

Credit Card Minimum Payments Set to Double Beginning January 1, 2006

SAN DIEGO, CA (SEND2PRESS NEWSWIRE) – City Mortgage Services (www.citymortgage.net), a California-based independent brokerage offering a full variety of mortgage products to the public, today announced that recent changes in credit card payment regulations could drastically affect consumer budgets, making it impossible for some families to keep up with increased minimum payment requirements.



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Credit card companies will be increasing minimum payments right after the holiday as a result of new credit card lending guidelines set by the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and Office of Thrift Supervision. This new guideline, which should potentially double minimum credit card payments, could drastically affect many household budgets.

“It’s easy for people to sign their life away on credit cards but there’s a price to pay at the end when the bill comes,” said Don Marginson, President of City Mortgage. “For many that price is going up. In the past, most credit card companies required a minimum payment of 2.5 percent of the balance. The new regulation requires that amount to double. For example, if you have revolving credit card debt and the current monthly payments are approximately \$300/\$400 per month on a \$15,000 debt you’re soon to be looking at a payment of \$600 to \$800 per month. As a result, credit card and mortgage payment delinquencies are on the rise and going up daily. I am advising my clients,

and indeed, all consumers, to act now to reduce their outstanding debt before this new regulation affects their credit standing.”

Bank of America and MBNA have already raised their minimum payments, and Capital One is currently sending out their notices. Most companies will follow suit beginning this January. “This is going to cause people to take a look for alternative ways to get out from under their credit card debt,” said Marginson. “One solution is to think about refinancing their home loan or perhaps arranging a line of credit, and paying off their credit cards and getting back on track with their finances.”

For more information please call: (800) 310-8488, or visit www.citymortgage.net.

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