



NATIONAL FOUNDATION FOR
CREDIT COUNSELING

*Knowing the difference can
make all the difference.*

NFCC PRESS RELEASE

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CONSUMERS SHOULD TAKE ACTION TO MAXIMIZE BENEFITS OF CARD ACT

Silver Spring, MD – The clock is ticking toward implementation of the Credit Card Accountability Responsibility and Disclosure Act of 2009, commonly referred to as the CARD Act. On February 22, consumers will have a new set of financial protections in place. However, in order to maximize the provisions of the Act, consumers need to take action.

“The National Foundation for Credit Counseling (NFCC) encourages consumers to take advantage of the opportunities afforded by the CARD Act,” said Gail Cunningham, spokesperson NFCC. “As much as the CARD Act serves to protect consumers, they need to remember that it is their responsibility to become familiar with the changes and take action where required.”

Below the NFCC lists five changes related to consumers’ credit card accounts as a result of the CARD Act, and suggestions regarding how to maximize the provisions to their advantage:

- **Review monthly billing statements, as they will look very different.** Two new features will be added to the statements:
 - Issuers must now include a snapshot of how long it will take consumers to pay off their balance if they only make the minimum payment each month. This will be contrasted against becoming debt free in three years. Many consumers are currently unaware of how deep a financial hole they’ve dug, and are content servicing their debt by only paying the minimum amount due each month. This reality check provides them with the opportunity to stop digging deeper and instead, start digging out.
 - Credit card issuers are now required to include on customers’ statements a toll-free number where they may receive information about accessing credit counseling. Not only will this information make consumers aware that help is available, but it will direct them to legitimate nonprofit counseling agencies for assistance. Consumers in financial distress can now use their credit card statement as a resource to obtain solid advice and find solutions.

- **Pay attention to all mailings, statement stuffers and fine print.** Under most circumstances, the issuers must now give consumers 45 days notice before they increase the interest rate, change fees or make other significant alterations to the terms of an account.

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This provides the consumer with time to evaluate the revisions, and decide if they want to apply for another credit card that offers better rates and terms than the existing one.

- **Inform the creditor whether or not you want to allow transactions that will take you over your credit limit.** A consumer must tell his or her credit card company if he or she wants to allow approval of purchases over their credit limit, or the transaction may be turned down. If a person does not opt-in to over-the-limit transactions and the credit card company allows one to go through, it cannot charge an over-the-limit fee. Also, if a consumer does opt-in to allowing transactions that takes him or her over the credit limit, the credit card company can impose only one fee per billing cycle.
- **Check your credit report for accuracy.** Card issuers are restricted from opening a new account or increasing credit lines unless the issuer first takes into consideration the consumer's ability to repay under the terms of the agreement. To satisfy this requirement, creditors will likely begin using income estimation models supplied to them by the credit bureaus. These tools will review, among other things, data contained in the consumer's credit bureau report. Since consumers are allowed one free credit report every 12 months from each of the three reporting bureaus, there is little reason for consumers to not review their credit report and correct any inaccuracies.
- **Pay your bills on time.** Consumers will know in advance when their payment is due (same date each month), have ample time to meet the due date (bill must be mailed or delivered 21 days in advance of the due date), and not have to pay to pay (no extra fees assessed if payment is made by phone or electronically). These provisions allow consumers to plan their payments, making it easier to stay current.

“Consumers always need to remain diligent about managing their credit, and becoming familiar with the provisions of the CARD Act should be added to their financial to-do list. Through the Act, cardholders will benefit from clearer terms and improved disclosures which will go a long way toward ending confusing billing practices. These changes will definitely help empower consumers to take control of their financial future, and it is our hope that they realize the opportunity that is before them,” continued Cunningham.

If you want to understand more about how the CARD Act affects you, or if you have financial concerns, reach out to an NFCC Member Agency for assistance. To find the location closest to you, call toll free to (800) 388-2227, or go online to www.DebtAdvice.org. For help in Spanish, call (800) 682-9832.

The National Foundation for Credit Counseling (NFCC), founded in 1951, is the nation's largest and longest serving national nonprofit credit counseling organization. The NFCC's mission is to promote the national agenda for financially responsible behavior and build capacity for its members to deliver the highest quality financial education and counseling services. NFCC Members annually help more than three million consumers through close to 850 community-based offices nationwide. For free and affordable confidential advice through a reputable NFCC Member, call (800) 388-2227, (en Español (800) 682-9832) or visit www.nfcc.org.