

111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 627

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## AN ACT

To amend the Truth in Lending Act to establish fair and transparent practices relating to the extension of credit under an open end consumer credit plan, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Credit Cardholders’  
3 Bill of Rights Act of 2009”.

4 **SEC. 2. CREDIT CARDS ON TERMS CONSUMERS CAN REPAY.**

5 (a) **RETROACTIVE RATE INCREASES AND UNIVERSAL**  
6 **DEFAULT LIMITED.**—Chapter 2 of the Truth in Lending  
7 Act (15 U.S.C. 1631 et seq.) is amended by inserting after  
8 section 127A the following new section:

9 **“§ 127B. Additional requirements for credit card ac-**  
10 **counts under an open end consumer**  
11 **credit plan**

12 “(a) **RETROACTIVE RATE INCREASES AND UNI-**  
13 **VERSAL DEFAULT LIMITED.**—

14 “(1) **IN GENERAL.**—Except as provided in sub-  
15 section (b), no creditor may increase any annual per-  
16 centage rate of interest applicable to the existing  
17 balance on a credit card account of the consumer  
18 under an open end consumer credit plan.

19 “(2) **EXISTING BALANCE DEFINED.**—For pur-  
20 poses of this subsection and subsections (b) and (c),  
21 the term ‘existing balance’ means the amount owed  
22 on a consumer credit card account as of the end of  
23 the 7th day after the creditor provides notice of an  
24 increase in the annual percentage rate in accordance  
25 with subsection (c).

1           “(3) TREATMENT OF EXISTING BALANCES FOL-  
2           LOWING RATE INCREASE.—If a creditor increases  
3           any annual percentage rate of interest applicable to  
4           the credit card account of a consumer under an open  
5           end consumer credit plan and there is an existing  
6           balance in the account to which such increase may  
7           not apply, the creditor shall allow the consumer to  
8           repay the existing balance using a method provided  
9           by the creditor which is at least as beneficial to the  
10          consumer as 1 of the following methods:

11                   “(A) An amortization period for the exist-  
12                   ing balance of at least 5 years starting from the  
13                   date on which the increased annual percentage  
14                   rate went into effect.

15                   “(B) The percentage of the existing bal-  
16                   ance that was included in the required min-  
17                   imum periodic payment before the rate increase  
18                   cannot be more than doubled.

19          “(4) LIMITATION ON CERTAIN FEES.—If—

20                   “(A) a creditor increases any annual per-  
21                   centage rate of interest applicable on a credit  
22                   card account of the consumer under an open  
23                   end consumer credit plan; and

1           “(B) the creditor is prohibited by this sec-  
2           tion from applying the increased rate to an ex-  
3           isting balance,  
4           the creditor may not assess any fee or charge based  
5           solely on the existing balance.”.

6           (b) EXCEPTIONS TO THE AMENDMENT MADE BY  
7           SUBSECTION (a).—Section 127B of the Truth in Lending  
8           Act is amended by inserting after subsection (a) (as added  
9           by subsection (a)) the following new subsection:

10          “(b) EXCEPTIONS.—

11           “(1) IN GENERAL.—A creditor may increase  
12           any annual percentage rate of interest applicable to  
13           the existing balance on a credit card account of the  
14           consumer under an open end consumer credit plan  
15           only under the following circumstances:

16           “(A) CHANGE IN INDEX.—The increase is  
17           due solely to the operation of an index that is  
18           not under the creditor’s control and is available  
19           to the general public.

20           “(B) EXPIRATION OF PROMOTIONAL  
21           RATE.—The increase is due solely to the expira-  
22           tion of a promotional rate.

23           “(C) FAILURE TO COMPLY WITH WORKOUT  
24           PLAN.—The increase is due solely to the fact

1 the consumer failed to comply with a negotiated  
2 workout plan with the creditor.

3 “(D) PAYMENT NOT RECEIVED DURING 30-  
4 DAY GRACE PERIOD AFTER DUE DATE.—The  
5 increase is due solely to the fact that any con-  
6 sumer’s minimum payment has not been re-  
7 ceived within 30 days after the due date for  
8 such minimum payment.

9 “(2) LIMITATION ON INCREASES DUE TO FAIL-  
10 URE TO COMPLY WITH WORKOUT PLAN.—Notwith-  
11 standing paragraph (1)(C), the annual percentage  
12 rate in effect with respect to each category of trans-  
13 actions for a credit card account under an open end  
14 consumer credit plan after the increase permitted  
15 under such subsection due to the failure of a con-  
16 sumer to comply with a workout plan may not ex-  
17 ceed the annual percentage applicable to such cat-  
18 egory of transactions on the day before the effective  
19 date of the workout plan.

20 “(3) STANDARDS REQUIRED.—The Board shall  
21 prescribe, by regulation, standards—

22 “(A) for entering into any workout plan  
23 applicable to any credit card account under an  
24 open end consumer credit plan; and

25 “(B) governing any such workout plan.”.

1           (c) ADVANCE NOTICE OF RATE INCREASES AND SIG-  
2 NIFICANT CONTRACT CHANGES.—Section 127B of the  
3 Truth in Lending Act is amended by inserting after sub-  
4 section (b) (as added by subsection (b)) the following new  
5 subsections:

6           “(c) ADVANCE NOTICE OF RATE INCREASES.—

7           “(1) IN GENERAL.—In the case of any credit  
8 card account under an open end consumer credit  
9 plan, no increase in any annual percentage rate of  
10 interest (other than an increase described in sub-  
11 section (b)(1)(A)) may take effect unless the creditor  
12 provides a written notice to the consumer at least 45  
13 days before the increase takes effect which fully de-  
14 scribes the changes in the annual percentage rate, in  
15 a complete and conspicuous manner, and the extent  
16 to which such increase would apply to an existing  
17 balance.

18           “(2) LIMITATION ON RATE INCREASE NOTICES  
19 WITHIN FIRST YEAR.—Except in the case of an in-  
20 crease described in subparagraph (B), (C), or (D) of  
21 subsection (b)(1), no written notice under paragraph  
22 (1) of an increase in any annual percentage rate of  
23 interest on any credit card account under an open  
24 end consumer credit plan (for which notice is re-  
25 quired under such paragraph) shall be effective be-

1 fore the end of the 1-year period beginning when the  
2 account is opened.

3 “(3) MINIMUM TERM FOR PROMOTIONAL  
4 RATES.—In the case of a promotional rate, no writ-  
5 ten notice under paragraph (1) of an increase in any  
6 annual percentage rate of interest on any credit card  
7 account under an open end consumer credit plan  
8 shall be effective before the end of a 6-month period  
9 beginning from the date the promotional rate takes  
10 effect.

11 “(d) ADVANCE NOTICE OF ACCOUNT CLOSURE.—

12 “(1) IN GENERAL.—In the case of any credit  
13 card account under an open end consumer credit  
14 plan, a creditor may not close such account unless  
15 the creditor provides a written notice to the con-  
16 sumer at least 30 days before the closure takes  
17 place, and which notifies the consumer—

18 “(A) of the reason the account is being  
19 closed;

20 “(B) of any recourse that the consumer  
21 may take to prevent the account from being  
22 closed;

23 “(C) of any program under which the con-  
24 sumer may repay the balance on the account  
25 over a period of time; and

1           “(D) that if the consumer’s account is  
2           closed, it may have an impact on the con-  
3           sumer’s credit score.

