

# Blue Summit Wealth Management

*Investing with Integrity*



## *The Blue Summit Report*

### **Credit Card Reform** *Regulatory Update*

We all know that credit cards are a useful part of our technology filled lives. They add flexibility and simplicity to our consumerism driven world, but they can also be dangerous. With the average American now holding four credit cards and one out of every seven people in possession of more than [10 cards](#) it is important to stay current on the laws and regulations that govern their use and affect you.

Back in February the Federal Government enacted some drastic changes to help consumers avoid overtly predatory practices that some credit card companies had initiated. Here is an overview of the major changes that will go in to affect on February 22, 2010:

- The credit card companies must give you 45 days notice before
  - Increasing your interest rate
  - Changing certain fees (including annual, cash advance, and late fees)
  - Other significant changes to the terms of your card
- Your monthly bill will now contain information on how long it will take to pay off your balance if you only make the minimum payment
- There will be no interest rate increases allowed during the first year unless you have signed up for an introductory or variable rate or you are more than 60 days late paying your bill
- Increased rates will only be applied to new charges, not existing balances
- You must now opt-in to allowing charges that would take your balance over your spending limit, eliminating over the limit fees. If you do opt-in only one fee per billing cycle can be assessed
- Annual or application fees cannot total more than 25% of your initial credit limit
- Consumers under 21 years of age must show they are able to make payments or have a cosigner to open an account and increase the spending limit

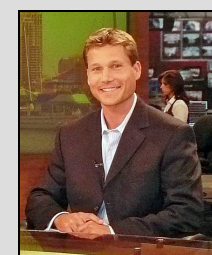
Additional changes will be taking place in August, a summary of these include:

- \$25 maximum for late fees if it is your first late payment in six months, otherwise \$35 maximum (in most cases)
- No inactivity fees
- One fee limit – example: late payments can only receive one fee
- If your rate is increased an explanation must be included and the increase must be re-evaluated every six months, if appropriate the rate must be reduced within 45 days of the re-evaluation

Greater detail on the all of the changes listed above as well as interactive tools to help you understand your individual situation can be found on the Federal Reserve's [website](#).



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