

Credit Card Offers – How to find the catches

Credit card offers to Americans last year hit a record of more than 6 billion. Besides the standard 0 percent teaser rates or cash-back rewards, you are being enticed with all sorts of goodies. But don't be sidetracked.

Most of the facts are laid out in a few sections of fine print and in a disclosure box such as the one below. The disclosure box must be included in all credit card offers, thanks to Sen. Charles Schumer, sponsor of federal legislation mandating that credit card interest rates and fees be spelled out in a standard, plain English format and in type size big enough to be easily read. That's where you'll find the less than advantageous aspects of the offer.

| Summary of Visa Card Account Terms | | |
|--|---|------------------------------|
| | Select Rewards, Cash Rewards, Travel Rewards, Platinum | College Rewards, Young Adult |
| Annual Membership Fee | No annual membership fee for Select Rewards only. \$0 the first year and every year that you charge at least one purchase to the account, otherwise: \$40 for Cash Rewards or Platinum and \$20 for College Rewards and Young Adult. | |
| Annual Program Fee | \$55 for Travel Rewards only | |
| Annual Percentage Rate (APR) for Purchases | 0% for the first 6 billing cycles for Select Rewards, Cash Rewards, Travel Rewards and Platinum only. Variable thereafter: 11.24% to 17.99%^{††} 13.24% to 17.99%^{††} | |
| Other APRs | 0% for the first 6 billing cycles on balance transfers for Select Rewards, Cash Rewards, Travel Rewards and Platinum only. Variable thereafter: 11.24% to 17.99% ^{††} 13.24% to 17.99% ^{††} 11.24% to 17.99% ^{††} variable for cash advances 13.24% to 17.99% ^{††} variable for cash advances 17.99% ^{††} fixed delinquency rate 17.99% ^{††} fixed delinquency rate | |
| Variable Rate Information | Your Annual Percentage Rate may vary monthly. The rate will be determined by adding a Margin to the Prime Rate. [†] The Margin used is as follows: APRs are subject to a maximum of 17.99%. 3.99% to 14.99% for purchases, balance transfers and cash advances 5.99% to 14.99% for purchases, balance transfers and cash advances | |
| Grace Period | You have 20-25 days for purchases only. | |
| Method of Computing the Balance for Purchases | Average Daily Balance Method (including new purchases) | |
| Minimum or Fixed Finance Charge | * \$2.00 minimum finance charge. * Account management fee: \$2.50 per month if you voluntarily close your account with a balance. | |
| Other Fees | * Balance transfer fee: No fee for the first 6 billing cycles, thereafter, 3% of transaction amount, \$5 minimum. * Convenience Check advance fee: 3% of transaction amount, \$5 minimum, \$50 maximum * Foreign transaction fee: 3% of the transaction amount in U.S. Dollars. * Cash advance fee: 4% of transaction amount, \$5 minimum, \$50 maximum. * Cash equivalent fee: 4% of transaction amount, \$10 minimum, \$50 maximum. * Overlimit fee: \$35 * Late payment fee: \$15 for balances \$0 - \$99.99 \$29 for balances \$100 - \$999.99 \$39 for balances of \$1,000 and higher. | |

THIS INFORMATION IS ACCURATE AS OF 1/3/06 AND MAY HAVE CHANGED AFTER THAT DATE. TO FIND OUT WHAT MAY HAVE CHANGED, CALL US AT 1-800-558-3424.

We may increase your APR if you fail to make timely payments to another creditor as reflected in your credit report. All account terms are governed by the Cardmember Agreement sent with the card. Account and Cardmember Agreement terms are not guaranteed for any period of time; we may change all terms, including APRs, and Fees in accordance with the Cardmember Agreement and applicable law.

^{††} Upon account opening, your APR will be dependent upon your credit history.

