

Current Implementation Dates of The Credit Card Act, P.L. 111-24

The CARD Act contains three separate implementation dates, 90 days, 9 months and 15 months after enactment. The break-out below lists when provisions become effective.

August 20, 2009:

- Provide increased written notice to consumers of any increases in the interest rate or otherwise makes a significant change to the terms of a credit card account;
- Inform consumers of their right to cancel the card before the rate hike goes into effect;
- Send statements to consumers 21 days before the due date of any payments.

February 22, 2010:

- Prohibits arbitrary interest rate increases and universal default on existing balances;
- Prohibits issuers from charging over-limit fees unless the cardholder elects to allow the issuer to complete over-limit transactions, and also limits over-limit fees on electing cardholders;
- Requires that payments in excess of the minimum to be applied first to the credit card balance with the highest rate of interest, if issuers raise rates or change terms to the detriment of their customers (otherwise the provision goes into effect on February 22, 2010).;
- Prohibits issuers from setting early morning deadlines for credit card payments;
- Prohibits interest charges on debt paid on time (double-cycle billing ban);
- Requires issuers extending credit to young consumers under the age of 21 to obtain an application that contains: the signature of a parent, guardian, or other individual 21 years or older who will take responsibility for the debt; or proof that the applicant has an independent means of repaying any credit extended;

Effective August 22, 2010:

- Requires penalty fees to be reasonable and proportional to the omission or violation.
- Requires that creditors periodically review all interest rate increases since January 2009 and reduce rates when a review indicates that a reduction is warranted.
- Amends the Electronic Fund Transfer Act to limit dormancy, inactivity, and service fees associated with gift cards.

Prepared by the office of Rep. Carolyn B. Maloney