank offers second chance checking, these two are not specifically earmarked for that purpose. The bank still may not approve you for one of them. If you still want to bank with BBVA, there is another option listed below that does not look at ChexSystems' records.

4.3 United Bank Gateway Checking

This second chance checking account provides a gateway from poor financial choices or circumstances to a future of more positive money handling behavior. United Bank created this option for people who have negative marks on ChexSystems or very poor credit. Upgrades to

a regular checking account can occur as soon as six months if you demonstrate top-quality banking habits.

The monthly service fee to have a Gateway Checking account is \$10, which cannot be waived for any reason. There are also charges for online bill pay and any negative behavior like insufficient funds. These days, charges for online banking are quite rare.

4.4 BancorpSouth Second Chance Checking

Build a positive banking history with Bancorp South's second chance checking account. They require a \$50 minimum amount to open one, and you must stop by a branch to do so. This option comes with unlimited check writing, free mobile banking, and a debit card. They do not offer bill pay capabilities for this account.

Unlike the other second chance bank accounts, this bank specifically states they will not offer the account to people with "significant" issues on their ChexSystems file. The monthly maintenance fee to keep the account is \$10, and there are no fees for online statements.

4.5 Wells Fargo Opportunity Checking

Bank customers with poor ChexSystems' scores, bad credit, or who need low balance limits can benefit from Opportunity Checking at Wells Fargo. Open an account with \$25 or more. Unlike some second chance accounts, you can avoid the monthly service fee of \$10 if you have direct deposit set up, make over 10 debit card purchases, or keep your balance over \$1500.

It is possible to have overdraft protection on this account, and Wells Fargo extends its fraud protection to make sure your financial information stays safe. Fees for insufficient funds, wire transfers, returned checks, and similar issues are competitive with other banking institutions.

4.6 Regions LifeGreen Checking+

If you live in the south-eastern United States, Regions' Bank's second chance checking option might suit your life perfectly. With a \$50 minimum opening deposit, this bank requires a slightly larger amount of money upfront. There is no monthly fee if you choose online statements only.

4.7 Bank of America Core Checking®+

The monthly maintenance charge on a Core Checking account from BoA is \$12, which makes it one of the more expensive options for second chance checking. However, if you use direct deposit over \$250, maintain a \$1500+ balance, or qualify for one of their honors tier accounts, you can pay nothing monthly. This fee is also waived for students under 24 years of age. Other

fees for paper statements, stop payments, wire transfers, and non-branch ATM withdrawals are a bit higher than average.

There are two options for overdraft protection with this account. The standard setting means that if you try to pay a bill and you have insufficient funds, the bill gets paid, but you are charged \$35. This could put your bank account into negative balance, which can cause more overdraft fees to pile up quickly. The Decline All option means that if there is not enough money in the account, the bill is not paid. You get charged a \$35 returned item fee, but the chance of a negative balance minimizes.

4.8 Chase Total Checking

Like some other second chance checking account options, the Chase Total account waives the \$12 monthly fee if you conform to certain rules. These include signing up for and using direct deposit for quantities over \$500 total during the month or having more than \$1500 in the bank at all times. Fees for negative behaviors like insufficient funds, returned deposits, and similar align with other banks' levels. You do get a Chase debit card and bill pay capabilities to simplify your life.

4.9 PNC Bank Foundation Checking

This second chance checking account offers a lower monthly maintenance fee than others at just \$7, but some of the restrictions are slightly stricter. For example, there is a \$100 limit on daily ATM withdrawals. This is lower than most standard bank accounts that allow \$400-\$500 totals.

They do not openly advertise Foundation checking accounts. If you have a PNC Bank branch in your area, the best bet is to stop by and talk with an employee. This bank is found only in the eastern half of the United States.

4.10 Woodforest National Bank Second Chance Account

The monthly maintenance fee amount at Woodforest National Bank changes based on whether you have direct deposit or not. They charge \$9.95 with it and \$11.95 without. There is also a \$3 monthly charge if you want a paper statement. Also, they require a \$9.00 account set-up fee, which is quite unusual for checking both regular and second chance checking accounts. All other fees and benefits, such as a debit card and online banking, are similar to other bank options.

4.11 First National Bank Renew Checking Account

This second chance checking account option works for people only in northern Illinois and southern parts of Wisconsin. With just \$25, you can get back into a bank account. After one year without troubles, you can switch over to one of First National Bank's other options.

