

# New Credit Card Rules

2012 regulations hurt stay-at-home parents

December and January are the biggest months of the year for credit card applications. This is the time that consumers look for cards with better rewards or cards with lower rates to get their finances in shape.

The new rule is part of the CARD Act and says credit card issuers must only consider the applicant's own salary or other income. Any person that applies for a card must be able to make his or her own payments. Household income or combined income is no longer considered in the approval process. This means a stay-at-home parent who has no outside income will find it very difficult to get approved for a credit card.

"The intent of limiting credit cards to indi-

viduals who can afford them is a good idea, but just like many regulations, there are unintended consequences," says Bill Hardekopf, CEO of LowCards.com. "This is a bigger problem than just the name on a piece of plastic. Credit card payment history is an important component in a credit score. If you aren't building a good history with a credit card in your own name, this could drag down your credit score and may cause higher rates with future loans or become a reason for rejection during job interviews."

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Before the regulation, a person could get a credit card account based on the income of

another family member. The stay-at-home spouse could get a credit card in his/her own name based on the salary of the working spouse.

This new income requirement only applies to new accounts. It does not affect existing credit card accounts.

### Other Credit Options

**Secured Cards.** If you don't qualify for a credit card in your own name, you may want to consider a secured card. The credit limit will be the amount of your deposit. But cards like Capital One's Secured MasterCard may give credit line increases based on your payment and credit history. "Secured cards can be a good place to start when you can't get a credit card," says

Hardekopf. "Make sure the card reports to all three credit bureaus so you get credit for a good payment history. If you carry a balance, you will still have to pay interest, so pay off the card each month. Many secured cards have higher interest rates than standard credit cards."

**Authorized User.** You can also become an authorized user on your spouse's credit card. Your name will appear on the credit card and you will have full charging privileges, but you are not the owner of the account. The lender will report the credit information of both you and your spouse to the credit bureaus. FICO includes authorized accounts in its score calculation and if your spouse has a good payment history, this can boost your credit score. Vantage Score does not use authorized user accounts in its formula.

"Keep in mind that there are some risks to

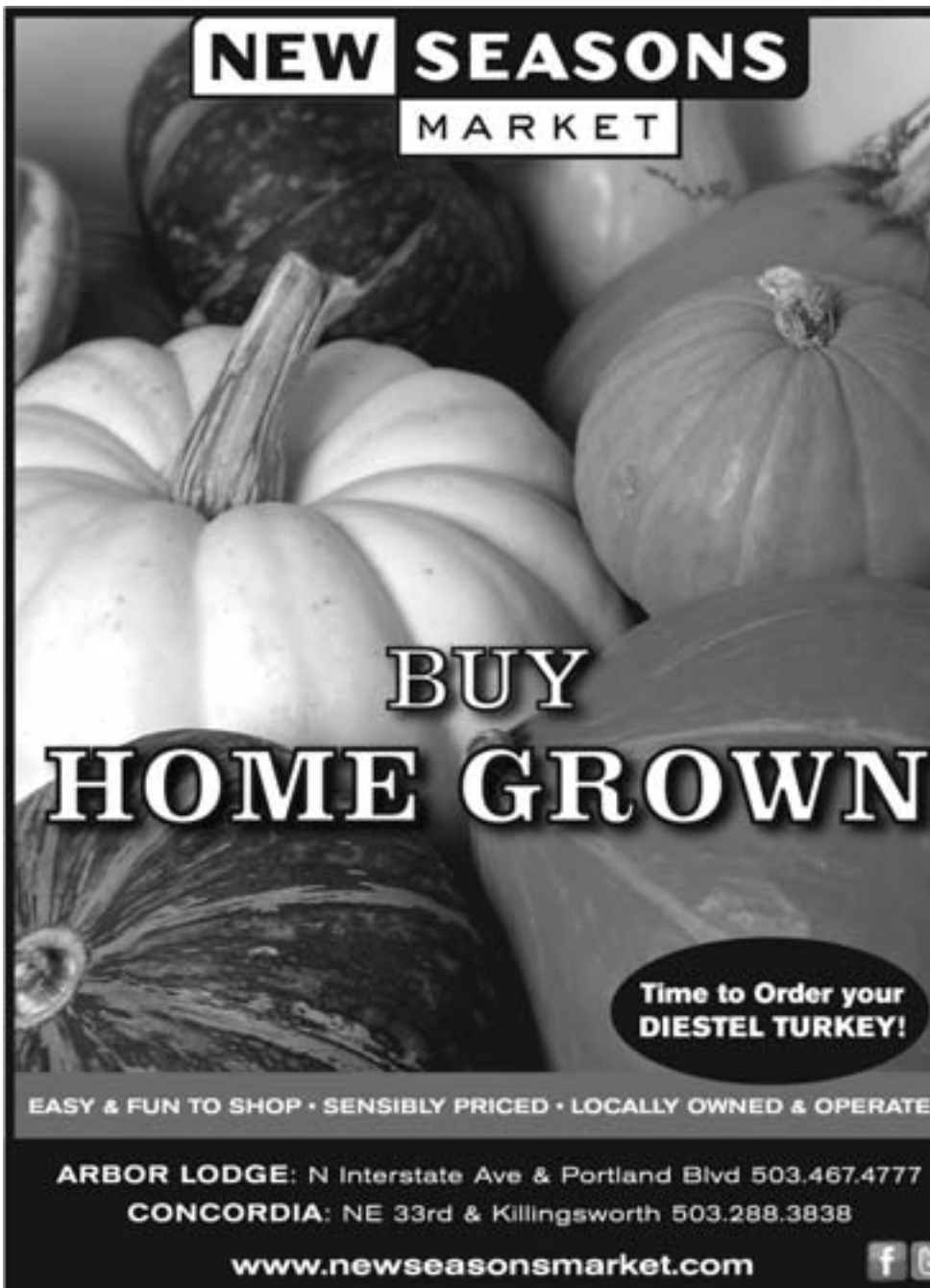
## Congress of Indians



Barre Hamp (L) and Terrell Terry (C) of the Shinnecock Nation met up with Edward K. Yava sr., of the Colorado River Indian Tribes at the 68th annual National Congress of American Indians. Issues under discussion ranged from economic development to health, diet and the disproportionate number of Native American children in foster care.

authorized accounts," says Hardekopf. "If your spouse already has a low credit score, it won't improve your score. If they have a late payment or a high balance, this can also drag down your score."

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