

## Credit Protection Laws and Debt

In order to protect consumers against deception, false advertising and unfair pricing, the government regulates business practice and competition through a variety of consumer protection laws. Below is a brief overview of some of these laws. More information is available online.

### Truth in Lending

- Requires disclosure of cost requirements for the Annual Percentage Rate and the dollar amount of finance charges
- Requires loan terms and conditions be disclosed .
- Limits the liability of unauthorized use to \$50 per card for the card holder

### Fair Credit Reporting Act

- Provides the consumer with the right to know what is in his/her file and sets time limits for holding credit information.
- Requires that a consumer's statement of disputed items be sent by the credit reporting agency to businesses or creditors.
- Requires identification of consumers wishing to inspect their credit file.

### Fair Debt Collection Practices Act

- Prohibits debt collectors from using abusive, deceptive and unfair collection practices.
- Establishes procedures debt collectors must use in contacting the debtor/credit user.
- Limits contracts with a third party by debt collectors.

### Fair Credit Billing Act

- Establishes procedures to be followed when billing errors occur on revolving credit statements.
- Requires creditors to send to consumers a periodic statement which outlines billing error procedures.
- Requires creditors to credit the customer's account promptly and to return overpayments, if requested.

### Equal Credit Opportunity Act

- Prohibits creditors from discrimination against credit applicants.
- Prohibits the re-application for credit upon change of marital status.
- Requires creditors to contact applicants with notification of rejection or acceptance.

## Tips to Get You Out of Debt

- **Get organized.** Step one is getting organized. Gather up all your credit card information. Make note of the balance, interest rate, due date, and minimum payment for each card.
- **Consolidate your debt to a single card.** Like things simple? This pay-down strategy might be for you. By consolidating your credit card debt to a single card, you have a single card payment to make each month rather than four or five. One card payment to pay each month – that's it.
- **Pay off the balance with the highest APR first.** From a dollar and cents point of view, this strategy makes the most sense. With this strategy, you increase your payment on the credit card with the highest annual percentage rate while continuing to make the minimum payment on the rest of your credit cards. Once you pay off the balance on the card with the highest interest rate, you move on to the card with the second highest interest rate, and so on.
- **Stop charging.** Whatever pay-down strategy you choose, it's essential that you curb your credit card spending.

To receive your free credit report yearly form Experian, Equifax & Transunion go to [www.annualcreditreport.com](http://www.annualcreditreport.com) (does not include your credit score)