

New Credit Card Laws Affect Students

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New provisions of the Credit Card Accountability, Responsibility, and Disclosure (CARD) Act, a federal law signed into law by President Obama on May 22, 2009, have the potential to alter the spending habits of thousands of students across the country. Credit card issuers around the country notified their customers in January and February changes to their credit card agreements due to the CARD Act, which took effect February 22, 2010. The interest rates and fees on current accounts are not affected, but other modifications to card-member agreements include:

- Payments greater than the minimum amount due will be applied to higher interest rate balances first. This helps you pay down your debt faster.
- Customers must be notified about interest rate changes at least 45 days in advance and card issuers cannot raise interest rates on existing account balances.
- No more overlimit fees. Customers have to give permission before authorizing any transactions that may place the account over the limit.
- Subprime cards, low-limit, high-interest rate cards, will no longer be allowed to charge excessive fees.

- All communications from the card issuer have to be in plain language.

- No more late-fee traps such as weekend due dates and changing due dates. Grace periods (the period after purchases but before finance charges are applied to the account) must be 21 calendar days.

College students were targeted in some of the provisions. Consumers under twenty-one can no longer acquire a credit card without a co-signer and credit card issuer promotion efforts are limited on college campuses. These provisions are designed to prevent students from accumulating debt, but many students use credit cards to finance their educations—an expense that is difficult to avoid. According to a study conducted in 2009 by Sallie Mae Corp., the largest student loan lender in the U.S., nearly 30% of students use



photo courtesy of Kristen Gallagher

credit cards to pay tuition and 92% charge other education expenses. Sarah Hauth, a Meredith College junior, believes that the CARD Act might keep some students from going into debt but may hurt others who have no other way to pay. "What about the students who need credit cards to pay for basic school costs?" she asked. Hauth had to use a credit card to pay for her books one semester. She said "I had no other way to pay \$500 I didn't have in cash. Not everybody has a parent willing or able to co-sign." Graduating senior Eulie Agudelo thinks "it is unfair to require individuals under the age of 21 to have a co-signer in order to be eligible for a credit card." Agudelo says she was able to establish credit by "[applying] for a credit card through my credit union. I understand that many individuals under the age of 21 tend to not be as responsible as people over the age of 21 are expected to be, but that is not necessarily the case. I personally don't want to hold anyone responsible for my debt, and I think individuals should be granted a small amount of credit and see how they handle that."

In general, the CARD Act aims to protect consumers from deceptive credit card practices and exorbitant fees, but banks still

UNCG to Offer Three Year Program

Meghan Grady, Staff Writer

The University of North Carolina at Greensboro plans to offer an accelerated degree program to incoming students coined "UNCG in 3." The program will provide an option to complete an undergraduate education in just three years. UNCG's Chancellor Linda P. Brady stated, "UNCG in 3 is perfect for students who are eager to earn a degree and get on with other life goals. They can pursue a graduate degree, get a jump start on a career or even use what they saved for tuition to launch their own business." This option will be available to students who have completed at least 12 hours of Advanced Placement courses. Just a few of the degree programs that the three year program will be offered in are accounting, business administration, communication studies, psychology, and African-American studies. The program will begin in fall 2010 and will plan to save participants around \$8000 in tuition.

have other ways to make customers pay. As reported in a January 11, 2010 FoxBusiness.com article by Connie Prater, "credit cards may be more [transparent] and easier-to-understand . . . but at a higher upfront cost." Banks had eight months from the signing of the CARD Act to its implementation to adjust cardmember agreements. Some banks increased interest rates, reinstated annual fees, and reduced or discontinued reward cards.

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