

Knowledge is Power: New Credit Card Rules are Now in Effect!

As a result of the Credit Card Accountability, Responsibility, and Disclosure Act, there are new rules that credit card companies must follow as of August 22, 2010.

- If you are late paying the minimum payment, a credit card company cannot charge more than a \$25 fee unless you have had one other late payment in the past 6 months (in which case the fee may only be \$35) or if the company can show that it incurred costs above \$25 for processing the late fee.
- The late fee may not be more than the minimum payment.
- The fee charged for exceeding the allowed credit limit cannot exceed the amount that you were actually over the limit.
- Only one fee can be charged for any one transaction that violated a credit agreement.
- Companies can no longer charge a fee for an inactive account.
- An explanation must be provided when the annual percentage rate is increased on an account. (Since February of 2010, an APR cannot be increased on an existing balance.)
- The increased APR must be re-evaluated every 6 months. If appropriate, a consumer's APR must be decreased within 45 days of the re-evaluation.

Additional rules went into effect in February of this year, including:

- Credit card companies must warn you 45 days in advance that they plan to increase your interest rate (unless you have a variable rate card,) cash advance fees, annual fees, or late fees.
- Your monthly credit card bill must contain information about how long it will take you to pay off your balance if you only make minimum payments.
- Credit card companies are required to mail your bill at least 21 days before your payment due date.
- Credit card companies can only apply interest charges to balances in the current billing cycle.

The information for this article was taken from the Federal Reserve website; if you are interested in more detailed information, please go to:

http://www.federalreserve.gov/consumerinfo/wyntk_creditcardrules.htm