



Understand Credit Fees

Lenders are in the business of making money. To make a profit, they may assess charges other than interest, especially if you fail to follow the agreement of your account. Most of the fees are specific to credit cards, and the amount of these fees vary among credit card issuers.

1. **Carrying charge**—a fee some companies charge for processing the paperwork associated with an installment loan. The carrying charge may be added to the purchase price or the unpaid installments.

The following are specific to credit cards

2. **Annual fee**—the yearly membership fee you pay for using the credit card. The range can be from \$0 - \$75.
3. **Cash advance fee**—a charge you pay for the convenience of getting “cash” using your credit card rather than making a purchase. In addition to the cash advance fee, issuers may charge a higher interest rate on the cash advance. *Important note: The interest charges on cash advances start immediately. There is **no grace period** even when the previous balance was paid in full.*
4. **Late fee**—a charge that you pay if your monthly payment is received after the due date. Currently, to be considered on time, the payment must be received by the card issuer and processed by the due date.
5. **Over the limit fee**—a fee for exceeding your credit limit. Your limit or credit line can be found on the original agreement you received with your card. Your credit line and the available credit are included on each monthly statement.
6. **Transaction fee**—a fee charged each time you use the credit card. This is not a common fee among credit card issuers.

To find the fees for your credit card, look on the back of a recent statement or call the customer service department of your credit card issuer. Many credit cards have the customer service toll-free number listed on the card.

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Other publications available in this series are: Pay Credit Card Bills Early, Compare Annual Percentage Rates, Live Within Your Means, Know Your Credit Rights, Understand Grace Periods, The Fair Credit Reporting Act and Your Consumer Rights.

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