

105TH CONGRESS
2^D SESSION

H. R. 4410

To amend the Truth in Lending Act to protect consumers from certain unreasonable practices of credit cards issuers which result in cancellation of credit, higher fees or rates of interest, or other penalties that result in higher or unnecessary costs to card holders who pay credit card balances in full, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 5, 1998

Mr. LAFALCE (for himself, Mr. YATES, and Mr. KENNEDY of Massachusetts) introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To amend the Truth in Lending Act to protect consumers from certain unreasonable practices of credit cards issuers which result in cancellation of credit, higher fees or rates of interest, or other penalties that result in higher or unnecessary costs to card holders who pay credit card balances in full, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Credit Card On-Time
5 Payment Protection Act of 1998”.

1 **SEC. 2. PENALTIES FOR ON-TIME PAYMENT PROHIBITED.**

2 Section 127 of the Truth in Lending Act (15 U.S.C.
3 1637) is amended by inserting at the end thereof the fol-
4 lowing new subsection:

5 “(h) PENALTIES FOR ON-TIME PAYMENT PROHIB-
6 ITED.—

7 “(1) IN GENERAL.—In the case of any credit
8 card account under an open-end consumer credit
9 plan, no creditor may cancel an account, impose a
10 minimum finance charge for any period (including
11 any annual period), impose any fee in lieu of a mini-
12 mum finance charge or impose any other charge or
13 penalty with regard to such account or credit ex-
14 tended under such account solely on the basis that
15 any credit extended has been repaid in full before
16 the end of any grace period applicable with respect
17 to the extension of credit.

18 “(2) PAYMENT DUE DATES.—For purposes of
19 paragraph (1), a creditor shall be deemed to have
20 imposed a prohibited charge or penalty on an ac-
21 count under an open end consumer credit plan if the
22 creditor regularly transmits to the obligor of such
23 plan a statement for a billing cycle in which credit
24 has been extended under such plan that includes a
25 payment due date as required by subsection (b)(9)
26 of this section—

1 “(A) that is different from and in advance
2 of—

3 “(i) the date by which payment must
4 be made for any credit extended under
5 such credit plan to avoid incurring a fi-
6 nance charge that was disclosed to such
7 obligor pursuant to subsection
8 (c)(1)(A)(iii) of this section; or

9 “(ii) the actual date by which pay-
10 ment would otherwise have to be made to
11 avoid incurring a finance charge if cal-
12 culated on the same basis as the date by
13 which or the period within which any pay-
14 ment must be made to avoid incurring a fi-
15 nance charge that was disclosed to such
16 obligor pursuant to subsection
17 (c)(1)(A)(iii); and

18 “(B) that has the purpose or effect of in-
19 ducing the obligor of such plan to transmit pay-
20 ment to the creditor earlier than what otherwise
21 would be required to avoid incurring a finance
22 charge.

23 “(3) SCOPE OF APPLICATION.—Paragraph (1)
24 shall not be construed as—

1 “(A) prohibiting the imposition of any flat
2 annual fee which may be imposed on the con-
3 sumer in advance of any annual period to cover
4 the cost of maintaining a credit card account
5 during such annual period without regard to
6 whether any credit is actually extended under
7 such account during such period; or

8 “(B) otherwise affecting the imposition of
9 the actual finance charge applicable with re-
10 spect to any credit extended under such account
11 during such annual period at the annual per-
12 centage rate disclosed to the consumer in ac-
13 cordance with this title for the period of time
14 any such credit is outstanding.”.

15 **SEC. 3. REGULATIONS.**

16 The Federal Reserve Board, not later than 6 months
17 after the date of the enactment of this Act, shall issue
18 final regulations to implement the amendments made by
19 this Act.

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