

**Calendar No. 54**111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION**S. 414**

To amend the Consumer Credit Protection Act, to ban abusive credit practices, enhance consumer disclosures, protect underage consumers, and for other purposes.

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**IN THE SENATE OF THE UNITED STATES**

FEBRUARY 11, 2009

Mr. DODD (for himself, Mr. LEVIN, Mr. MENENDEZ, Mr. REED, Mr. AKAKA, Mr. SCHUMER, Mr. TESTER, Mr. BROWN, Mr. MERKLEY, Mr. KERRY, Mr. LEAHY, Mr. DURBIN, Mr. HARKIN, Mrs. MCCASKILL, Mr. WHITEHOUSE, Mr. CASEY, Mr. KOHL, Mr. SANDERS, Mr. LAUTENBERG, Mr. UDALL of Colorado, Mr. BEGICH, and Mrs. GILLIBRAND) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

APRIL 29, 2009

Reported by Mr. DODD, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italie*]

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**A BILL**

To amend the Consumer Credit Protection Act, to ban abusive credit practices, enhance consumer disclosures, protect underage consumers, 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; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the  
 3 “Credit Card Accountability Responsibility and Disclosure  
 4 Act of 2009” or the “Credit CARD Act of 2009”.

5 (b) **TABLE OF CONTENTS.**—The table of contents for  
 6 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Regulatory authority.

**TITLE I—CONSUMER PROTECTION**

Sec. 101. Prior notice of rate increases required.

Sec. 102. Freeze on interest rate terms and fees on canceled cards.

Sec. 103. Limits on fees and interest charges.

Sec. 104. Consumer right to reject card before notice is provided of open ac-  
 count.

Sec. 105. Use of terms clarified.

Sec. 106. Application of card payments.

Sec. 107. Length of billing period.

Sec. 108. Prohibition on universal default and unilateral changes to cardholder  
 agreements.

Sec. 109. Enhanced penalties.

Sec. 110. Enhanced oversight.

Sec. 111. Clerical amendments.

**TITLE II—ENHANCED CONSUMER DISCLOSURES**

Sec. 201. Payoff timing disclosures.

Sec. 202. Requirements relating to late payment deadlines and penalties.

Sec. 203. Renewal disclosures.

**TITLE III—PROTECTION OF YOUNG CONSUMERS**

Sec. 301. Extensions of credit to underage consumers.

Sec. 302. Restrictions on certain affinity cards.

Sec. 303. Protection of young consumers from prescreened credit offers.

**TITLE IV—FEDERAL AGENCY COORDINATION**

Sec. 401. Inclusion of all Federal banking agencies.

**TITLE V—MISCELLANEOUS PROVISIONS**

Sec. 501. Study and report.

Sec. 502. Credit Card Safety Rating System Commission.

1 **SEC. 2. REGULATORY AUTHORITY.**

2 The Board of Governors of the Federal Reserve Sys-  
 3 tem (in this Act referred to as the “Board”) may issue  
 4 such rules and publish such model forms as it considers  
 5 necessary to carry out this Act and the amendments made  
 6 by this Act.

7 **TITLE I—CONSUMER**  
 8 **PROTECTION**

9 **SEC. 101. PRIOR NOTICE OF RATE INCREASES REQUIRED.**

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

12 “(i) **ADVANCE NOTICE OF INCREASE IN INTEREST**  
 13 **RATE REQUIRED.**—

14 “(1) **IN GENERAL.**—In the case of any credit  
 15 card account under an open end consumer credit  
 16 plan, no increase in any annual percentage rate  
 17 (other than an increase due to the expiration of any  
 18 introductory percentage rate, or due solely to a  
 19 change in another rate of interest to which such rate  
 20 is indexed)—

21 “(A) may take effect before the beginning  
 22 of the billing cycle which begins not earlier than  
 23 45 days after the date on which the obligor re-  
 24 ceives notice of such increase; or

25 “(B) may apply to any outstanding balance  
 26 of credit under such plan, as of the effective

1           date of the increase required under subpara-  
2           graph (A).

3           ~~“(2) NOTICE OF RIGHT TO CANCEL.—~~The no-  
4           tice referred to in paragraph (1) shall be made in a  
5           clear and conspicuous manner, and shall contain a  
6           brief statement of the right of the obligor to cancel  
7           the account before the effective date of the in-  
8           crease.”.

9   **SEC. 102. FREEZE ON INTEREST RATE TERMS AND FEES ON**  
10                                   **CANCELED CARDS.**

11           Section 127 of the Truth in Lending Act (15 U.S.C.  
12   1637) is amended by adding at the end the following:

13           ~~“(j) FREEZE ON INTEREST RATE TERMS AND FEES~~  
14   ~~ON CANCELED CARDS.—~~

15           ~~“(1) IN GENERAL.—~~If an obligor under an open  
16           end consumer credit plan closes or cancels a credit  
17           card account, the repayment of the outstanding bal-  
18           ance after the cancellation shall be subject to all  
19           terms and conditions in effect for the obligor imme-  
20           diately before the card was closed or cancelled, in-  
21           cluding the annual percentage rate and the min-  
22           imum payment terms in effect immediately prior to  
23           such closure or cancellation.

24           ~~“(2) RULE OF CONSTRUCTION.—~~Closure or  
25           cancellation of an account by the obligor shall not

1 constitute a default under an existing cardholder  
 2 agreement, and shall not trigger an obligation to im-  
 3 mediately repay the obligation in full.”.

4 **SEC. 103. LIMITS ON FEES AND INTEREST CHARGES.**

5 Section 127 of the Truth in Lending Act (15 U.S.C.  
 6 1637) is amended by adding at the end the following:

7 “(k) PROHIBITION ON PENALTIES FOR ON-TIME  
 8 PAYMENTS.—If an open end consumer credit plan pro-  
 9 vides a time period within which an obligor may repay any  
 10 portion of the credit extended without incurring an inter-  
 11 est charge, and the obligor repays all or a portion of such  
 12 credit within the specified time period, the creditor may  
 13 not impose or collect an interest charge on the portion of  
 14 the credit that was repaid within the specified time period.

15 “(l) OPT-OUT OF CREDITOR AUTHORIZATION OF  
 16 OVER-THE-LIMIT TRANSACTIONS IF FEES ARE IM-  
 17 POSED.—

18 “(1) IN GENERAL.—In the case of any credit  
 19 card account under an open end consumer credit  
 20 plan under which an over-the-limit-fee may be im-  
 21 posed by the creditor for any extension of credit in  
 22 excess of the amount of credit authorized to be ex-  
 23 tended under such account, the consumer may elect  
 24 to prohibit the creditor from completing any over-  
 25 the-limit transaction that will result in a fee or con-

1       stitute a default under the credit agreement, by noti-  
2       fying the creditor of such election in accordance with  
3       paragraph (2).

4           “(2) NOTIFICATION BY CONSUMER.—A con-  
5       sumer shall notify a creditor under paragraph (1)—

6           “(A) through the notification system main-  
7       tained by the creditor under paragraph (4); or

8           “(B) by submitting to the creditor a signed  
9       notice of election, by mail or electronic commu-  
10      nication, on a form issued by the creditor for  
11      purposes of this subparagraph.

12          “(3) EFFECTIVENESS OF ELECTION.—An elec-  
13      tion by a consumer under paragraph (1) shall be ef-  
14      fective beginning 3 business days after the date on  
15      which the consumer notifies the creditor in accord-  
16      ance with paragraph (2), and shall remain effective  
17      until the consumer revokes the election.

18          “(4) NOTIFICATION SYSTEM.—Each creditor  
19      that maintains credit card accounts under an open  
20      end consumer credit plan shall establish and main-  
21      tain a notification system, including a toll-free tele-  
22      phone number, Internet address, and Worldwide  
23      website, which permits any consumer whose credit  
24      card account is maintained by the creditor to notify

1 the creditor of an election under this subsection, in  
 2 accordance with paragraph (2).

3 ~~“(5) ANNUAL NOTICE TO CONSUMERS OF~~  
 4 ~~AVAILABILITY OF ELECTION.—~~In the case of any  
 5 credit card account under an open end consumer  
 6 credit plan, the creditor shall include a notice, in  
 7 clear and conspicuous language, of the availability of  
 8 an election by the consumer under this paragraph as  
 9 a means of avoiding over-the-limit fees and a higher  
 10 amount of indebtedness, and the method for pro-  
 11 viding such election—

12 ~~“(A) in the periodic statement required~~  
 13 ~~under subsection (b) with respect to such ac-~~  
 14 ~~count at least once each calendar year; and~~

15 ~~“(B) in any such periodic statement which~~  
 16 ~~includes a notice of the imposition of an over-~~  
 17 ~~the-limit fee during the period covered by the~~  
 18 ~~statement.~~

19 ~~“(6) NO FEES IF CONSUMER HAS MADE AN~~  
 20 ~~ELECTION.—~~If a consumer has made an election  
 21 under paragraph (1), no over-the-limit fee may be  
 22 imposed on the account for any reason that has  
 23 caused the outstanding balance in the account to ex-  
 24 ceed the credit limit.

1       ~~“(m) 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~~, as described in  
 4 subsection (c)(1)(B)(iii)—

5           ~~“(1) may be imposed on the account only when~~  
 6 an extension of credit obtained by the obligor causes  
 7 the credit limit on such account to be exceeded, and  
 8 may not be imposed when such credit limit is ex-  
 9 ceeded due to a fee or interest charge; and

10          ~~“(2) may be imposed only once during a billing~~  
 11 eye if, on the last day of such billing cycle, the  
 12 credit limit on the account is exceeded, and may not  
 13 be imposed in a subsequent billing cycle with respect  
 14 to such excess credit, unless the obligor has obtained  
 15 an additional extension of credit in excess of such  
 16 credit limit during such subsequent cycle.

17       ~~“(n) NO INTEREST CHARGES ON FEES.—With re-~~  
 18 spect to a credit card account under an open end consumer  
 19 credit plan, if the creditor imposes a transaction fee on  
 20 the obligor, including a cash advance fee, late fee, ~~over-~~  
 21 ~~the-limit fee~~, or balance transfer fee, the creditor may not  
 22 impose or collect interest with respect to such fee amount.