4           “(2) EXCEPTION.—The requirements of para-  
5           graph (1) shall not apply in the case of a consumer  
6           request that the creditor close such account.

7           “(e) ADVANCE NOTICE OF SIGNIFICANT CONTRACT  
8           CHANGES.—In the case of any credit card account under  
9           an open end consumer credit plan, no significant change  
10          to the contract (such as any fee) may take effect unless  
11          the creditor provides a written notice of at least 45 days  
12          before the change takes effect which fully describes the  
13          changes in the contract, in a complete and conspicuous  
14          manner.”.

15          (d) CLERICAL AMENDMENT.—The table of sections  
16          for chapter 2 of the Truth in Lending Act (15 U.S.C.  
17          1631 et seq.) is amended by inserting after the item relat-  
18          ing to section 127A the following new item:

          “127B. Additional requirements for credit card accounts under an open end con-  
          sumer credit plan.”.

19       **SEC. 3. ADDITIONAL PROVISIONS REGARDING ACCOUNT**  
20                               **FEATURES, TERMS, AND PRICING.**

21          (a) DOUBLE CYCLE BILLING PROHIBITED.—Section  
22          127B of the Truth in Lending Act is amended by inserting  
23          after subsection (d) (as added by section 2(c)) the fol-  
24          lowing new subsection:

1 “(e) DOUBLE CYCLE BILLING.—

2 “(1) IN GENERAL.—No finance charge may be  
3 imposed by a creditor with respect to any balance on  
4 a credit card account under an open end consumer  
5 credit plan that is based on balances for days in bill-  
6 ing cycles preceding the most recent billing cycle as  
7 a result of the loss of any grace period.

8 “(2) EXCEPTIONS.—Paragraph (1) shall not  
9 apply so as to prohibit a creditor from—

10 “(A) adjusting finance charges following  
11 the return of a payment for insufficient funds;  
12 or

13 “(B) adjusting finance charges following  
14 resolution of a billing error dispute.

15 “(3) GRACE PERIOD.—For purposes of this  
16 subsection, the term ‘grace period’ means, with re-  
17 spect to any credit card account under an open end  
18 consumer credit plan, the time period, if any, pro-  
19 vided by the creditor within which any credit ex-  
20 tended under such credit plan for purchases of goods  
21 or services may be repaid by the consumer without  
22 incurring a finance charge.”.

23 (b) LIMITATIONS RELATING TO ACCOUNT BALANCES  
24 ATTRIBUTABLE ONLY TO ACCRUED INTEREST.—Section

1 127B is amended by inserting after subsection (e) (as  
2 added by subsection (a)) the following new subsection:

3 “(f) LIMITATIONS RELATING TO ACCOUNT BAL-  
4 ANCES ATTRIBUTABLE ONLY TO ACCRUED INTEREST.—

5 “(1) IN GENERAL.—If the outstanding balance  
6 on a credit card account under an open end con-  
7 sumer credit plan at the end of a billing period rep-  
8 resents an amount attributable only to interest ac-  
9 crued during the preceding billing period on an out-  
10 standing balance that was fully repaid during the  
11 preceding billing period—

12 “(A) no fee may be imposed or collected in  
13 connection with such balance attributable only  
14 to interest before such end of the billing period;  
15 and

16 “(B) any failure to make timely repay-  
17 ments of the balance attributable only to inter-  
18 est before such end of the billing period shall  
19 not constitute a default on the account.

20 Such balance remains a legally binding debt obliga-  
21 tion.

22 “(2) RULE OF CONSTRUCTION.—Paragraph (1)  
23 shall not be construed as affecting—

1           “(A) the consumer’s obligation to pay any  
2 accrued interest on a credit card account under  
3 an open end consumer credit plan; or

4           “(B) the accrual of interest on the out-  
5 standing balance on any such account in ac-  
6 cordance with the terms of the account and this  
7 title.”.

8           (c) ACCESS TO PAYOFF BALANCE INFORMATION.—  
9 Section 127B of the Truth in Lending Act is amended  
10 by inserting after subsection (f) (as added by subsection  
11 (b)) the following new subsection:

12           “(g) PAYOFF BALANCE INFORMATION.—

13           “(1) IN GENERAL.—Each periodic statement  
14 provided by a creditor to a consumer with respect to  
15 a credit card account under an open end consumer  
16 credit plan shall contain the toll-free telephone num-  
17 ber, Internet address, and website at which the con-  
18 sumer may request the payoff balance on the ac-  
19 count.

20           “(2) SMALL ISSUERS.—Notwithstanding para-  
21 graph (1), in the case of any credit card issuer  
22 which issues fewer than 50,000 credit cards in con-  
23 junction with credit card accounts under open end  
24 consumer credit plans, each periodic statement pro-  
25 vided by such a creditor to a consumer with respect

1 to any such credit card account shall contain the  
2 toll-free telephone number, Internet address, or  
3 website at which the consumer may request the pay-  
4 off balance on the account.”.

5 (d) CONSUMER RIGHT TO REJECT CARD AFTER NO-  
6 TICE IS PROVIDED OF OPEN ACCOUNT.—Section 127B of  
7 the Truth in Lending Act is amended by inserting after  
8 subsection (g) (as added by subsection (c)) the following  
9 new subsection:

10 “(h) CONSUMER RIGHT TO REJECT CARD AFTER  
11 NOTICE OF NEW ACCOUNT IS PROVIDED TO CONSUMER  
12 REPORTING AGENCY.—

13 “(1) IN GENERAL.—A creditor shall remove any  
14 information furnished to a consumer reporting agen-  
15 cy (as defined in section 603) concerning the estab-  
16 lishment of a newly opened credit card account  
17 under an open end consumer credit plan if the con-  
18 sumer has not used or activated the account and the  
19 consumer contacts the creditor within 45 days of the  
20 establishment of the account to close the account.

21 “(2) RULE OF CONSTRUCTION.—Paragraph (1)  
22 shall not be construed as prohibiting a creditor from  
23 furnishing information about any application for a  
24 credit card account under an open end consumer

1 credit plan or any inquiry about any such account  
2 to a consumer reporting agency (as so defined).”.

3 (e) USE OF TERMS CLARIFIED.—Section 127B of the  
4 Truth in Lending Act is amended by inserting after sub-  
5 section (h) (as added by subsection (d)) the following new  
6 subsection:

7 “(i) USE OF TERMS.—The following requirements  
8 shall apply with respect to the terms of any credit card  
9 account under any open end consumer credit plan:

10 “(1) ‘FIXED’ RATE.—The term ‘fixed’, when  
11 appearing in conjunction with a reference to the an-  
12 nual percentage rate or interest rate applicable with  
13 respect to such account, may only be used to refer  
14 to an annual percentage rate or interest rate that  
15 will not change or vary for any reason over the pe-  
16 riod clearly and conspicuously specified in the terms  
17 of the account.

