This past May, the Congress passed and President Obama signed into law the [Credit Card Accountability Responsibility and Disclosure (CARD) Act of 2009 (HR 627)], commonly known as the Credit Cardholders' Bill of Rights. This legislation will bring to an end a large number of predatory and abusive practices that have long drained the bank accounts of millions of Americans, locking them into cycles of debt. The Federal Reserve has also issued a series of new regulations to end these practices. Such a broad overhaul of the credit card industry takes time, so many of these provisions were set to take effect over 15 months. Below, you'll find some information on what the changes will be, when they'll take effect, and what it all could mean for you.

Some key provisions took effect on August 20 of this year, 90 days after the bill was signed into law, chiefly focused on transparency. Cardholders must:

1. **be told, in writing, about any interest rate increases or other significant change in terms at least 45 days in advance.** This should allow cardholders to plan and act accordingly, instead of being surprised by hidden fees or sudden changes.

2. **be told, in writing, that they can cancel their card before the rates go up without cost.** That way, if you decide that you don't want the card with those higher rates or other changes, you know that you can cancel without paying any new penalty. The bill explicitly prohibits any special charges for cancelling a card, so you wouldn't have to pay off at once and would be charged at the old rate until you have paid off your balance.

3. **receive their statements 21 days before the payments are due.** No longer should a cardholder have to pay interest or a late fee because she didn't find out what her bill was until it was too late to pay on time. This should also give everyone time to figure out how much to pay on each month's bill.

Most of the provisions were set to take effect nine months after passage, that is on February 22, 2010. These include some of the stricter regulations on penalty fees and rate increases. Once they go into effect, banks would no longer be able to:

1. **arbitrarily raise interest rates or increase your rates just because you missed a payment on another card.** This second practice, known as "universal default", could cost cardholders hundreds of dollars on one card, even though they were paying their bills every month, because of a few dollars' missed payments on another card they forgot they even had.

2. **automatically enroll you in over-the-limit protection programs.** Many consumers like these programs because they allow a one-time credit extension. But those consumers who get hit with a $35 charge for spending $5 more than their credit line allows might prefer that their card simply be rejected. The law wouldn't prevent those who want it from signing up for these programs, but it would make sure that only people who want it get involved, and it would make sure that they weren't charged excessive rates for the privilege.

3. **apply partial payments to the balance with the lowest interest rate.** Instead, if you're paying off a high balance, they would be required to let you pay down the debt that's racking up the most interest first.

4. **bill you twice in the same cycle if you pay your debt.** This practice, known as double-cycle billing ban, is, effectively, a hidden increase in interest rates.

5. **target young adults with credit card applications they cannot afford.** These children must either prove that they are independently wealthy or get a parent or guardian to approve the card.

A final set of provisions would take effect on August 22, 2010. These would:

1. **require that all penalty fees be reasonable and proportional.**
2. **require a periodical review of past interest rate increases, so a cardholder's good behavior can earn a rate reduction.**
3. **set new limits on dormancy, inactivity, and service fees for gift cards.**

The various timelines for these provisions were included in the CARD Act to give the banks and companies that issue these cards time to implement the necessary changes. It has been gratifying to see some banks adopt new regulations bringing themselves in line with the new laws months before they have to. Unfortunately, some other banks have taken the opposite approach. We've seen banks hiking the rates, seemingly for no reason except that they won't be able to make such moves soon. In response, the House passed the Expedited CARD Reform For Consumers Act of 2009 (HR 3639) on November 04. This would make all of the new rules go into effect immediately, except for gift cards and for cards issued by small banks. Senate Committee on Banking Committee Chairman Christopher Dodd has also proposed speeding up the process but, until the Senate moves, all of the dates above will remain unchanged.

You can learn a bit more about both HR 627 and HR 3639 at the website of my colleague, Rep. Carolyn Maloney, Chair of the Joint Economic Committee and the author of both bills. There's also a good article on what these new provisions mean for you here.

If you think your bank is breaking the law or engaging in shady practices, you can also speak with the Federal Trade Commission. You can report your concerns *via* their website or by calling 877-FTC-HELP (877-382-4357); TTY: 1-866-653-4261.