23       ~~“(o) LIMITS ON CERTAIN FEES.—~~

24           ~~“(1) NO FEE TO PAY A BILLING STATEMENT.—~~

25       ~~With respect to a credit card account under an open~~



1 end consumer credit plan, the creditor may not im-  
2 pose a separate fee to allow the obligor to repay an  
3 extension of credit or finance charge, whether such  
4 repayment is made by mail, electronic transfer, tele-  
5 phone authorization, or other means.

6 ~~“(2) REASONABLE FEES FOR VIOLATIONS.—~~

7 The amount of any fee or charge that a card issuer  
8 may impose in connection with any omission with re-  
9 spect to, or violation of, the cardholder agreement,  
10 including any late payment fee, over the limit fee,  
11 increase in the applicable annual percentage rate, or  
12 any similar fee or charge, shall be reasonably related  
13 to the cost to the card issuer of such omission or  
14 violation.

15 ~~“(3) REASONABLE CURRENCY EXCHANGE~~

16 FEE.—With respect to a credit card account under  
17 an open end consumer credit plan, the creditor may  
18 impose a fee for exchanging United States currency  
19 with foreign currency in an account transaction, only  
20 if—

21 ~~“(A) such fee reasonably reflects the costs~~  
22 ~~incurred by the creditor to perform such cur-~~  
23 ~~rency exchange;~~

24 ~~“(B) the creditor discloses publicly its~~  
25 ~~method for calculating such fee; and~~

1           “(C) the primary Federal regulator of such  
2           creditor determines that the method for calcu-  
3           lating such fee complies with this paragraph.”.

4 **SEC. 104. CONSUMER RIGHT TO REJECT CARD BEFORE NO-**  
5 **TICE IS PROVIDED OF OPEN ACCOUNT.**

6           Section 127 of the Truth in Lending Act (15 U.S.C.  
7 1637) is amended by adding at the end the following:

8           “(p) CONSUMER RIGHT TO REJECT CARD BEFORE  
9 NOTICE OF NEW ACCOUNT IS PROVIDED TO CONSUMER  
10 REPORTING AGENCY.—A creditor may not furnish any in-  
11 formation to a consumer reporting agency (as defined in  
12 section 603) concerning a newly opened credit card ac-  
13 count under an open end consumer credit plan until the  
14 credit card has been used or activated by the consumer.”.

15 **SEC. 105. USE OF TERMS CLARIFIED.**

16           Section 127 of the Truth in Lending Act (15 U.S.C.  
17 1637) is amended by adding at the end the following:

18           “(q) USE OF TERMS.—The following requirements  
19 shall apply with respect to the terms of any credit card  
20 account under any open end consumer credit plan:

21           “(1) FIXED RATE.—The term ‘fixed’, when ap-  
22 pearing in conjunction with a reference to the an-  
23 nual percentage rate or interest rate applicable with  
24 respect to such account, may only be used to refer  
25 to an annual percentage rate or interest rate that

1 will not change or vary for any reason over the pe-  
 2 riod specified clearly and conspicuously in the terms  
 3 of the account.

4 “(2) PRIME RATE.—The term ‘prime rate’,  
 5 when appearing in any agreement or contract for  
 6 any such account, may only be used to refer to the  
 7 bank prime rate published in the Federal Reserve  
 8 Statistical Release on selected interest rates (daily or  
 9 weekly), and commonly referred to as the ‘H.15 re-  
 10 lease’ (or any successor publication).”.

11 **SEC. 106. APPLICATION OF CARD PAYMENTS.**

12 Section 164 of the Truth in Lending Act (15 U.S.C.  
 13 1666e) is amended—

14 (1) by striking the section heading and all that  
 15 follows through “Payments” and inserting the fol-  
 16 lowing:

17 **“§ 164. Prompt and fair crediting of payments**

18 “(a) IN GENERAL.—Payments”;

19 (2) by inserting “, by 5:00 p.m. on the date on  
 20 which such payment is due,” after “in readily identi-  
 21 fiable form”;

22 (3) by striking “manner, location, and time”  
 23 and inserting “manner, and location”; and

24 (4) by adding at the end the following:

1       “(b) APPLICATION OF PAYMENTS.—Upon receipt of  
2 a payment from a cardholder, the card issuer shall—

3           “(1) apply the payment first to the card bal-  
4 ance bearing the highest rate of interest, and then  
5 to each successive balance bearing the next highest  
6 rate of interest, until the payment is exhausted; and

7           “(2) after complying with paragraph (1), apply  
8 the payment in a way that minimizes the amount of  
9 any finance charge to the account.

10       “(c) CHANGES BY CARD ISSUER.—If a card issuer  
11 makes a material change in the mailing address, office,  
12 or procedures for handling cardholder payments, and such  
13 change causes a material delay in the crediting of a card-  
14 holder payment made during the 60-day period following  
15 the date on which such change took effect, the card issuer  
16 may not impose any late fee or finance charge for a late  
17 payment on the credit card account to which such payment  
18 was credited.

19       “(d) PRESUMPTION OF TIMELY PAYMENT.—Any evi-  
20 dence provided by a consumer in the form of a receipt  
21 from the United States Postal Service or other common  
22 carrier indicating that a payment on a credit card account  
23 was sent to the card issuer not less than 7 days before  
24 the due date contained in the periodic statement for such  
25 payment shall create a presumption that such payment

1 was made by the due date, which may be rebutted by the  
 2 creditor for fraud or dishonesty on the part of the con-  
 3 sumer with respect to the mailing date.”.

4 **SEC. 107. LENGTH OF BILLING PERIOD.**

5 Section 163(a) of the Truth in Lending Act (15  
 6 U.S.C. 1668(a)) is amended by striking “mailed at least  
 7 fourteen days prior” and inserting “mailed at least 21  
 8 days prior”.

9 **SEC. 108. PROHIBITION ON UNIVERSAL DEFAULT AND UNI-**  
 10 **LATERAL CHANGES TO CARDHOLDER AGREE-**  
 11 **MENTS.**

12 (a) **IN GENERAL.**—Chapter 4 of the Truth in Lend-  
 13 ing Act (15 U.S.C. 1666 et seq.) is amended—

14 (1) by redesignating section 171 as section 173;

15 and

16 (2) by inserting after section 170 the following:

17 **“SEC. 171. LIMITS ON INTEREST RATE INCREASES.**

18 “(a) **IN GENERAL.**—No card issuer may increase any  
 19 annual percentage rate, fee, or finance charge applicable  
 20 to a credit card account under an open end consumer cred-  
 21 it plan, or terminate early a lower introductory rate, fee,  
 22 or charge, except as permitted under this section.

23 “(b) **EXCEPTIONS.**—The limitation under subsection  
 24 (a) shall not apply to—

1           “(1) an increase due to the scheduled expiration  
2 of an introductory term;

3           “(2) an increase in a variable annual percent-  
4 age rate, fee, or finance charge in accordance with  
5 a credit card agreement that provides for changes  
6 according to an index or formula;

7           “(3) an increase due to a specific, material ac-  
8 tion or omission of a consumer in violation of an  
9 agreement that is directly related to such account  
10 and that is specified in the contract or agreement as  
11 grounds for an increase, except that—

12           “(A) the creditor may not take into ac-  
13 count information not directly related to the ac-  
14 count, including adverse information concerning  
15 the consumer, information in any consumer re-  
16 port, or changes in the credit score of the con-  
17 sumer; and

18           “(B) an increase described in this para-  
19 graph shall terminate not later than 6 months  
20 after the date on which it is imposed, if the  
21 consumer commits no further violations; or

22           “(4) a change that takes effect upon renewal of  
23 the card in accordance with section 172.

24           “(c) MAP TO LOWER RATE.—

1           “(1) IN GENERAL.—A card issuer that in-  
 2           creases an annual percentage rate, fee, or finance  
 3           charge pursuant to subsection (b)(3) shall include,  
 4           together with the notice of such increase under sec-  
 5           tion 127(i), a statement, provided in a clear and  
 6           conspicuous manner—

7                   “(A) of the discrete, specific action or  
 8                   omission of the consumer on which the increase  
 9                   was based; and

10                   “(B) that the increase will terminate in 6  
 11                   months if the consumer does not commit fur-  
 12                   ther violations.

13           “(2) BOARD AUTHORITY.—The Board may, by  
 14           rule, provide for exceptions to the requirements of  
 15           subsection (b)(3)(B), if the Board determines that  
 16           there are other appropriate factors that creditors  
 17           may consider in determining the appropriate annual  
 18           percentage rate for particular consumers.

19   **“SEC. 172. UNILATERAL CHANGES IN CREDIT CARD AGREE-**  
 20                   **MENT PROHIBITED.**

21           “A card issuer may not amend or change the terms  
 22           of a credit card contract or agreement under an open end  
 23           consumer credit plan, until after the date on which the  
 24           credit card will expire if not renewed.”

1 (b) CLERICAL AMENDMENT.—The table of sections  
 2 for chapter 4 of the Truth in Lending Act is amended  
 3 by striking the item relating to section 171 and inserting  
 4 the following:

“171. Universal defaults prohibited.

“172. Unilateral changes in credit card agreement prohibited.

“173. Applicability of State laws.”.

5 **SEC. 109. ENHANCED PENALTIES.**

6 Section 130(a)(2)(A) of the Truth in Lending Act  
 7 (15 U.S.C. 1640(a)(2)(A)) is amended by striking “or (iii)  
 8 in the” and inserting the following: “(iii) in the case of  
 9 an individual action relating to an open end consumer  
 10 credit plan that is not secured by real property or a dwell-  
 11 ing; twice the amount of any finance charge in connection  
 12 with the transaction; with a minimum of \$500 and a max-  
 13 imum of \$5,000, or such higher amount as may be appro-  
 14 priate in the case of an established pattern or practice of  
 15 such failures; or (iv) in the”.

16 **SEC. 110. ENHANCED OVERSIGHT.**

17 (a) IN GENERAL.—Section 127 of the Truth in Lend-  
 18 ing Act (15 U.S.C. 1637) is amended by adding at the  
 19 end the following:

20 “(r) EVALUATION OF CREDIT CARD POLICIES AND  
 21 PROCEDURES.—

22 “(1) IN GENERAL.—In connection with its ex-  
 23 amination of a credit card issuer under its super-  
 24 vision, each agency referred to in paragraphs (1),



1       (2), and (3) of section 108(a) shall conduct, as ap-  
 2       propriate, an evaluation of the credit card policies  
 3       and procedures used by such card issuer to ensure  
 4       compliance with this section and sections 163, 164,  
 5       171, and 172. Such agency shall promptly require  
 6       the card issuer to take any corrective action needed  
 7       to address any violations of any such section.

