

Card Act of 2009



What is the Credit Card Act of 2009?

On May 22, 2009, President Obama signed the Credit Card Accountability, Responsibility, and Disclosure (CARD) Act of 2009. There are several protections to consumers in this act; one such protection states that, as a consumer, you are entitled to a periodic statement on any "open-end loan" at least 21 days before your payment is due. To learn more about this Act, visit www.federalreserve.gov.

What loans are impacted?

JAXFCU utilizes multi-featured, open-end loan agreements on all installment loans (personal and vehicle), personal line of credit loans, and home equity line of credit loans. As a result, most of our loans qualify as open-end. Further references to "impacted loan", refers to this list.

How does the Act impact me?

If you have one of the impacted loans, then you will be affected in one or more of the following ways:

Monthly Statements

We are now required to send a periodic statement 21 days before each payment due date disclosing payment and other information. Many members who have a checking account or other electronic account activity already receive monthly statements. Our current monthly statements include the necessary information; however, the Act requires the notice to be mailed 21 days prior to the due date. For many, this will necessitate a change in the loan due date, frequency, and/or payment amount.

Due Dates

To comply with the requirement for 21 days advance notice, all loan due dates must be 21 days after statements are mailed (3rd of the month). If your loan payment frequency is monthly and the due date is the 24th or later, then no change is needed. If your impacted loan is due on the 1st through the 23rd, or if the frequency is other than monthly, then your loan will need to be modified.

Frequency

In order to meet the requirements of the Act, we will need to make some changes to the contractual terms on loans with a frequency other than monthly. We need to set all loan payment frequencies to monthly. If we change your frequency from weekly to monthly, then we will multiply your currently weekly payment by 4. If we change your frequency from biweekly or semi-monthly to monthly, then we will multiply your current payment by 2. So, all affected loans will be due monthly at the end of month.

Payment Methods

If you make your payment through online banking, U.S. Mail, over-the-counter or by phone, you can continue to make payments on your preferred payment date. Your only obligation is that your payments throughout the month must total the full monthly payment due. Payroll distribution payments will also continue to be made on your pay date.

Automatic Transfers: Our most popular payment option is automatic transfer. Automatic transfers are generally set up to transfer the payment on the due date. So, if your due date is moved to the end of month, then the automatic transfer would occur at the end of month. If you would like to select a different date for the transfer, then we can accommodate that request, but your due date remains at the end of month.

I noticed a change in the way my Personal Line of Credit payment is calculated. Why is that?

JAXFCU had planned to make changes to the payment calculation method for personal lines of credit. We decided to use this opportunity to make that change. Your new payment amount is based on 2% of your outstanding balance at the end of each month. Previously, the payment was based on 2% of the balance after your last advance. This change should lower the minimum required payment for borrowers. Also, now the minimum payment will change each month. In setting up automatic bill pay systems,

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please plan for this accordingly. You may want to set up recurring payment plans to be 2% of the credit line to insure that you are always making the minimum required payments. If you use our automatic transfer plans, this will not be a problem. See the paragraph on Automatic Transfers above.

Why does JAXFCU use multi-feature open-end lending agreements?

The credit union industry created multi-feature open-end lending in the early 1980's. This type of lending allows us to maximize convenience to our borrowers. Once a credit plan is established, your signature is generally not required for subsequent advances. Open-end lending also allows us the flexibility of offering members pre-approved drafts for vehicle financing.

What if I don't want to receive statements?

We are now required by law to provide written notice 21 days in advance of the loan due date. Members are not able to opt out of receiving these statements. You may however, choose to be set up on eStatements. Visit <http://www.jaxfcu.org/personal/eservices/estatement.html> to learn how to enroll now.

When will my loan be considered late?

Your loan will not be considered late until 10 days after the contractual due date. So if your due date is end of month, your payment will be considered late and a late charge will apply if the payment is received after the 10th of the following month.

If I am receiving a statement, will I still receive a loan coupon book?

Your statement will now serve as notice of your payment due. JAXFCU will no longer be printing coupon books for loans that receive monthly loan statements. The new notice replaces the coupon book. Please write your account number and loan ID in the memo section of your check.

I received a change in terms notice/letter on some of my loans, but not all. Why is that?

The Credit Card Act of 2009 only applies to loans that are advanced under an open-end loan agreement. Certain loans provided by JAXFCU are written using closed-end loan agreements. Examples include loans initiated at a dealership (indirect), first mortgage loans, and certain second mortgage loans. Additionally, you may not have received a change in terms notice on an impacted loan if your frequency was monthly and the due date was between the 24th and the last day of the month.

If you have a question that is not covered here, please call our Contact Center at 904-475-8000.