

Credit CARD Act 2009

In May, the Credit Card Accountability Responsibility and Disclosure (CARD) Act 2009 became law. This new law shows credit union cards are still your best option—because they already operate in our member's best interest! It protects consumers by mandating clear, transparent and easy to understand terms and conditions for all credit card users.

If you have a credit union credit card you know that we already conform to most of the law. Credit Union's weren't involved in the abusive and deceptive practices that led to this law. It is important for you to know how and when this law will affect you. Provisions will phase in through August 2010 as follows:

August 20, 2009: Payment notices and change in terms requirements.

- Consumers must receive their statements 21 days before their payment is due. They can not be considered late until 21 days after the date the statement was mailed.
- Consumers must receive credit card change in term notices 45 days in advance of an APR increase or any other significant change. This notice should include a Right to Cancel notice and Fair Repayment terms.

February 22, 2010: Rate and fee increases, minimum age requirements.

- No double cycle billing allowed.
- No increases in APR allowed in first year unless certain exceptions apply.
- No "teaser" rates for less than six months.
- No penalty rate unless 60 days overdue.
- Late fees cannot be charged if card issuer delays crediting payment.
- Consumers must "opt in" to over-the-limit fees.
- Issuers are prohibited from charging fees for consumers paying by mail, electronic transfer, or phone—unless the service is required.
- Payment due dates the same each month.
- Cards cannot be issued without an adult co-signer unless cardholder can prove means to repay the debt.
- Card issuers not allowed to offer tangible items or inducement for applications on or near campus or college sponsored events.
- Each card issuer will maintain a website posting card agreements. Federal Reserve must post on website as well.
- Issuers must disclose consequences of making only minimum monthly payments.
- Toll-free number must be made available for help in locating credit counseling and debt management services.

August 22, 2010: Rate change notice and explanation requirements.

- Penalties have to be reasonable and proportional to the violation. Most nuisance fees will disappear.
- No penalties for not using your card unless no activity is more than 12 months.
- Cards can't expire for the first five years.
- Expiration date terms must be clearly stated.

Your financial well-being is our top priority and we are here to help you understand how the CARD Act affects your credit cards. If you have any questions please feel free to call 800.228.6420. The best place for you to have your credit card is with the credit union. If you do not have your card with the credit union contact us today!