

Credit CARD Act of 2009 Member FAQ

What is the Credit CARD Act of 2009?

In May 2009, the Credit CARD Act was signed into law, providing consumers with added protections. While the regulations are designed primarily for the credit card industry, one aspect of the law impacts all open-end consumer credit and takes effect in August 2009. Given that we document auto and personal loans using open-end documentation, it will affect those loans as well as lines of credit (LOC) and Home Equity lines of credit (HELOC).

How does the Act affect my Loan or Line of Credit?

If you have a loan or line of credit, FMFCU generates statements at the end of each month. Now, all consumers with these products must have their monthly statement mailed to them at least 21 days before the payment due date. In order to be in compliance, we will need to change your loan/line due date so that your statement can be mailed to you at least 21 days before the due date.

What loans are not affected?

This change does not affect your fixed rate, Home Equity loan or any first mortgage loan you may have with FMFCU. Any changes to your FIA Credit Card would be communicated under a separate communication. Also any loan/line with a current payment due date of the 25th – 31st, will NOT be changed.

I received a Change in Terms Notice – what does it mean?

All members that currently have an open ended loan or line of credit whether or not there is an outstanding balance, with a due date of the 1st-24th, will receive a letter and a Change in Loan Terms Notice. The Notice advises you about the Act and also notifies you that your loan or line of credit payment date will be changing to the 25th day of the month. This change will take effect for all future payments starting in September 2009.

What if I have an automatic withdrawal from ebanking or a distribution from payroll or ACH that goes directly to my loan?

You will still be in control and can pay your loans anyway you choose or at anytime. Only your due date is changing. These automatic transfers will continue.

What automatic payments will be affected by this change?

The only payments that will be affected are the automatic transfer sweeps from your share accounts to your loans/lines that you authorized by completing a Permanent Withdrawal Order at the time of your loan/line closing. Payroll/ACH distributions and e-banking transfers are not affected. For example, if you authorized FMFCU to take the payment from your checking account on the 15th of the month, that same payment will now be “swept” on the 25th, starting in September 2009. It will be important to keep this in mind when checking your balance.

Can I change my payment due date in the future?

Unfortunately, due to this new regulation, we do not have as much flexibility as we had in the past. The only payment dates that we can use are the 25th-31st. A new Permanent Withdrawal form would need to be completed if you are requesting a change to this range of dates.

I get paid every two weeks and would like to make my payments more frequently?

You can still make your payments whenever you want and as often as you want! This can be done via payroll/ACH distributions or via e-banking payment transfers.

I am not an e-banking user. Can I still use this service to make a payment?

FMFCU e-banking is a FREE service and we would encourage you to obtain a password to use this service 24/7 to conduct all your banking transactions. But, if you wish FMFCU staff to set up an e-banking reoccurring payment to your loan, please visit your local branch or call the Member Service Center at 610-325-5100, or 1-800-220-3193 (Outside of PA).

How will an e-banking payment transfer work?

You will designate the date that you want the payment to be made. The payment is generally made in the morning before start of business. In order for the payment transfer to work, the FUNDS MUST BE IN THE DESIGNATED ACCOUNT. The system will only look for the funds one time. If the funds are not there, you must make other arrangements to complete the payment.

Will the interest rate, late charges or the payment grace period be affected?

No. All of the other loan parameters stay the same. You still have a 15-day grace period to make your payment before late charges are applied.