



...a brighter tomorrow

THE CONSUMER ADVOCATE

Winter 2010

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Thank You!

Citigroup, for your generous and unwavering support which helps to significantly fund our operations and educational efforts throughout the year.

Chase, for your kind funding, which supported our financial literacy program, "Esperanza Financiero".

The Credit CARD Act of 2009 Enough consumer protection?

If you aren't yet enrolled in Debt Counseling Corporation's Debt Management Program, you may have noticed an increased amount of correspondence from your credit card issuers in recent months. They are not sending Season's Greeting cards or an additional credit card statement—rather, you are receiving letters stating that the terms of your credit cards are changing. The reason for this recent change is a new law passed by Congress, the Credit Card Accountability, Responsibility and Disclosure Act, also known as the Credit CARD Act. For years, consumers have been upset with the methods used by creditors to raise interest rates and charge fees, and finally our representatives in Washington have responded.

The Credit CARD law is intricate and has many facets that are to your benefit. However, due to the number of changes the credit card companies must make, the law will go into effect in stages. You may have already noticed some of the changes that were implemented in the first phase of reform in August 2009, but the majority of the act will be implemented in February 2010, with a smaller phase following in August.

In August 2009, the following adjustments were made:

♦ **Earlier Bills:** Have you noticed your credit card bills arriving earlier than you have been accustomed to? The new law requires credit card bills be mailed 21 days before the payment is due in an effort to provide consumers with more time to make budgetary adjustments.

♦ **Advance Notice:** A consumer must receive 45 days notice if any key element of their credit card contract will be changed, such as an interest rate increase. If the consumer does not agree to the new terms of the contract, they have the right to cancel the credit card.

In February 2010, the following changes will be put into practice:

♦ **Due Date:** Credit card companies are required to have the due date on the same date each month. For example, if your due date is on the 15th of the month, your due date will always fall on the 15th of the month. So if the 15th happens to fall on a weekend

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or holiday the payment must be applied the next business day, without a late fee or other penalty. Payments made after the due date or the day following a weekend or holiday will be charged a late fee and you run the risk of having the interest rate on your credit card increased.

♦ **Youth and Credit Cards:** The Credit CARD Act has placed major restrictions on how credit cards can be marketed to individuals under 21, since many young adults are facing extreme credit card debt as they further their education. A credit card may be issued to an individual under 21 years of age only if:

- * The card has an adult co-signer or;
- * The consumer can prove that they are employed, and have the means to make payments on the credit card.

Additional restrictions, such as distance from a college or giveaways of tee-shirts or free food, have been placed on the credit card marketers.

Note: It is still important for young adults to establish credit as it continues to be used for car insurance rates, apartment rental eligibility and most importantly, employment and secured credit cards may be a viable alternative. A secured card is used like a credit card, but you put down monies up front in case of default. For example, if you want a \$500 credit limit, you pay the creditor \$500 as a security and use the credit card like a traditional card, charging and making payments each month. If you default or do not make your monthly

payment, the money in reserve will be used to pay for your charges. After a period of time or until you are eligible for a traditional credit card, this card may be converted to a traditional credit card and the money you “put down” will be returned to you. This card is strictly used to help you establish credit.

- ♦ **Interest Rate Increase:** The new Credit CARD law **does not** limit how often the interest rate can be raised and it **does not** cap how high the interest rates may climb. Rate increases are still permitted even if you have not defaulted on your credit card! Please speak to Debt Counseling’s Certified Credit Counselor to see how interest rate changes may effect you.

In August 2010, the following rule will go in effect:

- ♦ **Gift Cards:** The fees on prepaid gift cards and gift certificates have been significantly limited. Gift cards cannot expire for 5 years after activation unless specifically noted. An inactivity fee can only be charged once per month, and then



Credit CARD (cont.)

only if there has been no activity for 12 months. Be advised that prepaid phone cards, reloadable cards and some other cards are not protected under this provision of the law.