8           “(2) ANNUAL REPORTS TO CONGRESS.—Each  
 9       year, each agency referred to in subsections (a) and  
 10       (c) of section 108 shall submit a report to Congress  
 11       concerning the administration of its functions under  
 12       this section, including such recommendations as the  
 13       agency deems necessary or appropriate. Each such  
 14       report shall include an assessment of the extent to  
 15       which compliance with the requirements of this sec-  
 16       tion is being achieved and a summary of the enforce-  
 17       ment actions taken by the agency assigned adminis-  
 18       trative enforcement responsibilities under sub-  
 19       sections (a) and (c) of section 108.”.

20       (b) STRENGTHENED CREDIT CARD INFORMATION  
 21       COLLECTION.—Section 136(b) of the Truth in Lending  
 22       Act (15 U.S.C. 1646(b)) is amended—

23           (1) in paragraph (1)—

24                (A) by striking “The Board shall” and in-  
 25                serting the following:

1           “(A) IN GENERAL.—The Board shall”; and  
2           (B) by adding at the end the following:

3           “(B) INFORMATION TO BE INCLUDED.—

4           The information under subparagraph (A) shall  
5           include, as of a date designated by the Board—

6                   “(i) a list of each type of transaction  
7                   or event for which one or more of the card  
8                   issuers has imposed a separate interest  
9                   rate upon a cardholder, including pur-  
10                  chases, cash advances, and balance trans-  
11                  fers;

12                   “(ii) for each type of transaction or  
13                  event identified under clause (i)—

14                           “(I) each distinct interest rate  
15                           charged by the card issuer to a card-  
16                           holder, as of the designated date;

17                           “(II) the number of cardholders  
18                           to whom each such interest rate was  
19                           applied during the calendar month im-  
20                           mediately preceding the designated  
21                           date, and the total amount of interest  
22                           charged to such cardholders at each  
23                           such rate during such month;

24                           “(III) the number of cardholders  
25                           who are paying the stated default an-

1            annual percentage rate applicable in  
2            cases in which the account is past due  
3            or the account holder is otherwise in  
4            violation of the terms of the account  
5            agreement; and

6            “(IV) the number of cardholders  
7            who are paying above such stated de-  
8            fault annual percentage rate;

9            “(iii) a list of each type of fee that  
10           one or more of the card issuers has im-  
11           posed upon a cardholder as of the des-  
12           ignated date, including any fee imposed for  
13           obtaining a cash advance, making a late  
14           payment, exceeding the credit limit on an  
15           account, making a balance transfer, or ex-  
16           changing United States dollars for foreign  
17           currency;

18           “(iv) for each type of fee identified  
19           under clause (iii), the number of card-  
20           holders upon whom the fee was imposed  
21           during the calendar month immediately  
22           preceding the designated date, and the  
23           total amount of fees imposed upon card-  
24           holders during such month;

1           “(v) the total number of cardholders  
2           that incurred any interest charge or any  
3           fee during the calendar month immediately  
4           preceding the designated date; and

5           “(vi) any other information related to  
6           interest rates, fees, or other charges that  
7           the Board deems of interest.”; and

8           (2) by adding at the end the following:

9           “(5) REPORT TO CONGRESS.—The Board shall,  
10          on an annual basis, transmit to Congress and make  
11          public a report containing an assessment by the  
12          Board of the profitability of credit card operations  
13          of depository institutions. Such report shall include  
14          estimates by the Board of the approximate, relative  
15          percentage of income derived by such operations  
16          from—

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

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

21                         “(ii) interest with an annual percent-  
22                         age rate equal to or greater than 25 per-  
23                         cent;

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

1           “(C) the imposition of fees on merchants;  
 2           and  
 3           “(D) any other material source of income;  
 4           while specifying the nature of that income.”.

5 **SEC. 111. CLERICAL AMENDMENTS.**

6           Section 103(i) of the Truth in Lending Act (15  
 7 U.S.C. 1602(i)) is amended—

8           (1) by striking “term” and all that follows  
 9           through “means” and inserting the following:  
 10           “terms ‘open end credit plan’ and ‘open end con-  
 11           sumer credit plan’ mean”; and

12           (2) in the second sentence, by inserting “or  
 13           open end consumer credit plan” after “credit plan”  
 14           each place that term appears.

15           **TITLE II—ENHANCED**  
 16           **CONSUMER DISCLOSURES**

17 **SEC. 201. PAYOFF TIMING DISCLOSURES.**

18           (a) IN GENERAL.—Section 127(b)(11) of the Truth  
 19 in Lending Act (15 U.S.C. 1637(b)(11)) is amended to  
 20 read as follows:

21           “(11)(A) A written statement in the following  
 22           form: ‘Minimum Payment Warning: Making only the  
 23           minimum payment will increase the interest rate you  
 24           pay and the time it takes to repay your balance.’.

1           “(B) Repayment information that would apply  
2           to the outstanding balance of the consumer under  
3           the credit plan, including—

4                   “(i) the number of months (rounded to the  
5                   nearest month) that it would take to pay the  
6                   entire amount of that balance, if the consumer  
7                   pays only the required minimum monthly pay-  
8                   ments and if no further advances are made;

9                   “(ii) the total cost to the consumer, includ-  
10                  ing interest and principal payments, of paying  
11                  that balance in full, if the consumer pays only  
12                  the required minimum monthly payments and if  
13                  no further advances are made; and

14                  “(iii) the monthly payment amount that  
15                  would be required for the consumer to eliminate  
16                  the outstanding balance in 36 months, if no  
17                  further advances are made, and the total cost  
18                  to the consumer, including interest and prin-  
19                  cipal payments, of paying that balance in full if  
20                  the consumer pays the balance over 36 months.

21           “(C)(i) Subject to clause (ii), in making the dis-  
22           losures under subparagraph (B), the creditor shall  
23           apply the interest rate or rates in effect on the date  
24           on which the disclosure is made until the date on  
25           which the balance would be paid in full.

1           “(ii) If the interest rate in effect on the date on  
2           which the disclosure is made is a temporary rate  
3           that will change under a contractual provision apply-  
4           ing an index or formula for subsequent interest rate  
5           adjustment, the creditor shall apply the interest rate  
6           in effect on the date on which the disclosure is made  
7           for as long as that interest rate will apply under  
8           that contractual provision, and then apply an inter-  
9           est rate based on the index or formula in effect on  
10          the applicable billing date.

11          “(D) All of the information described in sub-  
12          paragraph (B) shall—

13                 “(i) be disclosed in the form and manner  
14                 which the Board shall prescribe, by regulation,  
15                 and in a manner that avoids duplication; and

16                 “(ii) be placed in a conspicuous and promi-  
17                 nent location on the billing statement, in type-  
18                 face that is at least as large as the largest type  
19                 on the statement.

20          “(E) In the regulations prescribed under sub-  
21          paragraph (D), the Board shall require that the dis-  
22          closure of such information shall be in the form of  
23          a table that—

24                 “(i) contains clear and concise headings for  
25                 each item of such information; and

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

4           “(F) In prescribing the form of the table under  
5           subparagraph (E), the Board shall require that—

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

10          “(ii) the items required to be included in  
11          the table shall be listed in the order in which  
12          such items are set forth in subparagraph (B).

13          “(G) In prescribing the form of the table under  
14          subparagraph (D), the Board shall employ termi-  
15          nology which is different than the terminology which  
16          is employed in subparagraph (B), if such termi-  
17          nology is more easily understood and conveys sub-  
18          stantially the same meaning.”.

19          (b) CIVIL LIABILITY.—Section 130(a) of the Truth  
20          in Lending Act (15 U.S.C. 1640(a)) is amended, in the  
21          undesignated paragraph following paragraph (4), by strik-  
22          ing the second sentence and inserting the following: “In  
23          connection with the disclosures referred to in subsections  
24          (a) and (b) of section 127, a creditor shall have a liability  
25          determined under paragraph (2) only for failing to comply



1 with the requirements of section 125, 127(a), or any of  
 2 paragraphs (4) through (13) of section 127(b), or for fail-  
 3 ing to comply with disclosure requirements under State  
 4 law for any term or item that the Board has determined  
 5 to be substantially the same in meaning under section  
 6 111(a)(2) as any of the terms or items referred to in sec-  
 7 tion 127(a), or any of paragraphs (4) through (13) of sec-  
 8 tion 127(b).”.

9 **SEC. 202. REQUIREMENTS RELATING TO LATE PAYMENT**  
 10 **DEADLINES AND PENALTIES.**

11 Section 127(b)(12) of the Truth in Lending Act (15  
 12 U.S.C. 1637(b)(12)) is amended to read as follows:

13 “(12) REQUIREMENTS RELATING TO LATE PAY-  
 14 MENT DEADLINES AND PENALTIES.—

15 “(A) LATE PAYMENT DEADLINE AND  
 16 POSTMARK DATE REQUIRED TO BE DIS-  
 17 CLOSED.—In the case of a credit card account  
 18 under an open end consumer credit plan under  
 19 which a late fee or charge may be imposed due  
 20 to the failure of the obligor to make payment  
 21 on or before the due date for such payment, the  
 22 periodic statement required under subsection  
 23 (b) with respect to the account shall include, in  
 24 a conspicuous location on the billing state-  
 25 ment—

1           “(i) the date on which the payment is  
2           due or, if different, the date on which a  
3           late payment fee will be charged, together  
4           with the amount of the fee or charge to be  
5           imposed if payment is made after that  
6           date; and

7           “(ii) the date by which the payment  
8           must be postmarked, if paid by mail, in  
9           order to avoid the imposition of a late pay-  
10          ment fee with respect to the payment, and  
11          a statement to that effect.

12          “(B) DISCLOSURE OF INCREASE IN INTER-  
13          EST RATES FOR LATE PAYMENTS.—If 1 or  
14          more late payments under an open end con-  
15          sumer credit plan may result in an increase in  
16          the annual percentage rate applicable to the ac-  
17          count, the statement required under subsection  
18          (b) with respect to the account shall include  
19          conspicuous notice of such fact, together with  
20          the applicable penalty annual percentage rate,  
21          in close proximity to the disclosure required  
22          under subparagraph (A) of the date on which  
23          payment is due under the terms of the account.

