

# If you have specific questions about credit cards call your local office of MidPenn Legal Services.

MidPenn Legal Services serves residents of Adams, Bedford, Berks, Blair, Centre, Clearfield, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Perry, Mifflin, Schuylkill, & York Counties

This brochure contains general information and not specific legal advice. Although this information is believed to be accurate at the time of preparation, individual situations may require individual analysis, such that it may be advisable to consult with a lawyer. June 2010

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**MidPenn**  
LEGAL SERVICES

## Credit Card Facts And Recent Changes to Credit Card Laws



MidPenn Legal Services is a non-profit, public-interest law firm dedicated to providing equal access to justice and high quality civil legal services to low-income residents and survivors of domestic violence in 18 counties in Central Pennsylvania.

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LEGAL SERVICES CORPORATION

Pennsylvania  
**Legal Aid** Network, Inc.

## Quick Facts



In recent history, credit cards have become available to consumers in huge numbers, the result being that many consumers are becoming persistent debtors. Credit card companies are making a significant profit or credit would not be increasingly available.

Many credit cards require the consumer to pay an annual fee which is automatically put on the credit card on the anniversary date.

Credit cards have different interest rates. It is common for the interest rate on credit cards to be higher than the interest rates available from banks on loans. It is not unusual for the interest rate on a credit card to be as high as is legally allowable.

Minimum payments on credit cards are often designed to allow the credit card company to make the most money. If you only make the minimum payment each month, it may take a very long time to pay off the credit card. Always check the finance charge on the statement. If your payment is less than the finance charge, your balance will increase the next month even if you make no purchases.

You should always check the statement and immediately contact the-

company if you dispute any of the charges.

Many experts on individual finance say a consumer should never buy an item on credit that loses value. That would include almost everything except real property. It is best to use a credit card only when you can pay the balance when it first comes due.

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## Recent Changes to Credit Card Laws



### The Credit Card Accountability, Responsibility and Disclosure Act

was enacted on May 22, 2009.

Some of the new rules include:

- Restrictions on most interest rate increases during the first year.
- Restrictions on most interest rate increases on *existing balances* unless the required minimum payment is not received within 60 days after the due date.
- Beginning Aug. 22, 2010, consumers whose interest rates have been increased due to a missed payment can have their annual percentage rates (APRs) restored to previous levels if the cardholder shows six months of timely payments.

- Increased notice for rate increases on future purchases. After the first year, card issuers can raise the rate of future purchases with 45 days notice. A 45 day written notice is also required before the issuer can raise the APR or make any other significant change to the card agreement.
- Before issuing a card to a person under the age of 21, the card issuer must obtain an application which contains either the signature of a cosigner over the age of 21, or information indicating an independent means of repaying any credit extended.
- Issuers must disclose the period of time and total interest it will take to pay off the card balance if only minimum monthly payments are made.
- Credit card issuers are prohibited from setting early deadlines for payments. Payments must be received by 5:00pm at a location set by the issuer. Due dates will be on the same day each month and a monthly bill must be mailed 21 days before that date.