[†] The introductory rate period will end early and the rate will increase either to the APR for purchases, balance transfers or to the Delinquency Rate if the Minimum Payment is not received by the Payment Due Date, your Account exceeds its Credit Limit, or you close your Account. We apply payments to balances with lower APRs, including introductory APRs, before balances with higher APRs.

^{††} The Delinquency Rate APR will apply to all balances in the event that your account becomes 30 calendar days past due once or 5 calendar days past due twice in any twelve-month period OR may apply if your account has two Overlimit occurrences during any period of twelve consecutive months.

[†] The Prime Rate used to calculate the APR is a variable rate that is adjusted monthly based on the highest Prime Rate published in the "Money Rates" section of the Midwest Edition of The Wall Street Journal in the last 90 days before the date on which the billing cycle closed. Currently 7.25%. APRs are subject to a maximum of 17.99%.

New York Residents: You may contact the New York state Banking Department at 1-877-226-5697 or by writing to the Research and Technical Assistance Division, 1 State Street, New York, NY 10004-1417 to obtain a comparative listing of all credit card rates, fees and grace periods.

Rewards Program Rules: We will award one point for each dollar of "net purchases" charged to a Select Rewards, Travel Rewards or College Rewards Card Account during each statement period. Earn up to a maximum of 10,000 points per statement period with a Travel Rewards Account, and a maximum of 2,500 points per statement period with a Select Rewards or College Rewards Account. Points will not be awarded to a cardmember for net purchases during a statement period if the cardmember's account is not open and current on the statement closing date. Points will not be awarded for cash advances or other Account Advances as defined in the Cardmember Agreement. Points will be awarded to the primary cardmember and may be redeemed by any authorized cardmember on the Account. Select Rewards and Travel Rewards cardmember can redeem points for round-trip airfare beginning at 25,000 points in addition to gift certificate and merchandise rewards. College Rewards cardmembers can redeem points for discounted airline tickets, gift certificates, name brand merchandise and more. Complete terms and conditions will be provided to Select Rewards, Travel Rewards and College Rewards cardmembers. Service provided by Maritz Loyalty Marketing.

Cash Rewards Program: The cash rebate is calculated based on net purchases and automatically paid annually within 4-6 weeks of the account anniversary date by paper check. Account must be open and in good standing to earn and receive rebates. Details are provided when you become a cardmember.

California Residents: An Applicant, if married, may apply for a separate Account.

Married Wisconsin Residents: No provision of any marital property agreement, unilateral statement under section 766.59 of the Wisconsin statutes or court decree under section 766.70, adversely affects our interest, unless we, prior to the time the credit is granted or an open-end credit plan is entered into, are furnished a copy of the agreement, decree or court order, or have actual knowledge of the adverse provisions. IF YOU ARE A MARRIED WISCONSIN RESIDENT, CREDIT EXTENDED UNDER THIS ACCOUNT WILL BE INCURRED IN THE INTEREST OF YOUR MARRIAGE OR FAMILY.

Ohio Residents: The Ohio laws against discrimination require that all creditors make credit equally available to all credit worthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio Civil Rights Commission administers compliance with this law. The creditor, issuer and service provider is Eban Financial Services.

Print date 1/06

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The Annual Percentage Rate (APR)

The APR that applies to purchases is listed near the top of the disclosure box, but that's not the only applicable rate. You should also note the rates you'll be charged for cash advances, balance transfers, and other transactions. And a "fixed rate" is fixed until the bank gives you at least 15 days' notice that it isn't. Don't forget the default (or delinquency) APR, which traps you like quicksand if you make late payments, exceed your credit limit, or if your credit score drops based upon your relationships with other lenders.

Grace Period

The grace period is the number of days you have to pay your bill from the end of the last billing cycle until interest charges accrue. Look for a card offering 25 days.

Fees

Fees cover practically every move you make. For balance transfers, you usually pay a 3% fee up to a specified cap. Some issuers are eliminating caps for some cards. Late fees are also a danger area. They account for the majority of penalty fees that U.S. cardholders paid last year.