24          “(C) REQUIREMENTS RELATING TO POST-  
25          MARK DATE.—

1           “(i) IN GENERAL.—The date included  
2           in a periodic statement pursuant to sub-  
3           paragraph (A)(ii) with regard to the post-  
4           mark on a payment shall allow, in accord-  
5           ance with regulations prescribed by the  
6           Board under clause (ii), a reasonable time  
7           for the consumer to make the payment and  
8           a reasonable time for the delivery of the  
9           payment by the due date.

10           “(ii) BOARD REGULATIONS.—The  
11           Board shall prescribe guidelines for deter-  
12           mining a reasonable period of time for  
13           making a payment and delivery of a pay-  
14           ment for purposes of clause (i), after con-  
15           sultation with the Postmaster General of  
16           the United States and representatives of  
17           consumer and trade organizations.

18           “(D) PAYMENTS AT LOCAL BRANCHES.—If  
19           the creditor, in the case of a credit card account  
20           referred to in subparagraph (A), is a financial  
21           institution which maintains branches or offices  
22           at which payments on any such account are ac-  
23           cepted from the obligor in person, the date on  
24           which the obligor makes a payment on the ac-  
25           count at such branch or office shall be consid-

1           ered to be the date on which the payment is  
 2           made for purposes of determining whether a  
 3           late fee or charge may be imposed due to the  
 4           failure of the obligor to make payment on or  
 5           before the due date for such payment.”.

6 **SEC. 203. RENEWAL DISCLOSURES.**

7           Section 127(d) of the Truth in Lending Act (15  
 8 U.S.C. 1637(d)) is amended—

9           (1) by striking paragraph (2);

10           (2) by redesignating paragraph (3) as para-  
 11           graph (2); and

12           (3) in paragraph (1), by striking “Except as  
 13           provided in paragraph (2), a card issuer” and insert-  
 14           ing the following: “A card issuer that has changed  
 15           or amended any term of the account since the last  
 16           renewal or”.

17           **TITLE III—PROTECTION OF**  
 18           **YOUNG CONSUMERS**

19 **SEC. 301. EXTENSIONS OF CREDIT TO UNDERAGE CON-**  
 20 **SUMERS.**

21           Section 127(e) of the Truth in Lending Act (15  
 22 U.S.C. 1637(e)) is amended by adding at the end the fol-  
 23           lowing:

24           “(8) APPLICATIONS FROM UNDERAGE CON-  
 25           SUMERS.—

1           “(A) PROHIBITION ON ISSUANCE.—No  
2 credit card may be issued to, or open end con-  
3 sumer credit plan established by or on behalf  
4 of, a consumer who has not attained the age of  
5 21, unless the consumer has submitted a writ-  
6 ten application to the card issuer that meets the  
7 requirements of subparagraph (B).

8           “(B) APPLICATION REQUIREMENTS.—An  
9 application to open a credit card account by an  
10 individual who has not attained the age of 21  
11 as of the date of submission of the application  
12 shall require—

13           “(i) the signature of the parent, legal  
14 guardian, or any other individual over the  
15 age of 21 having a means to repay debts  
16 incurred by the consumer in connection  
17 with the account, indicating joint liability  
18 for debts incurred by the consumer in con-  
19 nection with the account before the con-  
20 sumer has attained the age of 21;

21           “(ii) submission by the consumer of  
22 financial information indicating an inde-  
23 pendent means of repaying any obligation  
24 arising from the proposed extension of  
25 credit in connection with the account; or

1           “(iii) completion of a certified finan-  
2           cial literacy or financial education course  
3           designed for young consumers.

4           “~~(C) CERTIFIED FINANCIAL LITERACY OR~~  
5           EDUCATION COURSES FOR YOUNG CON-  
6           SUMERS.—

7           “(i) IN GENERAL.—The Secretary of  
8           the Treasury, acting through the Office of  
9           Financial Literacy and Education (in this  
10          subparagraph referred to as ‘OFFE’), shall  
11          make and publish a list of all courses and  
12          programs that have been certified for fi-  
13          nancial literacy or financial education pur-  
14          poses appropriate for young consumers.  
15          When developing the certification criteria  
16          the OFFE shall take into account the course  
17          or program’s—

18                   “(I) proven track record in pro-  
19                   ducing changed consumer behavior;  
20                   and

21                   “(II) use of practices or curricula  
22                   that have been shown to change con-  
23                   sumer behavior.

24           “(ii) EXPLICIT ELIGIBILITY.—Courses  
25          taken that are offered or required by col-

1           leges, universities, and high schools may be  
 2           certified by the OFE for purposes of this  
 3           subparagraph, as well as other programs  
 4           and courses. The OFE shall make an ef-  
 5           fort to provide certification to all types of  
 6           programs and courses, including those that  
 7           are conducted by nonprofit, faith-based, or  
 8           for-profit institutions and State and local  
 9           governments.

10           “(iii) **SELECT PROGRAMS.**—From  
 11           among those courses or programs that are  
 12           certified by the OFE under this subpara-  
 13           graph, the OFE may designate a select  
 14           number of programs or courses that  
 15           produce results that are far better than  
 16           those produced by other certified programs  
 17           as ‘highly certified.’”.

18 **SEC. 302. RESTRICTIONS ON CERTAIN AFFINITY CARDS.**

19           Section 127 of the Truth in Lending Act (15 U.S.C.  
 20 1637), as amended by this Act, is amended by adding at  
 21 the end the following:

22           “(s) **RESTRICTIONS ON ISSUANCE OF AFFINITY**  
 23 **CARDS TO STUDENTS.**—No credit card account under an  
 24 open end consumer credit plan may be established by an  
 25 individual who has not attained the age of 21 as of the

1 date of submission of the application pursuant to any di-  
 2 rect or indirect agreement relating to affinity cards, as  
 3 defined by the Board, between the creditor and an institu-  
 4 tion of higher education, as defined in section 101(a) of  
 5 the Higher Education Act of 1965 (20 U.S.C. 1001(a)),  
 6 unless the requirements of subsection (e)(8) are met with  
 7 respect to the obligor.”.

8 **SEC. 303. PROTECTION OF YOUNG CONSUMERS FROM**  
 9 **PRESCREENED CREDIT OFFERS.**

10 (a) IN GENERAL.—Section 604(c)(1)(B) of the Fair  
 11 Credit Reporting Act (15 U.S.C. 1681b(c)(1)(B)) is  
 12 amended—

13 (1) in clause (ii), by striking “and” at the end;  
 14 and

15 (2) in clause (iii), by striking the period at the  
 16 end and inserting the following: “; and

17 “(iv) the consumer report indicates that  
 18 the consumer is age 21 or older, except that a  
 19 consumer who is at least 18 years of age may  
 20 elect, in accordance with subsection (e)(7), to  
 21 authorize the consumer reporting agency to in-  
 22 clude the name and address of the consumer in  
 23 any list of names provided by the agency pursu-  
 24 ant to this paragraph.”.



1       (b) ~~OPT-IN FOR YOUNG CONSUMERS.~~—Section  
 2 604(e) of the Fair Credit Reporting Act (15 U.S.C.  
 3 1681b(e)) is amended—

4           (1) by striking the subsection heading and in-  
 5 serting the following:

6       “(e) ~~ELECTION OF CONSUMERS REGARDING~~  
 7 ~~LISTS.~~—”; and

8           (2) by adding at the end the following:

9       “(7) ~~OPT-IN FOR UNDERAGE CONSUMERS.~~—

10           “(A) ~~IN GENERAL.~~—A consumer who is at  
 11 least 18 years of age, but has not attained his  
 12 or her 21st birthday, may elect to have the  
 13 name and address of the consumer included in  
 14 any list provided by a consumer reporting agen-  
 15 cy under subsection (e)(1)(B) in connection  
 16 with a credit or insurance transaction that is  
 17 not initiated by the consumer by notifying the  
 18 agency in accordance with subparagraph (B)  
 19 that the consumer consents to the use of a con-  
 20 sumer report relating to the consumer in con-  
 21 nection with any credit or insurance transaction  
 22 that is not initiated by the consumer.

23           “(B) ~~MANNER OF NOTIFICATION.~~—An  
 24 election by a consumer described in subpara-  
 25 graph (A) shall be in writing, using a signed

1 notice of election form issued or made available  
2 electronically by the consumer reporting agency  
3 at the request of the consumer for purposes of  
4 this paragraph.

5 “(C) EFFECTIVENESS OF ELECTION.—An  
6 election by a consumer under subparagraph (A)  
7 to be included in a list provided by a consumer  
8 reporting agency—

9 “(i) shall be effective until the earlier  
10 of—

11 “(I) the 21st birthday of the con-  
12 sumer; or

13 “(II) the date on which the con-  
14 sumer notifies the agency, through the  
15 notification system established by the  
16 agency under paragraph (5), that the  
17 election is no longer effective; and

18 “(ii) shall be effective with respect to  
19 each affiliate of the agency.

20 “(D) RULE OF CONSTRUCTION.—An elec-  
21 tion by a consumer under subparagraph (A) to  
22 be included in a list provided by a consumer re-  
23 porting agency may not be construed to limit  
24 the applicability of this subsection to any per-  
25 son age 21 or older, and the consumer may

1 elect to be excluded from any such list after the  
 2 attainment of his or her 21st birthday in the  
 3 manner otherwise provided under this sub-  
 4 section.”.

## 5 **TITLE IV—FEDERAL AGENCY** 6 **COORDINATION**

7 **SEC. 401. INCLUSION OF ALL FEDERAL BANKING AGEN-**  
 8 **CIES.**

9 (a) **IN GENERAL.**—Section 18(f)(1) of the Federal  
 10 Trade Commission Act (15 U.S.C. 57a(f)(1)) is amended  
 11 in the second sentence—

12 (1) by striking “The Board of Governors of the  
 13 Federal Reserve System (with respect to banks) and  
 14 the Federal Home Loan Bank Board (with respect  
 15 to savings and loan institutions described in para-  
 16 graph (3)) and the National Credit Union Adminis-  
 17 tration Board (with respect to Federal credit unions  
 18 described in paragraph (4))” and inserting “Each  
 19 appropriate Federal banking agency”; and

20 (2) by inserting “in consultation with the Com-  
 21 mission” after “shall prescribe regulations”.