With a monthly fee of just \$7.95 with direct deposit (\$9.95 without), this second chance option matches some other bank's regular checking account fee schedule. Of course, additional fees apply if you bounce a check, require paper statements, or request a wire transfer.

4.12 Radius Bank Essential Checking

Radius Bank offers this second chance account as a way to "Rebuild Your Record." When you have negative items on ChexSystems, that is exactly what you want to do. Open an account with just \$10 instead of the usual \$25 with other banks.

For a \$9.00 service charge, you get security, all the benefits of mobile banking and bill paying, a \$500 debit limit, which is higher than some other second chance accounts, and the opportunity to upgrade after 12 months of positive history.

4.13 Corporate America Family Credit Union Fresh Start Checking

Instead of going with a large or local bank, consider a credit union that operates in your region. After joining, you can get a fresh start checking account as long as you keep \$100 in your regular share account with them. There is a \$10 monthly service fee. Locations are scattered mostly across the eastern USA with additional branches in Arizona and California.

In order to help you avoid the types of troubles you had with finances in the past, they even offer a free training class to teach more positive habits.

4.14 Green Dot Bank GoBank

Instead of a standard bank branch, the GoBank account for people with less than excellent financial histories consists of a mobile app and debit card. Paper checks are also available for an extra charge if you want them. With a \$20 minimum deposit requirement and approximately \$2.95 for the starter kit, you can begin banking immediately.

You can handle everything from your smartphone. Direct deposit is free, but depositing cash at Walmart or one of the local businesses that also allow it can cost \$4.95. There are no fees for insufficient funds, going under a minimum balance level, or other behaviors. The \$8.95 monthly fee is waived with direct deposits over \$500.

4.15 MemoryBank Memory Builder Checking

Another 100% virtual second chance checking option comes from MemoryBank. Instead of branches with people, you have online account access all the time. They charge \$8.95 per month unless you use direct deposit or use your debit card 15+ times per month. Overdraft, stop payment, returned item, and similar fees are competitive with real-world banking institutions.

One negative characteristic of this mobile banking account option is that you cannot deposit cash. Connect Memory Builder checking with another bank to do transfers instead.

5 Non ChexSystems Banks (Banks That Don't Use ChexSystems)

To completely avoid potential headaches when applying for a new checking account, consider one of these banks or credit unions that do not look at ChexSystems when you open an account.

5.1 TD Bank Ameritrade

TD Bank and TD Ameritrade are owned by the same company, but they are not the same thing. The bank itself does look at ChexSystems when you try to open a checking account there. Ameritrade offers investment products primarily. However, you can use their cash management services much like a checking account. This does require you to have an investment account with them, however.

No maintenance fees, free check writing and internet bill payments, reimbursement for ATM fees, and even earning interest apply to these accounts. There are no bank office locations for Ameritrade like there are for TD Bank either.

5.2 US Bank

This national bank offers a few different types of checking accounts. While they do not use ChexSystems, the highest tier account, Platinum Checking Package, may not be suitable for those with smaller opening or daily balances. They also offer Easy, Student, and Safe Debit checking as well. Unless you are currently enrolled in high school or university, the Safe Debit option may be best to rebuild banking history.

With the lowest tier of bank account at US Bank, you do not get paper checks. However, most people do not use them anyway these days. You do get a debit card, mobile and online banking, bill pay, and a low monthly service fee of \$4.95. The monthly fees for Easy and Premier checking are higher.

5.3 Navy Federal Credit Union

Although this bank offers very attractive checking account options for those with past financial problems, they are only available to active or retired military personnel. They also have a student account for the children of active or retired military people. If you are in the army, navy, air force, coast guard, or marines, take advantage of no monthly maintenance fees, free checks, and all the other usual benefits of a checking account.

5.4 Renasant Bank

For people with negative banking history living in the southeastern part of the United States, Renasant Bank may be an ideal option. They do not have branches outside of this area. Four different types of checking accounts are currently available, but people with lower balances would stick with the student or basic checking options. These both have an \$8 per month maintenance fee that is waived completely with electronic statements.

The basic Renasant checking account does not earn interest though the student and other tiers do. Manage your money easily with online bill paying, ATM card, mobile banking, and a mobile wallet app.

5.5 Capital One

This online bank has no physical branch locations, which helps keep fees and other costs down. Instead, you handle your checking account from your computer or smartphone with their mobile app. Their 360 Checking has no minimum balance requirements, no monthly fees, and 24/7 convenience. For people who have had trouble with bank business in the past, it is a simple way to manage money efficiently.

