

DOLLARS & SENSE

Credit-Card Shenanigans Brought to Light

BY DAVID UFFINGTON

Building?



You provide the imagination and we make it happen.

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IS YOUR 3 OR 5 YEAR ARM ABOUT TO CONVERT TO A HIGHER PAYMENT?

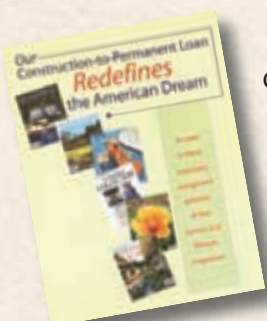
Mortgage or Money Management Tool? It's nice to have the choice.

Building • Purchase • Refinance

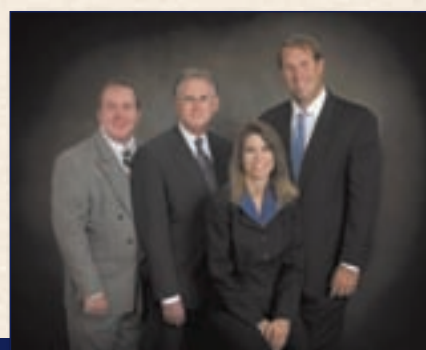
Loan Amount	Option ARM Minimum Payment	5-year Interest Only ARM 6.75%
\$500,000	\$1,324	\$2,812
\$1,000,000	\$2,646	\$5,625
\$1,500,000	\$3,968	\$8,437

Rates are subject to change without notice. Restrictions Apply. APR 7.25%

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The U.S. Senate recently held hearings on credit-card use and abuse, and the information that came out was for the most part what we already know: Credit-card companies have been a law unto themselves. The more we've paid down our cards, the more aggressive the credit-card companies have become in getting their revenue in other ways.

Do you know what interest rate you're currently being charged on your credit cards? Chances are that the rate you expected when you signed up for the card has crept up. The fine print in your disclosure statement likely says the credit-card company can raise your rate for any reason at any time (called universal default). If you were late on another card, that's been reason enough for a credit-card company to raise your rates, even if you're never been late on its card.

At the Senate hearing, CitiGroup promised to stop doing that. It will, however, still raise your rates if you're late on a payment or go over your limit.

Do you pay interest on a portion of your bill that you've already paid? Some card companies invoke retroactive penalties, called two-cycle billing. For example, if you owe \$500 and paid \$300 this month, the company will go back next month and charge you interest on the whole amount. Chase has promised to stop doing this.

If you go over your credit-card limit, you'll likely get hit with a penalty. If that penalty keeps you over the limit, in spite of having made a payment, the credit-card company will charge you another penalty the next month. That cycle can continue for a long time, with the penalties and interest amounting to far more than the original balance. Chase told the committee it would stop that practice as well.

Perhaps in light of the Senate hearings, some significant changes will come to the credit-card industry in the form of legislative action. It's been put on notice to change its ways. But until that happens, read your statement each and every month, make payments on time and don't go over your limit. Read your disclosure statement -- every line and word. Make sure you understand what can happen with your credit card.

David Uffington regrets that he cannot personally answer reader questions, but will incorporate them into his column whenever possible. Write to him in care of King Features Weekly Service, P.O. Box 536475, Orlando, FL 32853-6475 or send e-mail to letters.kfws@hearstsc.com.

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