22 (b) **FTC CONCURRENT RULEMAKING.**—Section  
 23 18(f)(1) of the Federal Trade Commission Act (15 U.S.C.  
 24 57a(f)(1)) is amended by inserting after the second sen-  
 25 tence the following: “Notwithstanding any other provision

1 of this section, whenever such agencies commence such a  
2 rulemaking proceeding, the Commission, with respect to  
3 the entities within its jurisdiction under this Act, may  
4 commence a rulemaking proceeding and prescribe regula-  
5 tions in accordance with section 553 of title 5, United  
6 States Code. The Commission, the Federal banking agen-  
7 cies, and the National Credit Union Administration Board  
8 shall consult and coordinate with each other so that the  
9 regulations prescribed by each such agency are consistent  
10 with and comparable to the regulations prescribed by each  
11 other such agency, to the extent practicable.”.

12 (c) PRESERVATION OF STATE LAW.—Section  
13 18(f)(6) of the Federal Trade Commission Act (15 U.S.C.  
14 57a(f)(6)) is amended to read as follows:

15 “(6) Notwithstanding any other provision of  
16 this subsection or any other provision of law, regula-  
17 tions promulgated under this subsection shall be  
18 considered supplemental to State laws governing un-  
19 fair and deceptive acts and practices, and may not  
20 be construed to preempt any provision of State law  
21 that provides equal or greater protections.”.

22 (d) GAO STUDY AND REPORT.—Not later than 18  
23 months after the date of enactment of this Act, the Comp-  
24 troller General shall transmit to Congress a report on the  
25 status of regulations of the Federal banking agencies and

1 the National Credit Union Administration regarding un-  
 2 fair and deceptive acts or practices by depository institu-  
 3 tions and Federal credit unions.

4 (e) TECHNICAL AND CONFORMING AMENDMENTS.—  
 5 Section 18(f) of the Federal Trade Commission Act (15  
 6 U.S.C. 57a(f)) is amended—

7 (1) in the subsection heading, by striking  
 8 “BOARD” and all that follows through “ADMINIS-  
 9 TRATION” and inserting “APPROPRIATE FEDERAL  
 10 BANKING AGENCIES”;

11 (2) in paragraph (1), in the first sentence—

12 (A) by striking “banks or savings and loan  
 13 institutions described in paragraph (3), each  
 14 agency specified in paragraph (2) or (3) of this  
 15 subsection shall establish” and inserting “de-  
 16 pository institutions or Federal credit unions,  
 17 each appropriate Federal banking agency shall  
 18 establish”; and

19 (B) by striking “banks or savings and loan  
 20 institutions described in paragraph (3), subject  
 21 to its jurisdiction” and inserting “the deposi-  
 22 tory institutions or Federal credit unions sub-  
 23 ject to the jurisdiction of such appropriate Fed-  
 24 eral banking agency”;

25 (3) in paragraph (1), in the final sentence—

1           (A) by striking “each such Board” and in-  
2           serting “each such appropriate Federal banking  
3           agency”;

4           (B) by striking “banks or savings and loan  
5           institutions described in paragraph (3), or Fed-  
6           eral credit unions described in paragraph (4),  
7           as the case may be,” each place that term ap-  
8           pears and inserting “depository institutions or  
9           Federal credit unions subject to the jurisdiction  
10          of such appropriate Federal banking agency”;

11          (C) by striking “(A) any such Board” and  
12          inserting “(A) any such appropriate Federal  
13          banking agency”; and

14          (D) by striking “with respect to banks,  
15          savings and loan institutions” and inserting  
16          “with respect to depository institutions”;

17          (4) in paragraph (2)(C), by inserting “than”  
18          after “(other”;

19          (5) in paragraph (3), by inserting “by the Di-  
20          rector of the Office of Thrift Supervision” before the  
21          period at the end;

22          (6) in paragraph (4), by inserting “by the Na-  
23          tional Credit Union Administration” before the pe-  
24          riod at the end;

1 (7) in paragraph (6), by striking “the Board of  
 2 Governors of the Federal Reserve System” and in-  
 3 serting “any Federal banking agency or the National  
 4 Credit Union Administration Board”; and

5 (8) by adding at the end the following new  
 6 paragraph:

7 “(8) For purposes of this subsection—

8 “(A) the term ‘appropriate Federal bank-  
 9 ing agency’ has the same meaning as in section  
 10 3 of the Federal Deposit Insurance Act, and in-  
 11 cludes the National Credit Union Administra-  
 12 tion Board with respect to Federal credit  
 13 unions;

14 “(B) the terms ‘depository institution’ and  
 15 ‘Federal banking agency’ have the same mean-  
 16 ings as in section 3 of the Federal Deposit In-  
 17 surance Act (12 U.S.C. 1813); and

18 “(C) the term ‘Federal credit union’ has  
 19 the same meaning as in section 101 of the Fed-  
 20 eral Credit Union Act (12 U.S.C. 1752).”.

## 21 **TITLE V—MISCELLANEOUS** 22 **PROVISIONS**

### 23 **SEC. 501. STUDY AND REPORT.**

24 (a) **STUDY REQUIRED.**—The Comptroller General (in  
 25 this section referred to as the “Comptroller”) shall con-

1 duct a study on interchange fees and their effects on con-  
2 sumers and merchants. The Comptroller shall review—

3 (1) the extent to which interchange fees are re-  
4 quired to be disclosed to consumers and merchants,  
5 and how such fees are overseen by the Federal bank-  
6 ing agencies or other regulators;

7 (2) the ways in which the interchange system  
8 affects the ability of merchants of varying size to ne-  
9 gotiate pricing with card associations and banks;

10 (3) the costs and factors incorporated into  
11 interchange fees, such as advertising, bonus miles,  
12 and rewards; how such costs and factors vary among  
13 cards; and

14 (4) the consequences of the undisclosed nature  
15 of interchange fees on merchants and consumers  
16 with regard to prices charged for goods and services.

17 (b) REPORT REQUIRED.—Not later than 180 days  
18 after the date of enactment of this Act, the Comptroller  
19 shall submit a report to the Committee on Banking, Hous-  
20 ing, and Urban Affairs of the Senate and the Committee  
21 on Financial Services of the House of Representatives con-  
22 taining a detailed summary of the findings and conclu-  
23 sions of the study required by this section, together with  
24 such recommendations for legislative or administrative ac-  
25 tions as may be appropriate.



1 **SEC. 502. CREDIT CARD SAFETY RATING SYSTEM COMMIS-**  
2 **SION STUDY.**

3 (a) **DEFINITION.**—In this section, the term “safety”  
4 refers to the amount of risk to cardholders that results  
5 from credit card practices and terms in credit card agree-  
6 ments that are either not well understood by consumers,  
7 or are not easily understood, or could have an adverse fi-  
8 nancial effect on consumers, other than interest rates,  
9 periodic fees, or rewards.

10 (b) **ESTABLISHMENT OF SAFETY RATING SYSTEM.**—  
11 The Comptroller General of the United States (in this sec-  
12 tion referred to as the “Comptroller”) shall establish an  
13 entity to be known as the “Credit Card Safety Rating Sys-  
14 tem Commission” (in this section referred to as the “Com-  
15 mission”).

16 (c) **DUTIES.**—The duties of the Commission shall  
17 be—

18 (1) to determine if a rating system to allow  
19 cardholders to quickly assess the level of safety of  
20 credit card agreements would be beneficial to con-  
21 sumers;

22 (2) to assess the impact on credit card trans-  
23 parency and consumer safety of various rating sys-  
24 tem policy options, including—

25 (A) the use of a 5-star rating system to re-  
26 flect the relative safety of card terms, mar-

1           keting and customer service practices; and  
2           product features;

3           ~~(B)~~ making the use of the system manda-  
4           tory for all cards;

5           ~~(C)~~ requiring a graphic display of rating  
6           on all marketing material, applications, billing  
7           statements, and agreements associated with  
8           that credit card, as well as on the back of each  
9           such credit card;

10          ~~(D)~~ requiring an annual review of the safe-  
11          ty rating system, to determine whether the  
12          point system is effectively aiding consumers and  
13          encouraging transparent competition and fair-  
14          ness to consumers; and

15          ~~(E)~~ requiring consumer access to ratings  
16          through public website and other outreach pro-  
17          grams;

18          ~~(3)~~ if it is deemed beneficial, to make rec-  
19          ommendations to Congress concerning how such a  
20          system should be devised;

21          ~~(4)~~ to study the effects of such system on the  
22          availability and affordability of credit and the impli-  
23          cations of changes in credit availability and afford-  
24          ability in the United States and in the general mar-  
25          ket for credit services due to the rating system; and

1           (5) by not later than March 1 of the second  
 2 year after the date of enactment of this Act, to sub-  
 3 mit a report to Congress containing detailed results  
 4 and recommendations, including how to create such  
 5 system, if creating such system is recommended.

6           (d) MEMBERSHIP.—

7           (1) NUMBER AND APPOINTMENT.—The Com-  
 8 mission shall be composed of 15 members appointed  
 9 by the Comptroller, in accordance with this section.

10           (2) QUALIFICATIONS.—

11           (A) IN GENERAL.—The membership of the  
 12 Commission, subject to subparagraph (B), shall  
 13 include individuals—

14                   (i) who have achieved national rec-  
 15 ognition for their expertise in credit cards,  
 16 debt management, economics, credit avail-  
 17 ability, consumer protection, and other  
 18 credit card related issues and fields; and

19                   (ii) who provide a mix of different  
 20 professions, a broad geographic representa-  
 21 tion, and a balance between urban and  
 22 rural representatives.

23           (B) MAKEUP OF COMMISSION.—The Com-  
 24 mission shall be comprised of—

1 (i) 4 representatives from consumer  
2 groups;

3 (ii) 4 representatives from credit card  
4 issuers or banks;

5 (iii) 7 representatives from nonprofit  
6 research entities or nonpartisan experts in  
7 banking and credit cards; and

8 (iv) not fewer than 1 of the members  
9 described in clauses (i) through (iii) who  
10 represents each of—

11 (I) the elderly;

12 (II) economically disadvantaged  
13 consumers;

14 (III) racial or ethnic minorities;

15 and

16 (IV) students and minors.

