



Understanding Credit Card Terms

Have you ever tried to read your statement, but do not understand the terms?

Different Types of Credit

Revolving Credit

A credit agreement that allows the consumer to make monthly payments on the amount owed. Credit becomes available as the balance is paid off.

Secured Card

A credit card that is guaranteed by a cash deposit. The credit line is based on the amount of deposit.

Rebate Card

A credit card that gives benefits, such as discounts, based upon the card's usage.

Debit Card

A card in which purchases are paid directly out of the purchaser's financial account.

General Terms

Transaction Date The date a purchase is made or cash is withdrawn

Transaction Fee A charge for the credit activity (ATM charge)

Quarterly Every three months

Principal The actual amount of the purchased items. Does not include interest.

Posting Date The date that a purchase, cash advance, or payment is recorded on the account.

Amount Due The smallest amount that can be paid on the balance.

Interest Rate A fee charged for money borrowed.

Due Date The day the payment is due to the creditor.

Grace Period The interest-free time between the date of purchase and when it appears on the statement. There is no grace period on accounts that carry a balance.

Zero Balance When the balance is paid and there are no new charges.

Closing Date The date that a billing cycle has ended.

Annual Percentage Rate The cost of carrying a balance over into the next billing cycle.

Balance Transfer Moving balances from one card to another.

Available Credit The amount left to borrow on the credit line.

Annual Fee The yearly cost to use a credit card.

Terms for Past Due Accounts

Past Due The status of the account when the minimum payment has not been received by the due date.

Late Payment A payment that has been received after the due date.

Late Payment Fee A fee charged for making the payment after the due date.

Over-the-Credit-Limit When the amount owed is greater than the credit limit. This may include interest.

Over-the-Limit-Fee A fee charged for going over the credit limit.

Past Due Amount The amount that was due at a previous due date and was not paid

Some Helpful Tips

- ⇒ Make sure you look carefully at your statements each month.
- ⇒ If there are any extra fees that should not be charged to you, call the creditor immediately.
- ⇒ Even if you do not have a full payment to send in, try and send in what you can.
- ⇒ Try to stay under your credit limit.
- ⇒ Let your creditor know of any financial hardship you are experiencing that is preventing you from paying your bills. They may have a hardship program.
- ⇒ Try to mail out your payment five days before the payment is due to make sure it gets there on time.

An Educational Message from

novadebt

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