18 “(2) PRIME RATE.—The term ‘prime rate’,  
19 when appearing in any agreement or contract for  
20 any such account, may only be used to refer to the  
21 bank prime rate published in the Federal Reserve  
22 Statistical Release on selected interest rates (daily or  
23 weekly), and commonly referred to as the H.15 re-  
24 lease (or any successor publication).

25 “(3) DUE DATE.—

1           “(A) IN GENERAL.—Each periodic state-  
2           ment for any such account shall contain a date  
3           by which the next periodic payment on the ac-  
4           count must be made to avoid a late fee or be  
5           considered a late payment, and any payment re-  
6           ceived by 5 p.m., local time at the location spec-  
7           ified by the creditor for the receipt of payment,  
8           on such date shall be treated as a timely pay-  
9           ment for all purposes.

10           “(B) CERTAIN ELECTRONIC FUND TRANS-  
11           FERS.—Any payment with respect to any such  
12           account made by a consumer online to the  
13           website of the credit card issuer or by telephone  
14           directly to the credit card issuer before 5 p.m.,  
15           local time at the location specified by the cred-  
16           itor for the receipt of payment, on any business  
17           day shall be credited to the consumer’s account  
18           that business day.

19           “(C) PRESUMPTION OF TIMELY PAY-  
20           MENT.—Any evidence provided by a consumer  
21           in the form of a receipt from the United States  
22           Postal Service or other common carrier indi-  
23           cating that a payment on a credit card account  
24           was sent to the issuer not less than 7 days be-  
25           fore the due date contained in the periodic

1 statement under subparagraph (A) for such  
2 payment shall create a presumption that such  
3 payment was made by the due date, which may  
4 be rebutted by the creditor for fraud or dishon-  
5 esty on the part of the consumer with respect  
6 to the mailing date.”.

7 (f) PAYMENT ALLOCATIONS.—Section 127B of the  
8 Truth in Lending Act is amended by inserting after sub-  
9 section (i) (as added by subsection (e)) the following new  
10 subsection:

11 “(j) PAYMENT ALLOCATIONS.—

12 “(1) IN GENERAL.—If 2 or more different an-  
13 nual percentage rates apply to different portions of  
14 an outstanding balance on a credit card account  
15 under an open end consumer credit plan, the amount  
16 of any periodic payment in excess of the required  
17 minimum payment shall be allocated first to the bal-  
18 ance with the highest annual percentage rate and  
19 any remaining portion is allocated to any other bal-  
20 ance in descending order, based on the applicable  
21 annual percentage rate each portion of such balance  
22 bears, from the highest such rate to the lowest.

23 “(2) CLARIFICATION RELATING TO CERTAIN  
24 DEFERRED INTEREST ARRANGEMENTS.—A creditor  
25 may allocate the entire amount paid by the con-

1       sumer in excess of the required minimum periodic  
2       payment to a balance on which interest is deferred  
3       during the 2 billing cycles immediately preceding the  
4       expiration of the period during which interest is de-  
5       ferred.

6               “(3) PROHIBITION ON RESTRICTED GRACE PE-  
7       RIODS UNDER CERTAIN CIRCUMSTANCES.—If, with  
8       respect to any credit card account under an open  
9       end consumer credit plan, a creditor offers a time  
10      period in which to repay credit extended without in-  
11      curring finance charges to cardholders who pay the  
12      balance in full, the creditor may not deny a con-  
13      sumer who takes advantage of a promotional rate  
14      balance or deferred interest rate balance offer with  
15      respect to such an account any such time period for  
16      repaying credit without incurring finance charges.”.

17      (g) TIMELY PROVISION OF PERIODIC STATE-  
18      MENTS.—Section 127B of the Truth in Lending Act is  
19      amended by inserting after subsection (j) (as added by  
20      subsection (f)) the following new subsection:

21               “(k) TIMELY PROVISION OF PERIODIC STATE-  
22      MENTS.—Each periodic statement with respect to a credit  
23      card account under an open end consumer credit plan  
24      shall be sent by the creditor to the consumer not less than  
25      21 calendar days before the due date identified in such

1 statement for the next payment on the outstanding bal-  
2 ance on such account, and section 163(a) shall be applied  
3 with respect to any such account by substituting ‘21’ for  
4 ‘fourteen’.”.

5 (h) DUE DATES.—Section 127B of the Truth in  
6 Lending Act is amended by inserting after subsection (k)  
7 (as added by subsection (g)) the following new subsection:

8 “(l) DUE DATES.—If the date established by a cred-  
9 itor as the date on which a periodic payment on a credit  
10 card account under an open end consumer credit plan is  
11 due is a day on which mail is either not delivered to such  
12 creditor or is not accepted by the creditor for processing  
13 on such day, the creditor may not treat the receipt by the  
14 creditor of any such periodic payment by mail as of the  
15 next business day of the creditor as late for any purpose.”.

16 (i) AVAILABILITY OF LEGITIMATE AND ACCREDITED  
17 CREDIT COUNSELING.—The Board of Governors of the  
18 Federal Reserve System shall suggest appropriate guide-  
19 lines for creditors to follow with respect to credit card ac-  
20 counts under open end consumer credit plans to supply  
21 consumer cardholders with information regarding the  
22 availability of legitimate and accredited credit counseling  
23 services.

1 **SEC. 4. CONSUMER CHOICE WITH RESPECT TO OVER-THE-**  
2 **LIMIT TRANSACTIONS.**

3 Section 127B of the Truth in Lending Act is amend-  
4 ed by inserting after subsection (l) (as added by section  
5 3(h)) the following new subsections:

6 “(m) OPT-IN REQUIRED FOR OVER-THE-LIMIT  
7 TRANSACTIONS IF FEES ARE IMPOSED.—

8 “(1) IN GENERAL.—In the case of any credit  
9 card account under an open end consumer credit  
10 plan under which an over-the-limit-fee may be im-  
11 posed by the creditor for any extension of credit in  
12 excess of the amount of credit authorized to be ex-  
13 tended under such account, no such fee shall be  
14 charged unless the consumer has elected to permit  
15 the creditor, with respect to such account, to com-  
16 plete transactions involving the extension of credit,  
17 with respect to such account, in excess of the  
18 amount of credit authorized.

19 “(2) DISCLOSURE BY CREDITOR.—No election  
20 by a consumer under paragraph (1) shall take effect  
21 unless the consumer, before making such election,  
22 received a notice from the creditor of any over-the-  
23 limit fee in the form and manner, and at the time,  
24 determined by the Board.

1           “(3) FORM OF ELECTION.—A consumer may  
2           make the election referred to in paragraph (1) orally  
3           or in writing.

4           “(4) TIME OF ELECTION.—A consumer may  
5           make the election referred to in paragraph (1) at  
6           any time and it shall be effective until the election  
7           is revoked by the consumer orally or in writing.

8           “(5) REGULATIONS.—

9           “(A) IN GENERAL.—The Board shall issue  
10           regulations allowing for the completion of over-  
11           the-limit transactions that for operational rea-  
12           sons exceed the credit limit by a de minimis  
13           amount, even where the cardholder has not  
14           made an election under paragraph (1).

15           “(B) SUBJECT TO NO FEE LIMITATION.—  
16           The regulations prescribed under subparagraph  
17           (A) shall not allow for the imposition of any fee  
18           or any rate increase based on the permitted  
19           over-the-limit transactions with respect to the  
20           account of any cardholder who has not made  
21           the election in paragraph (1).