The Credit CARD Act is a first step that places restrictions on what the credit card companies can and cannot do. Please continue to read all correspondence from your creditors.

If you receive any correspondence from your credit card company that you are unsure about, please contact one of Debt Counseling Corporation's Certified Credit Counselors and all of your questions will be addressed.

There are also additional protections to the consumer created under this Act, regarding accountability and disclosures. For more information regarding the Credit CARD Act, please contact one of DCC's Certified Personal Finance Counselors or visit The Office of Thrift Supervision's website at <http://files.ots.treas.gov/25308.pdf>.

Celebrity \$ense

"You can only become truly accomplished at something you love. Don't make money your goal. Instead pursue the things you love doing, and do them so well that people can't take their eyes off you."

- Maya Angelou

Did You Know?

Did you know that you could have your income taxes done for free if you made less than \$49,000 in 2009?

Tax time can be an exciting time if you anticipate receiving funds back from the IRS (Internal Revenue Service) or it may be a daunting time if you owe money. Either way, the additional burden of having to file your taxes may be alleviated by the VITA program or the Volunteer Income Tax Assistance Program. This program is designed to help low to moderate income individuals file their returns.

There is a TCE program or Tax Counseling for the Elderly designed to help senior citizens, 60 and older.

Also, individuals in the military can receive income tax assistance through the AFTC or Armed Forces Tax Council.

All volunteers participate in extensive training and are certified by the IRS.



To find the nearest VITA site call 1.800.829.1040 or visit www.irs.gov.

If you do not qualify for the VITA services or choose not to use them, avoid using the Rapid Tax Refund service as you are paying a very high fee to receive your income tax return *only a few days* earlier than if you used direct deposit.

If you receive a refund from the IRS this tax season, consider making an additional payment to DCC. We will apply it toward the credit card with the highest interest rate to help you pay down your credit cards even faster!

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Spotlight on the Community

As always, DCC has kept busy throughout the fall months! DCC would like to welcome four new partnerships, The Town of Brookhaven, the Board of Cooperative Educational Services (BOCES), the Suffolk County Office of Women's Services and the Nassau County Executive Office. This is a tremendous opportunity for DCC. It will enable us to reach out to an even larger population of Nassau and Suffolk County residents.

As a result of these partnerships, DCC will be administering additional individual one on one counseling sessions as well as seminars on various topics including savings, budgeting, credit reports, credit scores and debt options.

The Fall 2009 semester brought DCC back to the C.W. Post Long Island University Campus to speak at their College 101 Program. The average college student graduates with approximately \$4,000 in credit card debt in addition to student loan debt. DCC helped to make the students aware of the importance of establishing good credit, especially since credit is more commonly used as a factor when applying for a job.

December 2009, DCC also visited the NYPD Coney Island precinct to present our Living Debt Free workshop.

What's New at DCC

Debt Counseling Corporation is excited to announce our new **Housing Counseling Program**. DCC has responded to the needs of our community by extending our services to include a **free** Housing Counseling Program focused on foreclosure intervention and pre-purchase homeownership counseling.

Our **foreclosure intervention** counselors are dedicated to working with you and your bank to help resolve mortgage delinquency. Call today to make an appointment.

Pre-purchase homebuyer education is important in today's economy. Meet with a certified counselor to determine how much house you can afford, learn about grant opportunities and much more!

Remember, all of our Housing Counseling Programs are free of charge. For more information, call 1.888.354.6332 ext. 316

Let Debt Counseling continue to help you on your way to ... a brighter tomorrow!



...a brighter tomorrow

The mission of Debt Counseling Corporation is to educate the general public about debt management options such as budgeting, refinancing, and a debt management program; to provide consumers consistent, superior, individualized service; to provide each consumer with the tools they need to develop and modify a budget which will allow them to maintain a dignified lifestyle.

Debt Counseling Corporation is also committed to assisting creditors with collecting consumer debt by helping avoid bankruptcy whenever possible and eliminating their financial burden.