

# WARNING:

CREDIT CARD DEBT CAN BE HAZARDOUS TO YOUR \$ HEALTH



## Tip

Read the fine print on teaser rates with a 0% APR. Many low introductory rates skyrocket when they expire.



Get fast and easy approval for a **Pre-Paid Credit Card** today! Your hard-earned \$250, after hidden fees and service charges, will be worth just **\$72!**



## Tip

Pay off more than the lowest payment each month. The longer it takes you to pay, the more money you throw away.

## Tips to Protect Yourself as More and More Americans Rely on Credit Cards as a Plastic Safety Net

Credit cards can be an important tool in managing your finances. But with the cost of living increasing and incomes remaining flat, many low-income consumers must rely on credit cards for day-to-day expenses just to get by. A 2006 federal survey found that consumers charge close to \$2 trillion per year to their credit cards, and the average consumer carries more than \$8,000 annually in credit card debt.

*Do you feel buried in credit card debt? Here are some practices to look out for and ways to save money:*



## Tip

Is there a mistake on your bill or a charge you did not make? Report it to the credit card company immediately.

- **Always make your payment on time:** Many credit card companies will raise your interest rate if you are late on a payment—even by a few hours. Read your statement carefully to determine the exact day (and time!) your payment is due. Some companies send out last-minute statements, anticipating late payments.
- **Watch for fees:** Credit card companies may charge excessive fees for late payments, returned checks, going over-limit, cash advances, balance transfers and pay-by-phone. Educate yourself—know the policies of your company and follow them closely to avoid fees.
- **One card might affect another:** Some companies apply “universal default,” which means one company can raise the interest rate on your card because of an unrelated change in your credit behavior with another lender. Protect yourself by paying all your accounts on time.
- **Know your rights:** Credit card companies may have a “binding mandatory arbitration clause” in the fine print of their agreements. This means that in the event of a dispute, you must use the lender’s legal representative. In other words, you waive the right to have a judge and jury hear your side.
- **What happens today also affects yesterday:** Be cautious if your company applies “retroactive application of interest rate increases.” Here’s how it works: when this company raises your interest rate, the increase will apply to future purchases ... AND to your existing balance.
- **Pre-Paid Credit Cards:** These cards may have extremely high fees that consume most of an already low credit limit. For example, a card with a credit limit of \$250 might take out a \$95 program fee, \$29 account set-up fee, \$6 monthly participation fee and \$48 annual fee – an instant expense of \$178, leaving a buying power of only \$72.



## Tip

Make payments as early as possible each month. If your payment is lost or delayed in the mail, you may face late charges and a big jump in your interest rate.



New York City  
**Habitat  
for Humanity®**

*To learn more about credit cards, predatory lending practices and tips on better alternatives, go to our website: [www.habitatnyc.org](http://www.habitatnyc.org).*

Habitat for Humanity - New York City  
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## Are You Having a Credit Card Crisis?

These are some actions you can take if you have credit card problems:

- **If you can't pay your credit card bills—seek help:** Go to a reputable credit counseling service (see the list below). Avoid “debt management plans” that require an upfront payment that goes only to the service (not to paying debts).
- **File a complaint:** If you have unresolved problems, file a complaint with the Office of the Comptroller of the Currency. Go to: <http://www.occ.treas.gov/customer.htm>, or contact a Customer Assistance Specialist at 1-800-613-6743, weekdays from 8 am to 8 pm.
- **Find a lawyer:** Contact the National Association of Consumer Advocates (NACA) for a list of reputable attorneys. Go to: <http://members.naca.net/findanattorney.php> or call 202-452-1989.



Look for a good card with:

- An APR of 15% or lower
- No annual fees
- No universal default clause
- No clauses saying rates can be changed “at any time for any reason, including no reason.”

## Here Are Some Trustworthy Credit Counselors:

### East River Development Alliance

#### Building Wealth Academy

**Contact:** Program Coordinator  
**Address:** 12-11 40th Avenue,  
Long Island City, NY 11101  
**Phone:** 718-784-0877

**Website:** [www.erdalliance.org](http://www.erdalliance.org)

**Hours:** Varied class schedules; call for registration/dates/times.

**Services:** *Money Management Class - Credit repair, budgeting, and setting financial goals. Serves all New Yorkers.*

*Financial Counseling - Individuals can meet with a credit counselor and create an action plan to repair credit and meet financial goals. Hosts a series of other workshops and classes; must call for more information.*

### Single Stop

**Address:** Multiple locations in every borough  
**Phone:** 212-480-2870

**Website:** [www.singlestopusa.org](http://www.singlestopusa.org)

**Services:** *Comprehensive resources that assist in financial, legal, benefits and other social issues. Free one-on-one program services and counseling throughout New York City. Financial counselors assist with credit repair, budgeting, establishing financial goals, etc.*

### Accion New York

**Contact:** Irene Dominguez  
**Phone:** 212-387-0377 x357  
**Email:** [idinguez@accionnewyork.org](mailto:idinguez@accionnewyork.org)  
**Website:** [www.accionnewyork.org](http://www.accionnewyork.org)

**Hours:** 9:00 am – 5:30 pm

**Services:** *Provides workshops and seminars in English and Spanish on strategies to build and repair credit.*

*Seminars and workshops are open to all New Yorkers. Call main number or visit website for more information.*

### NEDAP NYC Financial Justice Hotline

**Phone:** 212-925-4929

**Website:** [www.nedap.org/hotline](http://www.nedap.org/hotline)

**Services:** *Call the hotline regarding discriminatory banking and credit practices. NEDAP can help with credit reporting and repair, unfair debt collections and more.*

### Credit Where Credit Is Due

**Contact:** Rachel Alvarado, Program Assistant  
**Address:** Multiple locations  
**Phone:** 212-927-5771 x200  
**Email:** [ralvarado@cwcid.org](mailto:ralvarado@cwcid.org)

**Website:** <http://www.cwcid.org>

**Services:** *Community Partnership Program. Comprehensive financial education, counseling, planning, and long-term support, coupled with the resources of a federal credit union. Perhaps the most comprehensive financial services program in the city. Highly recommended for those seeking credit counseling.*

### Greenpath

**Phone:** 1-800-550-1961

**Website:** <http://www.greenpath.com/>

**Services:** *Provides free counseling, a personal budget and action plan.*

### Trinity Debt Management

**Phone:** 1-800-758-3844

**Website:** [www.trinitycredit.org](http://www.trinitycredit.org)

**Services:** *A Christian debt-consolidation organization. Provides free counseling and credit repair.*

### Additional Money Management Resources:

[www.creditinfocenter.com](http://www.creditinfocenter.com)

[www.thebeehive.com](http://www.thebeehive.com)

[www.debtadvice.org](http://www.debtadvice.org)

## What Does Your Credit Card Really Cost?

### Example:

- \$8,000 credit card debt
- 26% APR
- 2.5% Monthly Minimum Payment

### After one year, this equals:

- \$2,042 paid in interest
- \$315 paid in principal
- \$7,686 of remaining debt

Do the math on your credit card — use an online credit card calculator on sites such as [www.bankrate.com](http://www.bankrate.com)



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*This message is brought to you by Habitat for Humanity – New York City, working to empower Habitat homeowners and all low-income New Yorkers.*