

# Credit card laws to change in February



Illustration by Jessica Foster Clackamas Print

## By Travis Hardin The Clackamas Print

Eighteen and wanting a credit card? Think again.

Starting Feb. 22, banks must comply with the Credit Card Accountability, Responsibility and Disclosure Act that President Barack Obama signed into law on May 22 of last year. Banking institutions have had since last May to start conforming to the new law.

With the recent turmoil in the economy from the housing and financial crises, some see this as a good thing to protect consumers.

Max Hepburn, a 19-year-old student, said, "I think overall it might help just due to the fact that people will start being able to keep track of their own money."

Under the new legislation individuals 18 to 21 must either have a co-signer such as a parent, viable income or pass a course in order to apply for a credit card.

According to David Vegsund, a 19-year-old sophomore, the new laws don't deter him because he knows that he can get one.

"I know I am responsible with a credit card," said Vegsund.

Vegsund already has two credit cards and only uses one of them.

"I am actually thinking about getting another one, for the fact that I like to fly a lot, so I am thinking about getting one with airline miles," added Vegsund.

Also under the new law people who have credit cards must be notified 45 days in advance if their bank wants to increase their rates.

This law went into effect on Aug. 20 of last year. Banks can still however change your credit limit without notification unless the change would create a penalty, like an over limit fee. On the other hand, the new law does not cover putting a cap on interest rates or the fees that the banks can impose.

When asked what he uses his credit cards for, Vegsund replied, "I actually use it just to build credit. I buy all my groceries, I

buy plane tickets, I buy all that stuff then I pay it off."

Restrictions on the marketing practices and number of credit cards that are issued to students are also outlined under the new act.

Drew Lowther is a former credit card processor and specialized in convincing businesses to accept credit cards for payments.

"I think credit cards are bad overall; it reinforces the idea that you need credit to by something," Lowther said.

Lowther, a father himself, said, "No, I don't want to be liable for my kid's debt," when asked if he would be a co-signer on a credit card.

Devin Herigstad is an 18-year-old freshman who has one Visa credit card through West Coast Bank. He has had his card for about six months. According to him, he is not worried about trying to get another credit card. He has worked at Game Stop for the last three years and has a way to pay for his monthly payments.

Herigstad also said "My mom would co-sign for me," if he wanted to go and get an additional card in the future.

Herigstad uses his credit card to buy textbooks in advance until he receives his financial aid and also makes online purchases with it.

Some other new rules include ending double-cycle billing that almost all banks currently use. Credit card holders can only receive one fee for being over the limit in a billing cycle.

Consumers also now have more time to pay their card payments under the provisions. If the bill is paid on the assigned due date or the bank does not receive mail the following day, such as Sundays or holidays, the credit card holder will not be charged a penalty. Instead they will be charged a late fee if the account becomes delinquent, which is more than 60 days from when the last payment was due.

If a credit card holder gets in a bind and needs to pay a bill either over the phone or via the Internet, it now will be free.

Banks still do have the ability to charge a fee to expedite the transaction.

For those who like gift cards but hate the fee penalties that come along with them, here is a gift, they, too, are covered under the law.

"Help. People will be able to keep track of their own money," said Hepburn when asked if the new law will help or hurt the economy.

"I think [credit cards] are a bad thing for anybody who is not planning to and capable of paying them every single time," said librarian Karen Halliday.

When asked if she would be a co-signer for a credit card if she had children Halliday replied, "I probably would say, 'I'll be your emergency back-up but I'm not [going to be your co-signer].'"

Halliday herself uses credit cards frequently, saying,

"Because of the mileage bonuses, I've been able to go to Africa because of frequent flyer miles, but I don't carry balances."

According to Vegsund, he talked to his parents before getting a credit card, and they advised him of the risks and responsibility involved.

"You can get into debt really fast," Herigstad added when asked what he has learned from having a credit card.

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