22           “(C) DISCLOSURES.—The Board shall pre-  
23           scribe regulations governing any disclosure  
24           under this subsection.

1       “(n) OVER-THE-LIMIT FEE RESTRICTIONS.—With  
2 respect to a credit card account under an open end con-  
3 sumer credit plan, an over-the-limit fee may be imposed  
4 only once during a billing cycle if, on the last day of such  
5 billing cycle, the credit limit on the account is exceeded,  
6 and an over-the-limit fee, with respect to such excess cred-  
7 it, may be imposed only once in each of the 2 subsequent  
8 billing cycles, unless the consumer has obtained an addi-  
9 tional extension of credit in excess of such credit limit dur-  
10 ing any such subsequent cycle or the consumer reduces  
11 the outstanding balance below the credit limit as of the  
12 end of such billing cycle.

13       “(o) OVER-THE-LIMIT FEES PROHIBITED IN CON-  
14 JUNCTION WITH CERTAIN CREDIT HOLDS.—Notwith-  
15 standing subsection (n), an over-the-limit fee may not be  
16 imposed if the credit limit was exceeded due to a hold un-  
17 less the actual amount of the transaction for which the  
18 hold was placed would have resulted in the consumer ex-  
19 ceeding the credit limit.”.

20 **SEC. 5. STRENGTHEN CREDIT CARD INFORMATION COL-**  
21 **LECTION.**

22       Section 136(b) of the Truth in Lending Act (15  
23 U.S.C. 1646(b)) is amended—

24               (1) in paragraph (1)—

1 (A) by striking “COLLECTION RE-  
2 QUIRED.—The Board shall” and inserting  
3 “COLLECTION REQUIRED.—

4 “(A) IN GENERAL.—The Board shall”.

5 (B) by adding at the end the following new  
6 subparagraph:

7 “(B) INFORMATION TO BE INCLUDED.—  
8 The information under subparagraph (A) shall  
9 include, for the relevant semiannual period, the  
10 following information with respect each creditor  
11 in connection with any consumer credit card ac-  
12 count:

13 “(i) A list of each type of transaction  
14 or event during the semiannual period for  
15 which 1 or more creditors has imposed a  
16 separate interest rate upon a consumer  
17 credit card accountholder, including pur-  
18 chases, cash advances, and balance trans-  
19 fers.

20 “(ii) For each type of transaction or  
21 event identified under clause (i)—

22 “(I) each distinct interest rate  
23 charged by the card issuer to a con-  
24 sumer credit card accountholder dur-  
25 ing the semiannual period; and

1                   “(II) the number of cardholders  
2                   to whom each such interest rate was  
3                   applied during the last calendar  
4                   month of the semiannual period, and  
5                   the total amount of interest charged  
6                   to such accountholders at each such  
7                   rate during such month.

8                   “(iii) A list of each type of fee that 1  
9                   or more of the creditors has imposed upon  
10                  a consumer credit card accountholder dur-  
11                  ing the semiannual period, including any  
12                  fee imposed for obtaining a cash advance,  
13                  making a late payment, exceeding the cred-  
14                  it limit on an account, making a balance  
15                  transfer, or exchanging United States dol-  
16                  lars for foreign currency.

17                  “(iv) For each type of fee identified  
18                  under clause (iii), the number of account-  
19                  holders upon whom the fee was imposed  
20                  during each calendar month of the semi-  
21                  annual period, and the total amount of  
22                  fees imposed upon cardholders during such  
23                  month.

24                  “(v) The total number of consumer  
25                  credit card accountholders that incurred

1 any finance charge or any other fee during  
2 the semiannual period.

3 “(vi) The total number of consumer  
4 credit card accounts maintained by each  
5 creditor as of the end of the semiannual  
6 period.

7 “(vii) The total number and value of  
8 cash advances made during the semiannual  
9 period under a consumer credit card ac-  
10 count.

11 “(viii) The total number and value of  
12 purchases involving or constituting con-  
13 sumer credit card transactions during the  
14 semiannual period.

15 “(ix) The total number and amount of  
16 repayments on outstanding balances on  
17 consumer credit card accounts in each  
18 month of the semiannual period.

19 “(x) The percentage of all consumer  
20 credit card accountholders (with respect to  
21 any creditor) who—

22 “(I) incurred a finance charge in  
23 each month of the semiannual period  
24 on any portion of an outstanding bal-

1                   ance on which a finance charge had  
2                   not previously been incurred; and

3                   “(II) incurred any such finance  
4                   charge at any time during the semi-  
5                   annual period.

6                   “(xi) The total number and amount of  
7                   balances accruing finance charges during  
8                   the semiannual period.

9                   “(xii) The total number and amount  
10                  of the outstanding balances on consumer  
11                  credit card accounts as of the end of such  
12                  semiannual period.

13                  “(xiii) Total credit limits in effect on  
14                  consumer credit card accounts as of the  
15                  end of such semiannual period and the  
16                  amount by which such credit limits exceed  
17                  the credit limits in effect as of the begin-  
18                  ning of such period.

19                  “(xiv) Any other information related  
20                  to interest rates, fees, or other charges  
21                  that the Board deems of interest.”; and

22                  (2) by adding at the end the following new  
23                  paragraph:

24                  “(5) REPORT TO CONGRESS.—The Board shall,  
25                  on an annual basis, transmit to Congress and make

1 public a report containing estimates by the Board of  
 2 the approximate, relative percentage of income de-  
 3 rived by the credit card operations of depository in-  
 4 stitutions from—

5 “(A) the imposition of interest rates on  
 6 cardholders, including separate estimates for—

7 “(i) interest with an annual percent-  
 8 age rate of less than 25 percent; and

9 “(ii) interest with an annual percent-  
 10 age rate equal to or greater than 25 per-  
 11 cent;

12 “(B) the imposition of fees on cardholders;

13 “(C) the imposition of fees on merchants;

14 and

15 “(D) any other material source of income,  
 16 while specifying the nature of that income.”.

17 **SEC. 6. STANDARDS APPLICABLE TO INITIAL ISSUANCE OF**  
 18 **SUBPRIME OR “FEE HARVESTER” CARDS.**

19 Section 127B of the Truth in Lending Act is amend-  
 20 ed by inserting after subsection (o) (as added by section  
 21 4) the following new subsection:

22 “(p) STANDARDS APPLICABLE TO INITIAL ISSUANCE  
 23 OF SUBPRIME OR ‘FEE HARVESTER’ CARDS.—

24 “(1) IN GENERAL.—In the case of any credit  
 25 card account under an open end consumer credit

1 plan the terms of which require the payment of any  
2 fee (other than any late fee, any over-the-limit fee,  
3 or any fee for a payment returned for insufficient  
4 funds) by the consumer in the first year the account  
5 is opened in an amount in excess of 25 percent of  
6 the total amount of credit authorized under the ac-  
7 count when the account is opened, no payment of  
8 any fee (other than any late fee, any over-the-limit  
9 fee, or any fee for a payment returned for insuffi-  
10 cient funds) may be made from the credit made  
11 available by the card.

