

LEGISLATION

The Credit CARD Act of 2009



What you should know about the new law and how it affects you.

Last May the Credit Card Accountability Responsibility and Disclosure Act of 2009 (or the Credit CARD Act of 2009) was signed into law. The goal of the CARD Act is to enforce new rules to protect consumers from unfair credit practices and help them make better credit decisions. This guide will give you an overview of the act and those changes that will have the most direct effect. Many of the changes take effect February 22nd, 2010 while others take effect July 1st, 2010. For more information on the Credit CARD Act of 2009 visit: http://www.whitehouse.gov/the_press_office/Fact-Sheet-Reforms-to-Protect-American-Credit-Card-Holders.

Payment Due Dates - (Consumer & Business)

New law: Payment dates must be on the same date each month.

- ⇒ What does this mean for you?
- Payment due date is the same each month.
 - Date payment made in any branch is considered the payment date regardless of time of day.

Payment Allocation - (Consumer Only)

New law: Excess payments above the minimum are applied to the highest APR first.

- ⇒ What does this mean for you?
- You are able to pay down higher rate balances faster as any amount greater than the minimum payment will be applied to your HIGHEST RATE balances first.

Over-limit Fees / Authorizations - (Consumer Only)

New law: Cardmembers now must Opt-In to exceed their credit limit and incur an over-limit fee.

- No more than one fee will be assessed per month.
 - If card has no preset spending limit, there is no need to elect coverage as over-limit fees do not apply.
- ⇒ What does this mean for you?
- Opt-In does not guarantee transactions will be authorized as additional factors such as credit-worthiness and payment history will be evaluated.
 - Opt-Out does not guarantee transactions will never be authorized over the limit, however, an over-limit fee will not be assessed.

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Interest Rates - (Consumer Only)

New law: Credit Card companies cannot raise interest rates on accounts open less than 6 months (introductory rates will be 6 months or more).

- If a cardmember is late with their payment or exceeds their credit limit, this will no longer result in penalty pricing or early loss of promotional rates.
- Re-pricing of APRs will only affect new balances; existing balances will remain at their current rate.

Exceptions may include:

- ♦ end of promotional/introductory period,
- ♦ increase in variable APR in accordance with agreement,
- ♦ payment received 60 days after the due date with 45-day advance written notice,

- ♦ completion or failure to complete a hardship program, or
- ♦ accounts under the Soldiers and Sailors Relief Act.

⇒ What does this mean for you?

- Issuing banks will not re-price terms on existing balances except for permissible purposes listed above.

Student Marketing

New law: Tangible incentives cannot be offered to students to apply for credit cards on, near, or at an event sponsored by an institution of higher learning.

⇒ What does this mean for you?

- Tangible incentives (T-shirts, trinkets) cannot be used for solicitation around any campus.

Applicants Under 21

New law: Credit Card Applicants under the age of 21 must now have either:

- Submission of financial information indicating an independent means of repaying the card debt; or
- A co-signer, above the age of 21, who has the means to repay debts and assume joint liability.

⇒ What does this mean for you?

- All applicants must prove credit worthiness before an account will be approved.