17 (C) ETHICS DISCLOSURES.—The Comp-  
18 troller shall establish a system for public disclo-  
19 sure by members of the Commission of financial  
20 and other potential conflicts of interest relating  
21 to such members. Members of the Commission  
22 shall be treated in the same manner as employ-  
23 ees of Congress whose pay is disbursed by the  
24 Secretary of the Senate for purposes of title I

1 of the Ethics in Government Act of 1978 (Pub-  
2 lie Law 95-521).

3 ~~(3) CHAIRPERSON; VICE CHAIRPERSON.~~—The  
4 Comptroller shall designate a member of the Com-  
5 mission, at the time of appointment of the member  
6 as Chairperson and a member as Vice Chairperson  
7 for that term of appointment, except that in the case  
8 of vacancy in the position of Chairperson or Vice  
9 Chairperson of the Commission, the Comptroller  
10 may designate another member for the remainder of  
11 the term of that member.

12 ~~(4) TERMS.~~—Members of the Commission shall  
13 be appointed for the life of the Commission. Any va-  
14 cancies shall not affect the power and duties of the  
15 Commission but shall be filled in the same manner  
16 as the original appointment.

17 ~~(5) COMPENSATION.~~—

18 ~~(A) MEMBERS.~~—While serving on the busi-  
19 ness of the Commission (including travel time),  
20 a member of the Commission shall be entitled  
21 to compensation at the per diem equivalent of  
22 the rate provided for level IV of the Executive  
23 Schedule under section 5315 of title 5, United  
24 States Code, and while so serving away from  
25 home and the regular place of business of the

1 member, the member may be allowed travel ex-  
2 penses, as authorized by the Chairperson.

3 ~~(B) OTHER EMPLOYEES.—~~For purposes of  
4 pay (other than pay of members of the Commis-  
5 sion) and employment benefits, rights, and  
6 privileges, all employees of the Commission  
7 shall be treated as if they were employees of the  
8 United States Senate.

9 ~~(6) MEETINGS.—~~The Commission shall meet at  
10 the call of the Chairperson.

11 ~~(c) DIRECTOR AND STAFF; EXPERTS AND CONSULT-~~  
12 ~~ANTS.—~~Subject to such review as the Comptroller deter-  
13 mines necessary to assure the efficient administration of  
14 the Commission, the Commission may—

15 (1) employ and fix the compensation of an Ex-  
16 ecutive Director (subject to the approval of the  
17 Comptroller General) and such other personnel as  
18 may be necessary to carry out its duties (without re-  
19 gard to the provisions of title 5, United States Code,  
20 governing appointments in the competitive service);

21 (2) seek such assistance and support as may be  
22 required in the performance of its duties from ap-  
23 propriate Federal departments and agencies;

24 (3) enter into contracts or make other arrange-  
25 ments, as may be necessary for the conduct of the

1 work of the Commission (without regard to section  
2 3709 of the Revised Statutes of the United States  
3 (41 U.S.C. 5));

4 (4) make advance, progress, and other pay-  
5 ments which relate to the work of the Commission;

6 (5) provide transportation and subsistence for  
7 persons serving without compensation; and

8 (6) prescribe such rules and regulations as it  
9 determines necessary with respect to the internal or-  
10 ganization and operation of the Commission.

11 (f) POWERS.—

12 (1) OBTAINING OFFICIAL DATA.—The Commis-  
13 sion may secure directly from any department or  
14 agency of the United States information necessary  
15 to enable it to carry out this section. Upon request  
16 of the Chairperson, the head of that department or  
17 agency shall furnish that information to the Com-  
18 mission on an agreed upon schedule.

19 (2) DATA COLLECTION.—In order to carry out  
20 its functions, the Commission shall—

21 (A) utilize existing information, both pub-  
22 lished and unpublished, where possible, collected  
23 and assessed either by its own staff or under  
24 other arrangements made in accordance with  
25 this section;

1           (B) carry out, or award grants or con-  
 2           tracts for, original research and experimen-  
 3           tation, where existing information is inad-  
 4           equate; and

5           (C) adopt procedures allowing any inter-  
 6           ested party to submit information for the Com-  
 7           mission's use in making reports and rec-  
 8           ommendations.

9           (3) ACCESS OF GAO INFORMATION.—The  
 10          Comptroller shall have unrestricted access to all de-  
 11          liberations, records, and nonproprietary data of the  
 12          Commission, immediately upon request.

13          (4) PERIODIC AUDIT.—The Commission shall  
 14          be subject to periodic audit by the Comptroller.

15          (g) ADMINISTRATIVE AND SUPPORT SERVICES.—The  
 16          Comptroller shall provide such administrative and support  
 17          services to the Commission as may be necessary to carry  
 18          out this section.

19          (h) AUTHORIZATION OF APPROPRIATIONS.—There  
 20          are authorized to be appropriated to the Commission such  
 21          sums as may be necessary to carry out this section.

22          **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

23          (a) *SHORT TITLE.*—*This Act may be cited as the*  
 24          *“Credit Card Accountability Responsibility and Disclosure*  
 25          *Act of 2009” or the “Credit CARD Act of 2009”.*



1           **(b) TABLE OF CONTENTS.—***The table of contents for*  
 2 *this Act is as follows:*

*Sec. 1. Short title; table of contents.*

*Sec. 2. Regulatory authority.*

*Sec. 3. Effective date.*

**TITLE I—CONSUMER PROTECTION**

*Sec. 101. Prior notice of rate increases required.*

*Sec. 102. Freeze on interest rate terms and fees on canceled cards.*

*Sec. 103. Limits on fees and interest charges.*

*Sec. 104. Consumer right to reject card before notice is provided of open account.*

*Sec. 105. Use of terms clarified.*

*Sec. 106. Application of card payments.*

*Sec. 107. Length of billing period.*

*Sec. 108. Prohibition on universal default and unilateral changes to cardholder agreements.*

*Sec. 109. Enhanced penalties.*

*Sec. 110. Enhanced oversight.*

*Sec. 111. Clerical amendments.*

**TITLE II—ENHANCED CONSUMER DISCLOSURES**

*Sec. 201. Payoff timing disclosures.*

*Sec. 202. Requirements relating to late payment deadlines and penalties.*

*Sec. 203. Renewal disclosures.*

**TITLE III—PROTECTION OF YOUNG CONSUMERS**

*Sec. 301. Extensions of credit to underage consumers.*

*Sec. 302. Restrictions on certain affinity cards.*

*Sec. 303. Protection of young consumers from prescreened credit offers.*

*Sec. 304. Issuance of credit cards to certain college students.*

**TITLE IV—FEDERAL AGENCY COORDINATION**

*Sec. 401. Inclusion of all Federal banking agencies.*

**TITLE V—GIFT CARDS**

*Sec. 501. Definitions.*

*Sec. 502. Unfair or deceptive acts or practices regarding gift cards.*

*Sec. 503. Relation to State laws.*

*Sec. 504. Enforcement.*

**TITLE VI—MISCELLANEOUS PROVISIONS**

*Sec. 601. Study and report.*

*Sec. 602. Credit Card Safety Rating System Commission Study.*

*Sec. 603. Increased borrowing authority of the FDIC and the NCUA.*

1 **SEC. 2. REGULATORY AUTHORITY.**

2 *The Board of Governors of the Federal Reserve System*  
 3 *(in this Act referred to as the “Board”) may issue such rules*  
 4 *and publish such model forms as it considers necessary to*  
 5 *carry out this Act and the amendments made by this Act.*

6 **SEC. 3. EFFECTIVE DATE.**

7 *This Act and the amendments made by this Act shall*  
 8 *become effective 9 months after the date of enactment of this*  
 9 *Act.*

10 **TITLE I—CONSUMER**  
 11 **PROTECTION**

12 **SEC. 101. PRIOR NOTICE OF RATE INCREASES REQUIRED.**

13 *Section 127 of the Truth in Lending Act (15 U.S.C.*  
 14 *1637) is amended by adding at the end the following:*

15 *“(i) ADVANCE NOTICE OF INCREASE IN INTEREST*  
 16 *RATE REQUIRED.—*

17 *“(1) IN GENERAL.—In the case of any credit*  
 18 *card account under an open end consumer credit*  
 19 *plan, no increase in any annual percentage rate*  
 20 *(other than an increase due to the expiration of any*  
 21 *introductory percentage rate, or due solely to a*  
 22 *change in another rate of interest to which such rate*  
 23 *is indexed)—*

24 *“(A) may take effect before the beginning of*  
 25 *the billing cycle which begins not earlier than 45*

1           days after the date on which the obligor receives  
2           notice of such increase; or

3                   “(B) may apply to any outstanding balance  
4           of credit under such plan, as of the effective date  
5           of the increase required under subparagraph (A).

6                   “(2) NOTICE OF RIGHT TO CANCEL.—The notice  
7           referred to in paragraph (1) shall be made in a clear  
8           and conspicuous manner, and shall contain a brief  
9           statement of the right of the obligor to cancel the ac-  
10          count before the effective date of the increase.”.

11 **SEC. 102. FREEZE ON INTEREST RATE TERMS AND FEES ON**  
12 **CANCELED CARDS.**

13           Section 127 of the Truth in Lending Act (15 U.S.C.  
14 1637) is amended by adding at the end the following:

15                   “(j) FREEZE ON INTEREST RATE TERMS AND FEES  
16 ON CANCELED CARDS.—

17                   “(1) IN GENERAL.—If an obligor under an open  
18          end consumer credit plan closes or cancels a credit  
19          card account, the repayment of the outstanding bal-  
20          ance after the cancellation shall be subject to all terms  
21          and conditions in effect for the obligor immediately  
22          before the card was closed or cancelled, including the  
23          annual percentage rate and the minimum payment  
24          terms in effect immediately prior to such closure or  
25          cancellation.

