

Dear Friend,

This week, the final parts of the Credit Cardholders Bill of Rights took effect. These new rules put limits on certain unfair rates and fees imposed by credit card companies. Although some of the law's new requirements went into effect earlier this year, there are still a number of important changes that you should know about:

- **Limits on Penalty Fees:** The Credit Cardholders' Bill of Rights created new regulations on how much credit card companies can charge for things such as late payments or over-the-limit purchases. The new rules ban these companies from charging fees that are larger than the initial infraction. For example, let's say you spend \$15 more than your max. The charge for that cannot be more than \$15.
- **Banning Certain Fees:** Credit card companies will no longer be able to charge you an inactivity fee for not using your card. They also can only charge you one fee per infraction.
- **Containing Rate Increases:** From now on, a credit card company will not be able to raise your interest rate without explaining why. In addition, if they do increase your rate, the company must reevaluate the rate every six months. If the company finds that your rate should be lowered, they must do so within 45 days of the evaluation.
- **Protecting Gift Cards:** Starting this week, all gift cards sold must be valid for at least five years. Any unspent money on an expired gift card must be honored for at least five years. You can request a replacement for any expired gift card for free. Additionally, under the new law, certain gift cards will no longer be subject to many different fees – instead, only one fee a month will be allowed on these cards.

For too long, credit card companies were allowed to profit at the expense of responsible credit cardholders while facing little to no oversight. These latest rules are just one step towards creating a more transparent financial system that offers real consumer protections for you and your family. At the end of the day, it means more money in your pocket instead of in the bottom line of a big credit card company.

How the New Credit Card Rules Affect You

Thursday, August 26, 2010

For more information on the Credit Cardholder's Bill of Rights, please visit my website at <http://israel.house.gov>.

Sincerely,

Steve Israel
Member of Congress