

## New Rules to Protect Credit Card Users

The Federal Reserve Board has announced new rules to protect consumers who use credit cards from a number of costly practices. Credit card issuers must comply with most aspects of the rules beginning on February 22, 2010. Among other things, the rule will:

- Protect consumers from unexpected increases in credit card interest rates by generally prohibiting increases in a rate during the first year after an account is opened and increases in a rate that applies to an existing credit card balance.
- Prohibit creditors from issuing a credit card to a consumer who is under the age of 21 unless the consumer has the ability to make the required payments or obtains the signature of a parent or other cosigner with the ability to do so.
- Require creditors to obtain a consumer's consent before charging fees for transactions that exceed the credit limit.
- Limit the high fees associated with subprime credit cards.
- Ban creditors from using the "two-cycle" billing method to impose interest charges.
- Prohibit creditors from allocating payments in ways that maximize interest charges.

To learn more about changes to your credit card accounts, access the new online publication, "What You Need to Know: New Credit Card Rules" at:

<http://www.federalreserve.gov/consumerinfo/wyntk/creditcardrules.htm>

