



THE *novadebt* CONNECTION

A GARDEN STATE CONSUMER CREDIT COUNSELING ORGANIZATION

March 2010

Community Outreach

By: Becky Winters, Education Developer

Spring arrives this month and we are ready for it! As Novadebt's staff prepares for our next outreach efforts, I thought I would take time this month to highlight another important component of our community involvement, one which is the basis of our agency's mission. Novadebt's commitment to financial education is second to none and is the core of our organization. We work with various groups and organizations, large and small, all with one goal in mind: to help community members apply sound personal financial concepts and habits in their own lives and become empowered to make better decisions.

The following is just a sampling of some of the groups with whom we actively participate:

Workshop for Workfirst Program-Neptune, NJ – for individuals that are currently unemployed and seeking employment.

Princeton House – for inpatients of this drug and alcohol rehabilitation facility.

Visiting Nurses Association STAR Program – for clients who are on Welfare assistance. Workshops are held at locations in Long Branch and Asbury Park, NJ.

Manna House – provides transitional housing and resources for homeless women.

Spring House - provides transitional housing and resources for homeless women.

Interfaith Neighbors - provides rental subsidy to underprivileged persons; provides meals either in a congregate setting or delivered to the homes of people who are either elderly poor (senior citizen), infirm or seriously ill persons or those who are classified as impoverished; encourages support and undertakes construction, rehabilitation and operation of houses, shelters, homesteads, and other facilities for underprivileged and homeless persons with low incomes and generally to support the needs of underprivileged persons.

Family Promise – 12 week program for homeless families that consists of a day center and 12 local congregations of all denominations. The adults attend a day program where they are taught basic job skills and educational life skills, along with the opportunity to attend to their personal needs. The children of these families attend school.

Monmouth and Ocean County Displaced Homemakers – provision of a personal finance basics class for this group.

New Jersey Department of Labor One Stop Centers in New Brunswick and Perth Amboy, New Jersey - for individuals that are currently unemployed and seeking employment.

New Jersey Higher Education Student Assistance Authority – provided credit and money management workshops to college students receiving financial aid assistance at various campus locations.

We welcome any new opportunities to assist in our education outreach. If you live in the vicinity of one of our offices and have an identified need, please feel free to reach out to us at education@novadebt.org.

Thank You Novadebt!

"I have finally completed my Debt Management Program and am now debt free! Everyone there has been very helpful, making a difficult situation much easier. Thank you Novadebt!"

~ Elaine, NJ

"Thanks to your wonderful staff! I am grateful for your help in making a dream come true. My credit cards are paid in full! Thanks Novadebt for all you do!!!"

~ Roberta, NC

If you have any comments, questions, or suggestions for future news bulletins, please email bulletin@novadebt.org.



Dear Kim...

Dear Kim:

I keep hearing about the new credit card act, how is this going to help me?

Sincerely,
Anonymous

Dear Anonymous,

The Credit Card Accountability, Responsibility, and Disclosure Act was signed into law on May 22, 2009. It has been in the news lately because many of the provisions came into effect on February 22, 2010. There is quite a bit of information in the act, so I thought I would highlight some of the key areas in which consumers will benefit the most.

The *plain language in plain sight disclosure* resolved the issues of tiny print and the abundance of legal jargon within applications, agreements, and statements. Consumers will receive clear, written disclosures of account terms before they open an account, and easy to read statements once the account has been opened. The different fees that could be assessed to the account will be clearly identified allowing a consumer to make a more informed decision about applying for and using a particular credit card. The disclosure also requires creditors to display how long it will take a borrower to pay off the existing balance, if making only the minimum payment each month, and what the payment amount and total interest cost would be to pay off the balance within 36 months.

Borrowers will now have to “opt-in” in order for the account to go “over-the-limit.” Lending institutions will be required to obtain a consumer’s permission to process transactions that would place the account beyond their established credit limit. This gives the consumer more control, and there will be no surprise fees assessed on the account. The additional benefit of this disclosure is that interest and fees can no longer cause an “over-the-limit” fee to be charged. This is an advantage to borrowers who are close to their credit limit.

There will now be caps on service fees. Credit card issuers will be required to keep the fees such as activation fees and annual fees at 25 percent of the credit limit for the first year of use. After the first year there are no caps. The caps do not include interest rates, and watch out for those tricky promotional rates, they are not included either.

The law now requires that billing and due dates stay consistent. Many of my clients have complained that their due date would change, or that the date between the time they received their bill and due date had grown considerably shorter. This portion of the act will rectify this issue. Statements must be sent out 21 days before the due date. The bills should be arriving around the same time every month making it much easier to establish a budget.

The last aspect of the act I would like to focus on is interest. A practice that is known as *universal default* has been banned. This practice allowed creditors to increase interest rates based on the borrower defaulting on another debt. Now, credit card companies cannot raise interest rates on existing credit card balances. The interest cannot be increased during the first year either, unless it is that tricky promotional rate. Borrowers will now be notified of any rate increases at least 45 days in advance, giving the borrower a chance to opt out by cancelling the account and continuing to pay the old interest rate. The credit card companies are also required to apply any additional payments made on account to the highest interest balance first. They are also required to stop any double-cycle billing, which is when the credit card company applies a payment to the previous month’s interest.

This does not cover all of the components of the CARD Act. If you wish to read the act in its entirety please go to the website for the White House, which is www.Whitehouse.gov. The counselors at Novadebt would be happy to explain the CARD Act as well, please feel free to call or email us for more information.

Welcome to the newest section of our newsletter...**Dear Kim.**

My name is Kim Cole and I am the Education Outreach Coordinator for Novadebt. In my 7 years with Novadebt, I have been asked all kinds of financial related questions. The common thread is that everyone feels they are the only one with that particular question, and they are wrong.

At Dear Kim, our clients will have the opportunity to ask their questions relative to personal finance and view answers to those questions in print.

We will select a few questions each month to respond to in the newsletter. If your question is not one of the lucky questions chosen for print, we will still provide you with a reply directly.

Novadebt will only publish your first name and state, and we will happily accept anonymous questions.

Please send your questions via email at kcole@novadebt.org or through the mail:

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