Every checking account also earns interest, so your money can slowly grow while you use it responsibly. Other benefits include free ATM use, overdraft protection, and even free paper checks.

5.6 BBVA Compass Easy Checking

If you do not qualify for the ClearConnect or ClearChoice Free Checking account options with BBVA, they offer another second chance option: Compass Easy Checking. This allows people with negative marks in the ChexSystems database or other problems to gain access to a checking account.

Open an account with as little as \$25, enjoy free BBVA ATM usage, and write as many checks as you have the balance to cover. However, this account comes with a \$13.95 per month service charge. Other fees for overdrafts, transfers, and telephone service also apply. You are

allowed to upgrade to an account without monthly fees after one year of positive banking history.

6 Alternatives to Second Chance Checking and Non ChexSystems Banks

If you still have difficulty finding a second chance banking account that works for you, there are other options for managing your money and paying bills. These methods of handling your personal finance may seem out of the ordinary and require more stringent attention, but they can help you function in modern life more comfortably without taking on the risk of having more negative marks against your finances.

6.1 E-Wallet Services

One option to consider is an online money-management or handling service such as PayPal. While this is the most popular, there are other e-wallet systems that can help you hold and use your money more easily than carrying around a bunch of cash. Some PayPal accounts even come with a debit card. As simple and convenient as this may seem, the money in the account is not insured by the FDIC, and there may be terms of service or rules in place that are not consumer friendly.

6.2 Prepaid Debit Cards

Instead of carrying cash with you and stuffing it in a sock under your mattress, consider purchasing prepaid debit cards to use instead. These function in much the same way as a gift card in that they have a set amount of money on them at any given time. You can reload prepaid debit cards with cash at certain stores like Walmart or do it on the Internet if you have a way of transferring your money. Fees may apply.

6.3 Secured Credit Cards

People with questionable financial histories are frequently rejected for credit cards. However, a secured credit card allows you to use your money to counter the risk that the credit company takes on. They require a deposit of either part or all of the credit limit before they issue the card to you. These cards frequently have higher fees, interest rates, and may even have no grace period for payments. This makes them less than desirable tools to manage your money.

7 How to Get Off ChexSystems and Graduate to Better Accounts

With a five year limit on ChexSystems' reports, one of the easiest ways to have your poor banking history disappear is to just wait. However, five years can get in the way of forging a new, more responsible financial future. There are ways to remove some information from the system and take advantage of more prestigious or rewarding checking account choices.

There is no way to remove accurate records on the ChexSystems account other than satisfying their requirements and waiting. Most information falls off your personal report in five years.

Just like paying off a debt improves your credit score, covering a negative balance or overdraft with a past bank can improve your report in this system. It is possible to have data removed before the five years is over if you pay off the negative balance, win a dispute over false information, or ask creditors, banks, or collection agencies to remove it and they agree.

7.1 Switching to Higher Tier Checking Accounts

Most banks and credit unions have multiple tiers of accounts suitable for people with different financial histories and balances. If you start out with a second chance account, use it responsibly and adhere to all their rules and regulations. Never overdraw your account, bounce checks, or accrue fees from insufficient funds.

After you keep in good standing for six to twelve months, many banks let you graduate to a better account. These may have lower monthly fees, more user-friendly benefits like mobile deposits, and can even pay out interest on the daily balance.

Since ChexSystems does not record positive bank account use, there is nothing to tell other banks about how well you used an existing account for any period of time. This could make opening an account at a new bank problematic. However, as negative data drops off, you will find more opportunities to do so.

Why would you want to switch from a second chance checking account to a higher tier one? They usually have lower fees, more perks like higher withdrawal limits, and can even pay interest.

8 Bottom Line

Whether bad decisions or mistakes landed you in the ChexSystems' database before, it is possible to regain and rebuild your financial reputation. The first step is to get a bank account so you can keep your money safe, pay bills as needed, and learn excellent money-management skills so problems do not happen again.

Two main options exist. You can open an account with one of the banks that does not use ChexSystems when you sign up, or you can enroll in a second chance banking account. With all the options available to you, deciding which is best can be a challenge. Now is the time to make smart financial decisions about the future, so research well using the information found here and elsewhere.

As you wait the five years for your negative reports to disappear from ChexSystems, do everything necessary to forge a more positive financial future. The best way to succeed with a second chance banking opportunity is to make sure you will never need one again.

Picture: Aaron Amat / Bigstockphoto.com