12 “(2) RULE OF CONSTRUCTION.—No provision  
13 of this subsection may be construed as authorizing  
14 any imposition or payment of advance fees otherwise  
15 prohibited by any provision of law.”.

16 **SEC. 7. EXTENSIONS OF CREDIT TO UNDERAGE CON-**  
17 **SUMERS.**

18 Section 127(c) of the Truth in Lending Act (15  
19 U.S.C. 1637(c)) is amended by adding at the end the fol-  
20 lowing new paragraphs:

21 “(8) EXTENSIONS OF CREDIT TO UNDERAGE  
22 CONSUMERS.—

23 “(A) IN GENERAL.—No credit card may be  
24 knowingly issued to, or open end credit plan es-  
25 tablished on behalf of, a consumer who has not

1           attained the age of 18, unless the consumer is  
2           emancipated under applicable State law or the  
3           parent or legal guardian of such consumer is  
4           designated as the primary account holder.

5           “(B) RULE OF CONSTRUCTION.—For the  
6           purposes of determining the age of an appli-  
7           cant, the submission of a signed application by  
8           a consumer stating that the consumer is over  
9           18 shall be considered sufficient proof of age.

10          “(9) PROVISIONS APPLICABLE WITH REGARD  
11          TO THE ISSUANCE OF CREDIT CARDS TO FULL-TIME,  
12          TRADITIONAL-AGED COLLEGE STUDENTS.—

13           “(A) DEFINITIONS.—For purposes of this  
14           paragraph, the following definitions shall apply:

15           “(i) COLLEGE STUDENT CREDIT CARD  
16           ACCOUNT DEFINED.—The term ‘college  
17           student credit card account’ means a credit  
18           card account under an open end consumer  
19           credit plan established or maintained for or  
20           on behalf of any college student.

21           “(ii) COLLEGE STUDENT.—The term  
22           ‘college student’ means an individual—

23                   “(I) who is a full-time student  
24                   attending an institution of higher edu-  
25                   cation; and

1                   “(II) who has attained the age of  
2                   18 and has not yet attained the age of  
3                   21.

4                   “(iii) INSTITUTION OF HIGHER EDU-  
5                   CATION.—The term ‘institution of higher  
6                   education’ has the same meaning as in sec-  
7                   tion 101(a) of the Higher Education Act of  
8                   1965 (20 U.S.C. 1001(a)).

9                   “(B) MAXIMUM AMOUNT LIMITATION AS A  
10                  PERCENTAGE OF GROSS INCOME.—Unless a  
11                  parent, legal guardian, or spouse of a college  
12                  student assumes joint liability for debts in-  
13                  curred by the student in connection with a col-  
14                  lege student credit card account—

15                  “(i) the amount of credit which may  
16                  be extended by any one creditor to the full-  
17                  time college student may not exceed, dur-  
18                  ing any full calendar year, the greater of—

19                          “(I) 20 percent of the annual  
20                          gross income of the student; or

21                          “(II) \$500; and

22                  “(ii) no creditor shall grant a student  
23                  a credit card account, if the credit limit for  
24                  that credit card account, combined with  
25                  the credit limits of any other credit card

1 accounts held by the student, would exceed  
2 30 percent of the annual gross income of  
3 the student in the most recently completed  
4 calendar year.

5 “(C) PARENTAL APPROVAL REQUIRED TO  
6 INCREASE CREDIT LINES FOR ACCOUNTS FOR  
7 WHICH PARENT IS JOINTLY LIABLE.—No in-  
8 crease may be made in the amount of credit au-  
9 thorized to be extended under a college student  
10 credit card account for which a parent, legal  
11 guardian, or spouse of the consumer has as-  
12 sumed joint liability for debts incurred by the  
13 consumer in connection with the account, before  
14 the consumer attains the age of 21, with re-  
15 spect to such consumer, unless the parent,  
16 guardian, or spouse of the consumer, as appli-  
17 cable, approves in writing, and assumes joint li-  
18 ability for, such increase.

19 “(D) INCOME VERIFICATION.—For pur-  
20 poses of this paragraph, a creditor shall require  
21 adequate proof of income, income history, and  
22 credit history, subject to the rules of the Board,  
23 before any college student credit card account  
24 may be opened by or on behalf of a student.

1           “(E) PROHIBITION ON MORE THAN 1  
2 CREDIT CARD ACCOUNT FOR ANY COLLEGE  
3 STUDENT.—No creditor may open a credit card  
4 account for, or issue any credit card to, any col-  
5 lege student who—

6                   “(i) has no verifiable annual gross in-  
7 come; and

8                   “(ii) already maintains a credit card  
9 account under an open end consumer cred-  
10 it plan with that creditor, or any affiliate  
11 thereof.

12           “(F) EXEMPTION AUTHORITY.—The  
13 Board may, by rule, provide for exemptions to  
14 the provisions of this paragraph, as deemed  
15 necessary or appropriate by the Board, con-  
16 sistent with the purposes of this paragraph.”.

17 **SEC. 8. PROHIBIT FEES FOR PAYMENT ON CREDIT CARD**  
18 **ACCOUNTS BY TELEPHONE OR ELECTRONIC**  
19 **FUND TRANSFERS.**

20           Section 164 of the Truth in Lending Act (15 U.S.C.  
21 1666c) is amended—

22                   (1) by striking “Payments received” and insert-  
23 ing “(a) IN GENERAL.—Payments received”; and

24                   (2) by adding at the end the following new sub-  
25 section:

1 “(b) PAYMENT FEES.—

2 “(1) PROHIBITION ON FEE BASED ON MODE OF  
3 PAYMENT.—Except as provided in paragraph (2), in  
4 the case of a credit card account under an open end  
5 consumer credit plan, a creditor may not impose a  
6 fee on the obligor based on the particular manner in  
7 which the obligor makes a payment on such account.

8 “(2) EXCEPTION.—If the obligor requests to  
9 make an expedited payment on a credit card account  
10 under an open end consumer credit plan by tele-  
11 phone on the date that a payment is due, or the day  
12 immediately preceding such date, the creditor may  
13 assess a fee for crediting the payment to the obli-  
14 gor’s account on or by such date.”.

15 **SEC. 9. REGULATIONS RELATING TO ACTIVE DUTY MILI-**  
16 **TARY CONSUMERS AND RECENTLY DISABLED**  
17 **VETERANS.**

18 Section 127B of the Truth in Lending Act is amend-  
19 ed by inserting after subsection (p) (as added by section  
20 6) the following new subsection:

21 “(q) REGULATIONS RELATING TO ACTIVE DUTY  
22 MILITARY CONSUMERS AND RECENTLY DISABLED VET-  
23 ERANS.—In the case of any credit card account, under an  
24 open end consumer credit plan, held by any veteran receiv-  
25 ing compensation for a service-connected disability (as

1 such terms are defined in section 101 of title 38, United  
2 States Code) that occurred less than 2 years before or any  
3 active duty military consumer (as defined in section  
4 603(q)(2) of this Act) , the Board shall prescribe regula-  
5 tions that prohibits the creditor with respect to such ac-  
6 count from making adverse reports to any consumer re-  
7 porting agency with respect while the consumer maintains  
8 status as such a veteran or as an active duty military con-  
9 sumer.”.

