



Consumer Credit Counseling Service
of Maryland and Delaware, Inc.

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IT PAYS TO BE CREDIT WISE -- EVEN WITH THE NEW LAW

(BALTIMORE) On May 24, President Obama signed the Credit Card Accountability, Responsibility, and Disclosure Act (CARD) into law. When this new measure takes effect early next year, it will require credit card issuers to:

- Give 45 days' notice before credit card contract changes go into effect.
- Stop applying interest rates increases to card holders' existing credit card balances.
- Tell card holders how long it will take to pay off a balance and what it will cost in interest if they only make minimum monthly payments.
- Mail statements to card holders at least 21 days before payments are due.
- Refrain from raising customers' interest rates based on their payment records with other unrelated credit issuers.

But the new law also may have some negative impacts for consumers. Many experts believe it may lead to increased interest rates now and steeper fees and penalties down the road. It also may cause credit issuers to take away the "grace period" on credit purchases and make it harder for citizens with lower credit scores or less income to obtain credit. No matter what the new law brings, one thing is clear: Consumers are more likely to fare better if they inform themselves and use credit responsibly. Here are a few practices it pays to know and employ:

- **Do your homework.** Before applying for a credit card, shop around and compare. Don't be tempted by introductory offers that sound too good to be true or enticing rewards that conceal excessive rates.
- **Think before charging.** Used properly, credit cards can help you establish good credit. They come in handy on car rentals, online purchases, or when you buy big items, such as computers or kitchen appliances. Avoid using them on impulse or when you know you won't be able to pay off the balance when the bill arrives.
- **Pay your balance in full each month.** If you can't pay the complete balance, pay as much as possible. Making minimum monthly payments leads to trouble -- and lots of interest. For example, if you owe \$1,000 on a credit card with an 18% APR and only make minimum payments of \$30 each month, it could take up to eight years to pay off the balance, and you will pay almost \$700 in interest. If you'd like to know more about the cost of credit, please visit the Financial Tools section CCCS of MD & DE web site at www.cccs-inc.org.
- **Avoid making cash advances or using credit card checks.** These transactions generally include a much higher interest rate than normal purchases do. To make matters worse, cash advances usually aren't paid off until the rest of your balance is.
- **Carefully review your monthly statements.** Check for and dispute unexplained charges. Also routinely request and review your credit report. To obtain a free, annual credit report from each of the three major credit reporting companies, visit www.AnnualCreditReport.com.
- **Don't wait to get help.** If you know that you're going to be late on a credit card payment, call and alert the creditor. Explain your situation and ask if late fees can be waived. If you need further help, consider seeking advice from a reputable nonprofit credit counselor.

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Consumer Credit Counseling Service of MD & DE, Inc. (CCCS) is an accredited nonprofit agency that has served the local community since 1966. CCCS is dedicated to helping individuals and families resolve their financial problems. We promote the wise use of credit through education and confidential budget and money management counseling. Please call **1-800-642-2227** or visit our website at www.cccs-inc.org to find out more. Maryland State License #14-01.