



# NEWS RELEASE

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**FOR IMMEDIATE RELEASE**  
**February 22, 2010**

## **NAFCU HIGHLIGHTS NEW CREDIT CARD RULES & SMART MONEY MOVES IN 2010**

WASHINGTON – The National Association of Federal Credit Unions ([www.nafcu.org](http://www.nafcu.org)) offers these insights on the Credit Card Accountability, Responsibility and Disclosure Act of 2009 (the Credit CARD Act), effective Feb. 22, and smart money moves in 2010.

**Limits on rate hikes** – With a few exceptions, rates on existing balances cannot be raised. There are also limitations on increasing rates on new accounts in their first year. Promotional rates must last at least six months. Due dates must be the same day every month.

**Read all documents carefully** – The new law offers many protections for cardholders. To fully benefit, you should read all disclosures and notices that card issuers are now required to provide.

**End of abusive practices** – Universal default, in which the credit card interest rate is raised immediately due to negative information on your credit report, and double-cycle billing are now banned.

**New Rules Don't Do Everything** – The Credit CARD Act ends several unfair practices, but it does not place ceilings on rates. Consumer Reports recently found that credit unions offer some of the best credit card rates. At a federal credit union, credit card and loan interest rates are capped at 18 percent and most average much lower. You can go to [www.culookup.com](http://www.culookup.com) to find a credit union you may be eligible to join.

**Better Disclosures** – Issuers must disclose how long it will take to pay off the balance and the total interest amount if you make only minimum payments; the monthly payment amount (if more than the minimum payment) required to pay off the balance in 36 months; and clearly state the due date and late payment penalty. Most credit card agreements must be posted online and on a public Web site hosted by the Federal Reserve Board.

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**Fee Limits** – Unless you've previously agreed, you cannot be charged over-limit fees, and there can only be one over-limit fee per billing cycle. No fees or penalties for payments made by phone, electronic transfer or any other way (unless it's through an expedited service conducted by a live service representative).

**Payment Allocation** – Any payments made over the minimum will be applied to the credit card balance with the highest interest rate, and special rules apply for deferred interest programs.

**Protection for Youth** –To get a credit card, those under 21 must either prove an independent income or have a co-signer over 21. Gifts cannot be provided to students on campus in exchange for applying for a card.

NAFCU is the only national organization that focuses exclusively on federal issues affecting credit unions, representing its members before the federal government and the public.

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*For the latest in credit union information, visit our Web site @ [www.nafcu.org](http://www.nafcu.org)*