10 **SEC. 10. POSTING INFORMATION ON THE INTERNET.**

11 Section 122 of the Truth in Lending Act ( U.S.C.  
12 1632) is amended by adding at the end the following new  
13 subsection:

14 “(d) INTERNET POSTING OF CREDIT CARD AGREE-  
15 MENTS.—

16 “(1) POSTING AGREEMENTS.—A creditor shall  
17 establish and maintain an Internet site on which the  
18 creditor will post the written agreement between the  
19 creditor and the consumer for each open-end con-  
20 sumer credit plan not secured by a dwelling that has  
21 a credit card feature.

22 “(2) PROVIDING COPY OF CONTRACTS TO THE  
23 BOARD.—A creditor shall provide to the Board in  
24 electronic format, the consumer credit card agree-

1       ments that the creditor publishes on the creditor’s  
2       Internet site.

3           “(3) RECORD REPOSITORY.—The Board shall  
4       establish and maintain on its publically available  
5       Internet site a central repository of the consumer  
6       credit card agreements received from the creditors  
7       pursuant to this subsection and such agreements  
8       shall be easily accessible and retrievable.

9           “(4) EXCEPTION.—Paragraphs (1) and (2)  
10      shall not apply to individually negotiated changes to  
11      contractual terms, such as individually-modified  
12      workouts or renegotiations of amounts owed by a  
13      consumer under an open end consumer credit plan.

14          “(5) REGULATIONS.—The Board, in consulta-  
15      tion with the other agencies described in section 108  
16      and the Federal Trade Commission, may prescribe  
17      regulations to implement this subsection, includ-  
18      ing—

19           “(A) specifying the format for posting the  
20      agreements on the creditor’s Internet site; and

21           “(B) establishing exceptions to paragraphs  
22      (1) and (2) in cases where the administrative  
23      burden outweighs the benefit of increased trans-  
24      parency, such as where a credit card plan has

1 a de minimis number of consumer account hold-  
2 ers”.

3 **SEC. 11. ENHANCED MINIMUM PAYMENT DISCLOSURES.**

4 Paragraph (11) of section 127(b) of the Truth in  
5 Lending Act (15 U.S.C. 1637(b)(11)) is amended to read  
6 as follows:

7 “(11) MINIMUM PAYMENT DISCLOSURES.—

8 “(A) MINIMUM PAYMENT WARNING.—A  
9 written statement in the following form: ‘Min-  
10 imum Payment Warning: Making only the min-  
11 imum payment will increase the interest you  
12 pay and the time it takes to repay your bal-  
13 ance.’.

14 “(B) INFORMATION ON OUTSTANDING  
15 BALANCE.—Not less than once per calendar  
16 quarter, such billing statement shall also in-  
17 clude repayment information that would apply  
18 to the outstanding balance of the consumer  
19 under the credit plan, including—

20 “(i) the number of months (rounded  
21 to the nearest month) that it would take to  
22 pay the entire amount of that balance, if  
23 the consumer pays only the required min-  
24 imum monthly payments and if no further  
25 advances are made;

1           “(ii) the total cost to the consumer,  
2           including interest payments, of paying that  
3           balance in full, if the consumer pays only  
4           the required minimum monthly payments  
5           and if no further advances are made;

6           “(iii) the monthly payment amount  
7           that would be required for the consumer to  
8           eliminate the outstanding balance in 12  
9           months, 24 months, and 36 months, if no  
10          further advances are made, and the total  
11          cost to the consumer, including interest  
12          and principal payments, of paying that bal-  
13          ance in full if the consumer pays the bal-  
14          ance over 12, 24, or 36 months, respec-  
15          tively; and

16          “(iv) a toll-free telephone number at  
17          which the consumer may receive informa-  
18          tion about accessing credit counseling and  
19          debt management services.

20          “(C) EXCEPTION TO REQUIREMENTS OF  
21          SUBSECTION (B).—The quarterly disclosure re-  
22          quirements in subsection (B) shall not apply  
23          with respect to—

24                 “(i) a calendar quarter if, in the 2  
25                 consecutive billing cycles preceding the end

1 of such quarter, a consumer has paid the  
2 entire balance of the bill in full;

3 “(ii) a calendar quarter if, at the end  
4 of the calendar quarter, a consumer has an  
5 outstanding credit balance of zero or has a  
6 positive credit; or

7 “(iii) any class of consumers for which  
8 the Board has determined will not benefit  
9 substantially from additional disclosures.

10 “(D) APPLICABLE RATES TO BE USED IN  
11 DISCLOSURES.—

12 “(i) IN GENERAL.—Subject to clause  
13 (ii), in making the disclosures under sub-  
14 paragraph (B), the creditor shall apply the  
15 interest rate or rates in effect on the date  
16 on which the disclosure is made until the  
17 date on which the balance would be paid in  
18 full.

19 “(ii) SPECIAL RULE IN CASE OF TEM-  
20 PORARY RATE.—If the interest rate in ef-  
21 fect on the date on which the disclosure is  
22 made is a temporary rate that will change  
23 under a contractual provision applying an  
24 index or formula for subsequent interest  
25 rate adjustment, the creditor shall apply

1 the interest rate in effect on the date on  
2 which the disclosure is made for as long as  
3 that interest rate will apply under that  
4 contractual provision, and then apply an  
5 interest rate based on the index or formula  
6 in effect on the applicable billing date.

7 “(E) FORM AND PROMINENCE OF DISCLO-  
8 SURE.—All of the information described in sub-  
9 paragraph (B) shall—

10 “(i) be disclosed in the form and man-  
11 ner which the Board shall prescribe, by  
12 regulation, and in a manner that avoids  
13 duplication; and

14 “(ii) be placed in a conspicuous and  
15 prominent location on the billing statement  
16 in conspicuous typeface.

17 “(F) TABULAR FORMAT.—In the regula-  
18 tions prescribed under subparagraph (D), the  
19 Board shall require that the disclosure of such  
20 information shall be in the form of a table  
21 that—

22 “(i) contains clear and concise head-  
23 ings for each item of such information; and

1           “(ii) provides a clear and concise form  
2           stating each item of information required  
3           to be disclosed under each such heading.

4           “(G) LOCATION AND ORDER OF TABLE.—  
5           In prescribing the form of the table under sub-  
6           paragraph (E), the Board shall require that—

7                   “(i) all of the information in the table,  
8                   and not just a reference to the table, be  
9                   placed on the billing statement, as required  
10                  by this paragraph; and

11                   “(ii) the items required to be included  
12                  in the table shall be listed in the order in  
13                  which such items are described in subpara-  
14                  graph (B).

15           “(H) SUBSTITUTION OF TERMINOLOGY.—  
16           In prescribing the form of the table under sub-  
17           paragraph (D), the Board may employ termi-  
18           nology which is different than the terminology  
19           used in subparagraph (B), if such terminology  
20           is more easily understood and conveys substan-  
21           tially the same meaning.

