

# Credit Card Reform Approved

## *Ending Abuses and Leveling the Playing Field for Consumers*

On May 20<sup>th</sup>, the House approved H.R. 627, the Credit Card Holders Bill of Rights Act, sending the bill to the President for his signature. This important and long overdue legislation will level the playing field for consumers who have been subjected to unfair and abusive credit card practices. Rep. Levin is a co-sponsor of the legislation.

### What Credit Card Reform Means to You:

#### Interest Rates

- No Retroactive Rate Hikes: Your credit card company will be unable to increase your interest rate on existing balances unless you are 60 days past due on your payments.
- High Interest Balances Paid First: If you pay more than the minimum due, the additional payment will be applied to the balance with the highest interest rate first.
- No Teaser Rates: Your credit card company cannot raise your interest rate for the first year after you open your account, and any promotional rate must last at least six months.

#### Fairness in Notice and Fees

- Adequate Time to Pay: Your credit card company will be required to mail your statement 21 days before your payment is due.
- Notice of Change in Terms: You will have at least 45 days notice of any increase in your interest rate and fees, along with the opportunity to reject these changes for existing balances.
- No Payment Fees: You cannot be charged a fee for paying your credit card bill by phone, or by any other method, except for expedited payments that require talking to service representative.
- Over-the-Limit Fees: You cannot be charged an over-the-limit fee unless you have signed up to allow transactions that would put you over the limit on your credit card.
- Protection for Young Consumers: Consumers under 21 years old would only be able get a credit card with a co-signer or proof that they can repay the credit extended.

#### Adequate Disclosure

- Your credit card bill will clearly tell you how long it would take to pay off your balance and how much interest you would pay if make only the minimum payment, as well as what penalties you will incur for a late payment.

These changes will take effect in February 2010

Graphic Source: Wall Street Journal

**The Fine Print**  
The law would require new information to be added to credit-card statements (examples in red)

PAYMENT SUMMARY	
NEW BALANCE:	\$1,000
MINIMUM PAYMENT:	\$35
PAYMENT DUE DATE:	03/22/10 (would require 21-day notification)
MONTHS BEFORE BILL IS PAID OFF IF ONLY MIN. PAYMENTS MADE:	49
INTEREST PAID OVER TIME IF ONLY MIN. PAYMENTS ARE MADE:	\$667

Note: Figures are rough estimates