1           “(2) *RULE OF CONSTRUCTION.*—*Closure or can-*  
2           *cellation of an account by the obligor shall not con-*  
3           *stitute a default under an existing cardholder agree-*  
4           *ment, and shall not trigger an obligation to imme-*  
5           *diately repay the obligation in full.”.*

6   **SEC. 103. LIMITS ON FEES AND INTEREST CHARGES.**

7           *Section 127 of the Truth in Lending Act (15 U.S.C.*  
8           *1637) is amended by adding at the end the following:*

9           “(k) *PROHIBITION ON PENALTIES FOR ON-TIME PAY-*  
10          *MENTS.*—*If an open end consumer credit plan provides a*  
11          *time period within which an obligor may repay any por-*  
12          *tion of the credit extended without incurring an interest*  
13          *charge, and the obligor repays all or a portion of such credit*  
14          *within the specified time period, the creditor may not im-*  
15          *pose or collect an interest charge on the portion of the credit*  
16          *that was repaid within the specified time period.*

17          “(l) *OPT-OUT OF CREDITOR AUTHORIZATION OF*  
18          *OVER-THE-LIMIT TRANSACTIONS IF FEES ARE IMPOSED.*—

19                 “(1) *IN GENERAL.*—*In the case of any credit*  
20          *card account under an open end consumer credit plan*  
21          *under which an over-the-limit-fee may be imposed by*  
22          *the creditor for any extension of credit in excess of the*  
23          *amount of credit authorized to be extended under such*  
24          *account, the consumer may elect to prohibit the cred-*  
25          *itor from completing any over-the-limit transaction*

1       *that will result in a fee or constitute a default under*  
2       *the credit agreement, by notifying the creditor of such*  
3       *election in accordance with paragraph (2).*

4               “(2) *NOTIFICATION BY CONSUMER.*—*A consumer*  
5       *shall notify a creditor under paragraph (1)—*

6                       “(A) *through the notification system main-*  
7       *tained by the creditor under paragraph (4); or*

8                       “(B) *by submitting to the creditor a signed*  
9       *notice of election, by mail or electronic commu-*  
10       *nication, on a form issued by the creditor for*  
11       *purposes of this subparagraph.*

12               “(3) *EFFECTIVENESS OF ELECTION.*—*An election*  
13       *by a consumer under paragraph (1) shall be effective*  
14       *beginning 3 business days after the date on which the*  
15       *consumer notifies the creditor in accordance with*  
16       *paragraph (2), and shall remain effective until the*  
17       *consumer revokes the election.*

18               “(4) *NOTIFICATION SYSTEM.*—*Each creditor that*  
19       *maintains credit card accounts under an open end*  
20       *consumer credit plan shall establish and maintain a*  
21       *notification system, including a toll-free telephone*  
22       *number, Internet address, and Worldwide website,*  
23       *which permits any consumer whose credit card ac-*  
24       *count is maintained by the creditor to notify the cred-*

1       itor of an election under this subsection, in accord-  
2       ance with paragraph (2).

3               “(5) ANNUAL NOTICE TO CONSUMERS OF AVAIL-  
4       ABILITY OF ELECTION.—In the case of any credit card  
5       account under an open end consumer credit plan, the  
6       creditor shall include a notice, in clear and con-  
7       spicuous language, of the availability of an election  
8       by the consumer under this paragraph as a means of  
9       avoiding over-the-limit fees and a higher amount of  
10      indebtedness, and the method for providing such elec-  
11      tion—

12               “(A) in the periodic statement required  
13      under subsection (b) with respect to such account  
14      at least once each calendar year; and

15               “(B) in any such periodic statement which  
16      includes a notice of the imposition of an over-  
17      the-limit fee during the period covered by the  
18      statement.

19               “(6) NO FEES IF CONSUMER HAS MADE AN ELEC-  
20      TION.—If a consumer has made an election under  
21      paragraph (1), no over-the-limit fee may be imposed  
22      on the account for any reason that has caused the out-  
23      standing balance in the account to exceed the credit  
24      limit.

1       “(m) *OVER-THE-LIMIT FEE RESTRICTIONS.*—With re-  
2 spect to a credit card account under an open end consumer  
3 credit plan, an over-the-limit fee, as described in subsection  
4 (c)(1)(B)(iii)—

5               “(1) may be imposed on the account only when  
6 an extension of credit obtained by the obligor causes  
7 the credit limit on such account to be exceeded, and  
8 may not be imposed when such credit limit is exceed-  
9 ed due to a fee or interest charge; and

10              “(2) may be imposed only once during a billing  
11 cycle if the credit limit on the account is exceeded,  
12 and may not be imposed in a subsequent billing cycle  
13 with respect to such excess credit, unless the obligor  
14 has obtained an additional extension of credit in ex-  
15 cess of such credit limit during such subsequent cycle.

16       “(n) *NO INTEREST CHARGES ON FEES.*—With respect  
17 to a credit card account under an open end consumer credit  
18 plan, if the creditor imposes a transaction fee on the obligor,  
19 including a cash advance fee, late fee, over-the-limit fee, or  
20 balance transfer fee, the creditor may not impose or collect  
21 interest with respect to such fee amount.

22       “(o) *LIMITS ON CERTAIN FEES.*—

23              “(1) *NO FEE TO PAY A BILLING STATEMENT.*—  
24 With respect to a credit card account under an open  
25 end consumer credit plan, the creditor may not im-

1        *pose a separate fee to allow the obligor to repay an*  
2        *extension of credit or finance charge, whether such re-*  
3        *payment is made by mail, electronic transfer, tele-*  
4        *phone authorization, or other means.*

5            *“(2) REASONABLE FEES FOR VIOLATIONS.—The*  
6        *amount of any fee or charge that a card issuer may*  
7        *impose in connection with any omission with respect*  
8        *to, or violation of, the cardholder agreement, includ-*  
9        *ing any late payment fee, over the limit fee, increase*  
10       *in the applicable annual percentage rate, or any*  
11       *similar fee or charge, shall be reasonably related to*  
12       *the cost to the card issuer of such omission or viola-*  
13       *tion.*

14           *“(3) REASONABLE CURRENCY EXCHANGE FEE.—*  
15        *With respect to a credit card account under an open*  
16        *end consumer credit plan, the creditor may impose a*  
17        *fee for exchanging United States currency with for-*  
18        *ign currency in an account transaction, only if—*

19            *“(A) such fee reasonably reflects the costs*  
20            *incurred by the creditor to perform such cur-*  
21            *rency exchange;*

22            *“(B) the creditor discloses publicly its meth-*  
23            *od for calculating such fee; and*



1           “(C) the primary Federal regulator of such  
2           creditor determines that the method for calcu-  
3           lating such fee complies with this paragraph.”.

4 **SEC. 104. CONSUMER RIGHT TO REJECT CARD BEFORE NO-**  
5 **TICE IS PROVIDED OF OPEN ACCOUNT.**

6           Section 127 of the Truth in Lending Act (15 U.S.C.  
7 1637) is amended by adding at the end the following:

8           “(p) **CONSUMER RIGHT TO REJECT CARD BEFORE**  
9 **NOTICE OF NEW ACCOUNT IS PROVIDED TO CONSUMER RE-**  
10 **PORTING AGENCY.**—A creditor may not furnish any infor-  
11 mation to a consumer reporting agency (as defined in sec-  
12 tion 603) concerning a newly opened credit card account  
13 under an open end consumer credit plan until the credit  
14 card has been used or activated by the consumer.”.

15 **SEC. 105. USE OF TERMS CLARIFIED.**

16           Section 127 of the Truth in Lending Act (15 U.S.C.  
17 1637) is amended by adding at the end the following:

18           “(q) **USE OF TERMS.**—The following requirements  
19 shall apply with respect to the terms of any credit card  
20 account under any open end consumer credit plan:

21           “(1) **FIXED RATE.**—The term ‘fixed’, when ap-  
22 pearing in conjunction with a reference to the annual  
23 percentage rate or interest rate applicable with re-  
24 spect to such account, may only be used to refer to an  
25 annual percentage rate or interest rate that will not

1        *change or vary for any reason over the period speci-*  
 2        *fied clearly and conspicuously in the terms of the ac-*  
 3        *count.*

4                *“(2) PRIME RATE.—The term ‘prime rate’, when*  
 5        *appearing in any agreement or contract for any such*  
 6        *account, may only be used to refer to the bank prime*  
 7        *rate published in the Federal Reserve Statistical Re-*  
 8        *lease on selected interest rates (daily or weekly), and*  
 9        *commonly referred to as the ‘H.15 release’ (or any*  
 10        *successor publication).”.*

11    **SEC. 106. APPLICATION OF CARD PAYMENTS.**

12        *Section 164 of the Truth in Lending Act (15 U.S.C.*  
 13    *1666c) is amended—*

14                *(1) by striking the section heading and all that*  
 15        *follows through “Payments” and inserting the fol-*  
 16        *lowing:*

17    **“§ 164. Prompt and fair crediting of payments**

18        *“(a) IN GENERAL.—Payments”;*

19                *(2) by inserting “, by 5:00 p.m. on the date on*  
 20        *which such payment is due,” after “in readily identi-*  
 21        *fiable form”;*

22                *(3) by striking “manner, location, and time”*  
 23        *and inserting “manner, and location”; and*

24                *(4) by adding at the end the following:*

1       “(b) *APPLICATION OF PAYMENTS.*—Upon receipt of a  
2 payment from a cardholder, the card issuer shall—

3               “(1) apply the payment first to the card balance  
4 bearing the highest rate of interest, and then to each  
5 successive balance bearing the next highest rate of in-  
6 terest, until the payment is exhausted; and

7               “(2) after complying with paragraph (1), apply  
8 the payment in a way that minimizes the amount of  
9 any finance charge to the account.

10       “(c) *CHANGES BY CARD ISSUER.*—If a card issuer  
11 makes a material change in the mailing address, office, or  
12 procedures for handling cardholder payments, and such  
13 change causes a material delay in the crediting of a card-  
14 holder payment made during the 60-day period following  
15 the date on which such change took effect, the card issuer  
16 may not impose any late fee or finance charge for a late  
17 payment on the credit card account to which such payment  
18 was credited.