22           “(I) ‘ROUNDING’ REGULATIONS.—For pur-  
23           poses of determining whether an error in the  
24           disclosures required by subparagraph (B) con-  
25           stitutes a legal cause of action against a cred-

1           itor or any other party, the standard referred to  
2           under the heading ‘Rounding assumed pay-  
3           ments, current balance and interest charges to  
4           the nearest cent’ in the publication by the  
5           Board in the Federal Register (74 Fed. Reg.  
6           5385) on January 29, 2009, of the final regula-  
7           tion revising part 226 of title 12 of the Code  
8           of Federal Regulations (Regulation Z), or a  
9           standard that affords substantially similar pro-  
10          tections as determined by the Board, shall  
11          apply for purposes of the determination with re-  
12          gard to such disclosures.”.

13 **SEC. 12. BOARD REVIEW OF CONSUMER CREDIT PLANS**  
14 **AND REGULATIONS.**

15          (a) **REQUIRED REVIEW.**—Not later than 2 years  
16 after the effective date of this Act and every 2 years there-  
17 after, except as provided in subsection (c)(2), the Board  
18 shall conduct a review, within the limits of its existing re-  
19 sources available for reporting purposes of the consumer  
20 credit card market including—

21               (1) the terms of credit card agreements and the  
22               practices of credit card issuers;

23               (2) the effectiveness of disclosure of terms, fees,  
24               and other expense of credit card plans;

1           (3) the adequacy of protections against unfair  
2 or deceptive acts or practices relating to credit card  
3 plans, and

4           (4) whether or not, and to what extent, the  
5 Credit Cardholders' Bill of Rights Act of 2009 has  
6 resulted in—

7           (A) higher annual percentage rates of in-  
8 terest, on average, for credit card users than  
9 the average of such rates of interest in effect  
10 before the effective date of the Act;

11           (B) the imposition of annual fees or other  
12 credit card fees—

13           (i) that did not exist before such ef-  
14 fective date;

15           (ii) at a higher average rate of appli-  
16 cability than existed before such effective  
17 date; or

18           (iii) with higher average costs to the  
19 consumer than were in effect before such  
20 effective date;

21           (C) an increase in the rate of denial of—

22           (i) new credit card accounts for con-  
23 sumers; or

24           (ii) new extensions of credit, or addi-  
25 tional lines of credit, for existing credit ac-

1 counts established before such effective  
2 date; or

3 (D) any other adverse or negative condi-  
4 tion or effect on consumers.

5 (b) SOLICITATION OF PUBLIC COMMENT.—In con-  
6 nection with conducting the review required by subsection  
7 (a), the Board shall solicit comment from consumers, cred-  
8 it card issuers, and other interested parties, such as  
9 through hearings or written comments.

10 (c) REGULATIONS.—

11 (1) NOTICE.—Following the review required by  
12 subsection (a) the Board shall publish a notice in  
13 the Federal Register that—

14 (A) summarizes the review, the comments  
15 received from the public solicitation, and other  
16 evidence gathered by the Board such as through  
17 consumer testing or other research; and

18 (B) either—

19 (i) proposes new or revised regulations  
20 or interpretations to update or revise dis-  
21 closures and protections for consumer  
22 credit cards as appropriate; or

23 (ii) states the reason for the Board's  
24 determination that new or revised regula-  
25 tions are not proposed.

1           (2) REVISION OF REVIEW PERIOD FOLLOWING  
2 MATERIAL REVISION OF REGULATIONS.—In the  
3 event the Board materially revises regulations on  
4 consumer credit card plans, a review need not be  
5 conducted until 2 years following the effective date  
6 of the revised regulations, which thereafter shall be-  
7 come the new date for the biennial review required  
8 by subsection (a).

9           (d) BOARD REPORT TO THE CONGRESS.—The Board  
10 shall report to the Congress no less frequently than every  
11 2 years, except as provided in subsection (c)(2), on the  
12 status of its most recent review, its efforts to address any  
13 issues identified from the review, and any recommenda-  
14 tions for legislation.

15           (e) ADDITIONAL REPORTING.—The Federal banking  
16 agencies and the Federal Trade Commission shall provide  
17 annually to the Board, and the Board shall include in its  
18 annual report to Congress under section 10 of the Federal  
19 Reserve Act, information about the supervisory and en-  
20 forcement activities of the agencies with respect to credit  
21 card issuers' compliance with applicable Federal consumer  
22 protection statutes and regulations including—

23           (1) this Act, the amendments made by this Act,  
24 and regulations prescribed under this Act and such  
25 amendments; and

1           (2) section 5 of the Federal Trade Commission  
2           Act, and regulations prescribed under the Federal  
3           Trade Commission Act, such as part 227 of title 12  
4           of the Code of Federal Regulations as prescribed by  
5           the Board (Regulation AA).

6 **SEC. 13. SOLICITATIONS REQUIRED TO INCLUDE WARNING**  
7                                   **ON ADVERSE EFFECTS OF EXCESSIVE CRED-**  
8                                   **IT INQUIRIES.**

9           Section 127(c)(1)(B) of the Truth in Lending Act  
10          (15 U.S.C. 1637(c)(1)(B)) is amended by adding at the  
11          end the following new clause:

12                               “(iv) EXCESSIVE CREDIT INQUIR-  
13                               IES.—A warning that excessive credit in-  
14                               quiries, which occur in connection with  
15                               credit applications and solicitations and  
16                               under other circumstances, can have an  
17                               adverse effect on a consumer credit  
18                               score.”.

19 **SEC. 14. READABILITY REQUIREMENT.**

20          Section 122 of the Truth in Lending Act (U.S.C.  
21          1632) is amended by adding at the end the following new  
22          subsection:

23                               “(d) MINIMUM TYPE-SIZE AND FONT REQUIREMENT  
24          FOR CREDIT CARD APPLICATIONS AND DISCLOSURES.—  
25          All written information, provisions, and terms in or on any

1 application, solicitation, contract, or agreement for any  
2 credit card account under an open end consumer credit  
3 plan, and all written information included in or on any  
4 disclosure required under this chapter with respect to any  
5 such account, shall appear—

6 “(1) in not less than 12-point type; and

7 “(2) in any font other than a font which the  
8 Board has designated, in regulations under this sec-  
9 tion, as a font that inhibits readability.”.

10 **SEC. 15. REPORT TO CONGRESS ON REDUCTIONS OF CON-**  
11 **SUMER CREDIT CARD LIMITS BASED ON CER-**  
12 **TAIN INFORMATION AS TO EXPERIENCE OR**  
13 **TRANSACTIONS OF THE CONSUMER.**

14 (a) REPORT ON CREDITOR PRACTICES REQUIRED.—  
15 Before the end of the 6-month period beginning on the  
16 date of the enactment of this Act, the Board of Governors  
17 of the Federal Reserve System, in consultation with the  
18 Comptroller of the Currency, the Director of the Office  
19 of Thrift Supervision, the Federal Deposit Insurance Cor-  
20 poration, the National Credit Union Administration  
21 Board, and the Federal Trade Commission, shall report  
22 to the Committee on Financial Services of the House of  
23 Representatives and the Committee on Banking, Housing,  
24 and Urban Affairs of the Senate on the extent to which,  
25 during the 3-year period ending on such date of enact-

1 ment, creditors have reduced credit limits or raised inter-  
2 est rates applicable to credit card accounts under open end  
3 consumer credit plans based on—

4 (1) the geographical location where a credit  
5 transaction with the consumer takes place or the  
6 identity of the merchant involved in the transaction;

7 (2) the consumer's credit transactions, includ-  
8 ing the type of credit transaction, the type of items  
9 purchased in such transaction, the price of items  
10 purchased in such transaction, any change in the  
11 type or price of items purchased in such trans-  
12 actions, and other data pertaining to the consumer's  
13 use of such credit card account; and

14 (3) the identity of the mortgage creditor which  
15 extended or holds the mortgage loan secured by the  
16 consumer's primary residence.

