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How the Changes in Credit Card Rules Will Affect You



Does your credit card statement look different these days? Did you receive a 15-page disclosure from your credit card company? The Credit Card Accountability, Responsibility and Disclosure Act (commonly known as CARD – clever, huh?) required companies to change the way they did business! Here are some (not all) of the rules that went into effect on February 22, 2010.

What Has Changed

Cannot Raise Your Interest Rate for 12 months—unless you are late making your minimum payments.

Cannot charge you a fee if you exceed your credit limit – You now have to sign up for this service if you want to EXCEED your limit.

Required to give 45 days notice before raising your interest rate – This includes changes to fees, credit limits or cash advances.

Must apply any amount paid—beyond the minimum payment made by you—to the highest interest rate balance first – Your credit card may have different interest rates for purchases versus cash advances. Any dollar amount you pay over and above your minimum payment must be applied to reduce the balance on the highest interest rate first.

Credit Cards Bills must be mailed to you 21 days in advance—before your payment is due.

Due dates must be the same day every month – If it falls on a weekend or holiday, the payment must be credited on the next business day with no late charges.

Cannot use your “average balance” over a 2-month time period to calculate interest.

Late Payment Rules – If you are more than 60 days late, the credit card company can increase your interest rate. However, they must restore your old interest rate if you make your payments on time for 6 months straight.

Your credit card statement will look different – they will be easier to read and include a “minimum payment” warning showing the estimated time it would take to pay off your credit card if you only made the minimum payment each month.

What Has NOT Changed

Credit Card companies can lower your credit limit or close your account for no reason—and without advance notice.

Annual fees, inactivity fees and over-the-limit fees can increase without notice.

Can offer “teaser rates” and increase them after a specific period of time.

Credit cards with variable rates (like tied to Prime rate) can change without notice.

FOR ANOTHER FREE (and phenomenal) report on Credit in general, call or e-mail my office for my 4 page report entitled:

Credit Scores-Understanding the Basics

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