

Money for Life

June 2009

Dear Readers,

The Credit Card Accountability, Responsibility and Disclosure Act (CARD) was signed into law on May 22, 2009 by President Obama. The new law bans unfair rates increases and fee traps, requires more accountability by credit card companies and includes protections for credit card users, particularly students and young people.

Consumers need to know that most of the provisions won't take effect until late February 2010. The new rules include:

Consumer Protection

- Requires a 45 day notice of any change in the interest rate. (This change will take affect August 2009.)
- Prohibits applying rate increases retroactively to existing balances.
- Requires clear notice of right to cancel card when APR is raised.
- Prohibits the charging of interest on credit card transaction fees, such as late fees and over-the-limit fees.
- Requires credit card statements to be mailed 21 days before the bill is due (current requirement is 14 days).

Consumer Disclosures

- Requires credit card issuers to provide individual consumer account information disclosing the period of



time it will take to pay off the card balance and the interest that will be paid if only minimum monthly payments are made.

- Advertisements for a free credit report must disclose that such reports are available free under Federal law at "AnnualCreditReport.com"

Protection of Young Consumers

- Requires card issuers when soliciting to persons under the age of 21 obtain an application that contains one of the following:
 - 1) the signature of a parent, guardian, or qualified individual willing to take responsibility for the debt
 - 2) information indicating another means of repaying the credit extended
 - 3) proof that the applicant has completed a certified financial education course.
- Card issuers or creditors may not offer tangible items to students at higher education institutions to induce them to apply for or participate in an open end consumer credit plan.

Use Credit Responsibly



While the new CARD legislation may help ease consumer debt anxiety, it still leaves the consumer with responsibilities when it comes to using credit.

Having access to credit when we need it is a valuable resource - something to be used wisely and protected carefully

The use of credit makes it possible to acquire assets such as a home or a college education. Credit enables consumers to shop by phone or on the internet. Using credit allows us to make travel reservations and handle emergencies.

However, wise consumers keep credit use at a safe, manageable level. Remember to:

- Budget your credit spending carefully.
- Shop around for the lowest total finance charges.
- Establish a debt limit and stick to it.
- Read credit contracts carefully and ask questions before you sign.
- Do not depend on credit to pay for day-to-day living expenses.
- Pay your bills on time to insure that you can continue to use credit.

Credit Report

Your credit history is one of the key factors considered when you want to:

- *Apply for a consumer loan or mortgage*
- *Open a credit card account*
- *Rent an apartment*
- *Apply for certain jobs*
- *Take out certain insurance policies*

Even if you have an excellent credit history, there's always the possibility that inaccurate information could sneak onto your credit report. Review your credit report annually and correct errors.

By law consumers have the right to one free credit report a year from each of the three national credit bureaus. A centralized request process is available for your convenience...

- On-line at:
www.annualcreditreport.com
- By phone, toll-free: 877-322-8228
- By mail: Complete the Annual Credit Report Request Form available at www.ftc.gov/credit. Mail the form to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281

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