17 (b) OTHER INFORMATION.—The report required  
18 under subsection (a) shall also include—

19 (1) the number and identity of creditors that  
20 have engaged in the practices described in subsection  
21 (a);

22 (2) the extent to which the practices described  
23 in subsection (a) have an adverse impact on minority  
24 or low-income consumers;

1           (3) any other relevant information regarding  
2 such practices; and

3           (4) recommendations to the Congress on regu-  
4 latory or statutory changes that may be needed to  
5 restrict or prevent such practices.

6 **SEC. 16. PROCEDURE FOR TIMELY SETTLEMENTS OF DECE-**  
7 **DENT OBLIGORS' ESTATES.**

8           (a) IN GENERAL.—Chapter 2 of the Truth in Lend-  
9 ing Act ( U.S.C. 1631 et seq.) is amended by adding at  
10 the end the following new section:

11 **“§ 140A Procedure for timely settlements of decedent**  
12 **obligors' estates**

13           “The Board, in consultation with the Federal Trade  
14 Commission and each other agency referred to in section  
15 108(a), shall prescribe regulations to require any creditor,  
16 with respect to any credit card account under an open end  
17 consumer credit plan, to establish procedures to ensure  
18 that any administrator of an estate of any deceased obli-  
19 gor with respect to such account can resolve outstanding  
20 credit balances in a timely manner.”.

21           (b) CLERICAL AMENDMENT.—The table of sections  
22 for chapter 2 of the Truth in Lending Act is amended  
23 by inserting after the item relating to section 140 the fol-  
24 lowing new item:

“140A. Procedure for timely settlements of decedent obligors' estates.”.

1 **SEC. 17. INTERIM IMPLEMENTATION REPORTS TO THE**  
2 **CONGRESS.**

3 The Chairman of the Board of Governors of the Fed-  
4 eral Reserve System shall submit a report each 90 days  
5 after the date of the enactment of this Act on the level  
6 of implementation of the regulations required to be pre-  
7 scribed under this Act to the Committee on Financial  
8 Services of the House of Representatives and the Com-  
9 mittee on Banking, Housing, and Urban Affairs of the  
10 Senate until the Chairman can report full industry imple-  
11 mentation.

12 **SEC. 18. DISCLOSURE REQUIREMENT FOR STORES ACCEPT-**  
13 **ING CREDIT CARD ACCOUNT APPLICATIONS.**

14 (a) IN GENERAL.—Section 122 of the Truth in Lend-  
15 ing Act (15 U.S.C. 1632) is amended by adding at the  
16 end the following:

17 “(d) SIGNS REQUIRED ON CERTAIN PREMISES  
18 WHERE CREDIT CARD ACCOUNT APPLICATIONS ACCEPT-  
19 ED.—

20 “(1) IN GENERAL.—A person who sells personal  
21 property to consumers on a business premises and  
22 makes available to consumers on such premises any  
23 application to open a credit card account under an  
24 open end consumer credit plan, and where such per-  
25 son is the issuer of such account, shall display in the  
26 premises on a sign any information that is subject

1 to subsection (c) and that is required to be disclosed  
2 by the person on that application.

3 “(2) **FORMAT.**—Such information shall be dis-  
4 played on the sign in the form and manner which  
5 the Board shall prescribe by regulations and which,  
6 to the extent practicable and appropriate, shall be  
7 consistent with the form and manner required for  
8 the disclosure of such information on the credit card  
9 application.

10 “(3) **SIGN PLACEMENT.**—Such signs shall be  
11 conspicuously placed at each location on the prem-  
12 ises where the credit card application may be sub-  
13 mitted by the consumer.”.

14 (b) **CONFORMING AMENDMENT.**—Section 111(e) of  
15 the Truth in Lending Act (15 U.S.C. 1610(e)) is amended  
16 by adding at the end the following:

17 “Section 122(d) shall supersede State laws relating  
18 to store display of the information that is subject to the  
19 requirements of such section, except that any State may  
20 employ or establish State laws for the purpose of enforcing  
21 the requirements of such section.”.

22 **SEC. 19. EFFECTIVE DATE.**

23 (a) **IN GENERAL.**—Except as provided in subsection  
24 (c) for the period described in such subsection, the amend-  
25 ments made by this Act shall apply to all credit card ac-

1 counts under open end consumer credit plans after the  
2 earlier of—

3           (1) the end of the 12-month period beginning  
4           on the date of the enactment of this Act; or

5           (2) June 30, 2010.

6           (b) REGULATIONS.—Except as provided in subsection  
7 (c) for the period described in such subsection, the Board  
8 of Governors of the Federal Reserve System, in consulta-  
9 tion with the Comptroller of the Currency, the Director  
10 of the Office of Thrift Supervision, the Federal Deposit  
11 Insurance Corporation, the National Credit Union Admin-  
12 istration Board, and the Federal Trade Commission, shall  
13 prescribe regulations, in final form, implementing the  
14 amendments made by this Act before the earlier of—

15           (1) the end of the 5-month period beginning on  
16           the date of the enactment of this Act; or

17           (2) June 1, 2010.

18           (c) INTERIM EFFECTIVE PERIOD FOR ADVANCE NO-  
19 TICES OF RATE INCREASES.—

20           (1) IN GENERAL.—During the period beginning  
21           90 days after the date of the enactment of this Act  
22           and ending on the effective date of all the amend-  
23           ments under this Act as determined pursuant to  
24           subsection (a), no increase in any annual percentage  
25           rate of interest on any credit card account under an

1 open end consumer credit plan (as such terms are  
2 defined in the Truth in Lending Act) may take ef-  
3 fect unless the creditor provides a written notice to  
4 the consumer at least 45 days before the increase  
5 would otherwise take effect which fully describes the  
6 changes in the annual percentage rate, in a complete  
7 and conspicuous manner, and the extent to which  
8 such increase would apply to an existing balance.

9 (2) EXCEPTIONS.—A notice shall not be re-  
10 quired under paragraph (1) for an increase in an an-  
11 nual percentage rate described in subparagraph (A),  
12 (B), or (C) of section 127B(b)(1) (as added by sec-  
13 tion 2).

14 (3) REGULATIONS.—The Board of Governors of  
15 the Federal Reserve System shall prescribe regula-  
16 tions implementing the amendment referred to in  
17 paragraph (1), for purposes of this subsection, be-  
18 fore the end of the 60-day period beginning on the  
19 date of the enactment of this Act.

Passed the House of Representatives April 30, 2009.

Attest:

*Clerk.*



111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R. 627**

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**AN ACT**

To amend the Truth in Lending Act to establish fair and transparent practices relating to the extension of credit under an open end consumer credit plan, and for other purposes.