

New Credit Card Rules

The Federal Reserve has issued new rules for credit card companies, effective **February 20, 2010**. They are designed to help protect consumers. Below are some of the major changes:

- Your credit card company must send you a notice **45 days** before they can:
 - Increase your interest rate
 - Change certain fees that apply to your account (i.e., annual fees, late fees, etc.)
 - Make other significant changes to the terms of your card
- The credit card company must give you the option to cancel the card before the fee increases go into effect. Should you cancel your card, they are allowed to close your account and increase your monthly payment.
- Your monthly bill must include information on how long it will take you to pay off your balance if you make only the minimum payments.
- No interest rate increases for the first **12 months** (see exceptions below)
 - If the rate is tied to an index, the rate will increase with the index.
 - If there is an introductory rate, it only has to remain in place for 6 months.
 - Your rate can be increased if you are more than **60 days** late paying the bill.
 - If you have made a payment agreement and do not comply, your rates can be increased.
- Increased rates only apply to **new** charges. Your old interest rate will apply to any balance.
- You are required to notify the credit card company if you want it to allow transactions that exceed your credit limit. If not, the transaction will potentially be turned down.
- You will not be penalized in the event that a purchase goes through exceeding the limit if you did not opt to allow transactions to exceed the limit. Your choice to opt in on this option can be revoked at any time.
- Fees such as an annual fee or application fee cannot total more than **25%** of the initial credit limit.
- If you are under **21 years** of age, you will need to show that you can make payments, or have a cosigner in order to open a credit card account.
- Your credit card company must mail or deliver your credit card bill at least **21 days** before your payment is due.

- Your due date should be the **same** date each month. If this date falls on a weekend or holiday, you will have until the following business day to pay.
- Payments are due by **5 pm** on the due date.
- If you make more than the minimum payment on your bill, your credit card company must apply the excess amount to the balance with the **highest** rate.
- Credit card companies can only impose interest charges on balances in the current billing cycle, thus eliminating two-cycle billing.

Source: <http://www.federalreserve.gov/consumerinfo/wyntk/creditcardrules.htm>

For additional information, please visit <http://www.federalreserve.gov>