19       “(d) *PRESUMPTION OF TIMELY PAYMENT.*—Any evi-  
20 dence provided by a consumer in the form of a receipt from  
21 the United States Postal Service or other common carrier  
22 indicating that a payment on a credit card account was  
23 sent to the card issuer not less than 7 days before the due  
24 date contained in the periodic statement for such payment  
25 shall create a presumption that such payment was made

1 *by the due date, which may be rebutted by the creditor for*  
2 *fraud or dishonesty on the part of the consumer with respect*  
3 *to the mailing date.”.*

4 **SEC. 107. LENGTH OF BILLING PERIOD.**

5 *Section 163(a) of the Truth in Lending Act (15 U.S.C.*  
6 *1666b(a)) is amended by striking “mailed at least fourteen*  
7 *days prior” and inserting “mailed at least 21 days prior”.*

8 **SEC. 108. PROHIBITION ON UNIVERSAL DEFAULT AND UNI-**  
9 **LATERAL CHANGES TO CARDHOLDER AGREE-**  
10 **MENTS.**

11 *(a) IN GENERAL.—Chapter 4 of the Truth in Lending*  
12 *Act (15 U.S.C. 1666 et seq.) is amended—*

13 *(1) by redesignating section 171 as section 173;*

14 *and*

15 *(2) by inserting after section 170 the following:*

16 **“SEC. 171. LIMITS ON INTEREST RATE INCREASES.**

17 *“(a) IN GENERAL.—No card issuer may increase any*  
18 *annual percentage rate, fee, or finance charge applicable to*  
19 *a credit card account under an open end consumer credit*  
20 *plan, or terminate early a lower introductory rate, fee, or*  
21 *charge, except as permitted under this section.*

22 *“(b) EXCEPTIONS.—The limitation under subsection*  
23 *(a) shall not apply to—*

24 *“(1) an increase due to the scheduled expiration*  
25 *of an introductory term;*

1           “(2) an increase in a variable annual percentage  
2 rate, fee, or finance charge in accordance with a cred-  
3 it card agreement that provides for changes according  
4 to an index or formula;

5           “(3) an increase due to a specific, material ac-  
6 tion or omission of a consumer in violation of an  
7 agreement that is directly related to such account and  
8 that is specified in the contract or agreement as  
9 grounds for an increase, except that—

10           “(A) the creditor may not take into account  
11 information not directly related to the account,  
12 including adverse information concerning the  
13 consumer, information in any consumer report,  
14 or changes in the credit score of the consumer;  
15 and

16           “(B) an increase described in this para-  
17 graph shall terminate not later than 6 months  
18 after the date on which it is imposed, if the con-  
19 sumer commits no further violations;

20           “(4) a change that takes effect upon renewal of  
21 the card in accordance with section 172; or

22           “(5) an increase allowing a decreased rate to be  
23 returned to the pre-existing rate, if the consumer fails  
24 to abide by the conditions of a workout arrangement  
25 with the creditor, pursuant to the rules of the Board.

1       “(c) *MAP TO LOWER RATE.*—

2               “(1) *IN GENERAL.*—*A card issuer that increases*  
 3       *an annual percentage rate, fee, or finance charge pur-*  
 4       *suant to subsection (b)(3) shall include, together with*  
 5       *the notice of such increase under section 127(i), a*  
 6       *statement, provided in a clear and conspicuous man-*  
 7       *ner—*

8               “(A) *of the discrete, specific action or omis-*  
 9       *sion of the consumer on which the increase was*  
 10       *based; and*

11               “(B) *that the increase will terminate in 6*  
 12       *months if the consumer does not commit further*  
 13       *violations.*

14               “(2) *BOARD AUTHORITY.*—*The Board may, by*  
 15       *rule, provide for exceptions to the requirements of sub-*  
 16       *section (b)(3)(B), if the Board determines that there*  
 17       *are other appropriate factors that creditors may con-*  
 18       *sider in determining the appropriate annual percent-*  
 19       *age rate for particular consumers.*

20       **“SEC. 172. UNILATERAL CHANGES IN CREDIT CARD AGREE-**  
 21       **MENT PROHIBITED.**

22               *“A card issuer may not amend or change the terms*  
 23       *of a credit card contract or agreement under an open end*  
 24       *consumer credit plan, until after the date on which the cred-*  
 25       *it card will expire if not renewed.”.*

1           (b) *CLERICAL AMENDMENT.*—*The table of sections for*  
 2 *chapter 4 of the Truth in Lending Act is amended by strik-*  
 3 *ing the item relating to section 171 and inserting the fol-*  
 4 *lowing:*

“171. Universal defaults prohibited.

“172. Unilateral changes in credit card agreement prohibited.

“173. Applicability of State laws.”.

5 **SEC. 109. ENHANCED PENALTIES.**

6           *Section 130(a)(2)(A) of the Truth in Lending Act (15*  
 7 *U.S.C. 1640(a)(2)(A)) is amended by striking “or (iii) in*  
 8 *the” and inserting the following: “(iii) in the case of an*  
 9 *individual action relating to an open end consumer credit*  
 10 *plan that is not secured by real property or a dwelling,*  
 11 *twice the amount of any finance charge in connection with*  
 12 *the transaction, with a minimum of \$500 and a maximum*  
 13 *of \$5,000, or such higher amount as may be appropriate*  
 14 *in the case of an established pattern or practice of such fail-*  
 15 *ures; or (iv) in the”.*

16 **SEC. 110. ENHANCED OVERSIGHT.**

17           (a) *IN GENERAL.*—*Section 127 of the Truth in Lend-*  
 18 *ing Act (15 U.S.C. 1637) is amended by adding at the end*  
 19 *the following:*

20           “(r) *EVALUATION OF CREDIT CARD POLICIES AND*  
 21 *PROCEDURES.*—

22                   “(1) *IN GENERAL.*—*In connection with its exam-*  
 23 *ination of a credit card issuer under its supervision,*  
 24 *each agency referred to in paragraphs (1), (2), and*

1       (3) of section 108(a) shall conduct, as appropriate, an  
2       evaluation of the credit card policies and procedures  
3       used by such card issuer to ensure compliance with  
4       this section and sections 163, 164, 171, and 172. Such  
5       agency shall promptly require the card issuer to take  
6       any corrective action needed to address any violations  
7       of any such section.

8               “(2) ANNUAL REPORTS TO CONGRESS.—Each  
9       year, each agency referred to in subsections (a) and  
10       (c) of section 108 shall submit a report to Congress  
11       concerning the administration of its functions under  
12       this section, including such recommendations as the  
13       agency deems necessary or appropriate. Each such re-  
14       port shall include an assessment of the extent to which  
15       compliance with the requirements of this section is  
16       being achieved and a summary of the enforcement ac-  
17       tions taken by the agency assigned administrative en-  
18       forcement responsibilities under subsections (a) and  
19       (c) of section 108.”.

20       (b) STRENGTHENED CREDIT CARD INFORMATION COL-  
21       LECTION.—Section 136(b) of the Truth in Lending Act (15  
22       U.S.C. 1646(b)) is amended—

23               (1) in paragraph (1)—

24                       (A) by striking “The Board shall” and in-  
25                       serting the following:



1           “(A) *IN GENERAL.*—*The Board shall*”; and  
2           (B) *by adding at the end the following:*

3           “(B) *INFORMATION TO BE INCLUDED.*—*The*  
4           *information under subparagraph (A) shall in-*  
5           *clude, as of a date designated by the Board—*

6                   “(i) *a list of each type of transaction*  
7                   *or event for which one or more of the card*  
8                   *issuers has imposed a separate interest rate*  
9                   *upon a cardholder, including purchases,*  
10                  *cash advances, and balance transfers;*

11                  “(ii) *for each type of transaction or*  
12                  *event identified under clause (i)—*

13                          “(I) *each distinct interest rate*  
14                          *charged by the card issuer to a card-*  
15                          *holder, as of the designated date;*

16                          “(II) *the number of cardholders to*  
17                          *whom each such interest rate was ap-*  
18                          *plied during the calendar month im-*  
19                          *mediately preceding the designated*  
20                          *date, and the total amount of interest*  
21                          *charged to such cardholders at each*  
22                          *such rate during such month;*

23                          “(III) *the number of cardholders*  
24                          *who are paying the stated default an-*  
25                          *nuual percentage rate applicable in*

1           *cases in which the account is past due*  
2           *or the account holder is otherwise in*  
3           *violation of the terms of the account*  
4           *agreement; and*

5                     *“(IV) the number of cardholders*  
6                     *who are paying above such stated de-*  
7                     *fault annual percentage rate;*

8                     *“(iii) a list of each type of fee that one*  
9                     *or more of the card issuers has imposed*  
10                    *upon a cardholder as of the designated date,*  
11                    *including any fee imposed for obtaining a*  
12                    *cash advance, making a late payment, ex-*  
13                    *ceeding the credit limit on an account, mak-*  
14                    *ing a balance transfer, or exchanging*  
15                    *United States dollars for foreign currency;*

16                    *“(iv) for each type of fee identified*  
17                    *under clause (iii), the number of card-*  
18                    *holders upon whom the fee was imposed*  
19                    *during the calendar month immediately*  
20                    *preceding the designated date, and the total*  
21                    *amount of fees imposed upon cardholders*  
22                    *during such month;*

23                    *“(v) the total number of cardholders*  
24                    *that incurred any interest charge or any fee*

1                   *during the calendar month immediately*  
2                   *preceding the designated date; and*

3                   “*(vi) any other information related to*  
4                   *interest rates, fees, or other charges that the*  
5                   *Board deems of interest.*”; and

6                   (2) *by adding at the end the following:*

7                   “(5) *REPORT TO CONGRESS.—The Board shall,*  
8                   *on an annual basis, transmit to Congress and make*  
9                   *public a report containing an assessment by the*  
10                   *Board of the profitability of credit card operations of*  
11                   *depository institutions. Such report shall include esti-*  
12                   *mates by the Board of the approximate, relative per-*  
13                   *centage of income derived by such operations from—*

14                   “*(A) the imposition of interest rates on*  
15                   *cardholders, including separate estimates for—*

16                   “*(i) interest with an annual percent-*  
17                   *age rate of less than 25 percent; and*

18                   “*(ii) interest with an annual percent-*  
19                   *age rate equal to or greater than 25 percent;*

20                   “*(B) the imposition of fees on cardholders;*

21                   “*(C) the imposition of fees on merchants;*

22                   and

23                   “*(D) any other material source of income,*  
24                   *while specifying the nature of that income.*”.

1 **SEC. 111. CLERICAL AMENDMENTS.**

2 *Section 103(i) of the Truth in Lending Act (15 U.S.C.*  
 3 *1602(i)) is amended—*

4 *(1) by striking “term” and all that follows*  
 5 *through “means” and inserting the following: “terms*  
 6 *‘open end credit plan’ and ‘open end consumer credit*  
 7 *plan’ mean”; and*

8 *(2) in the second sentence, by inserting “or open*  
 9 *end consumer credit plan” after “credit plan” each*  
 10 *place that term appears.*

11 **TITLE II—ENHANCED**  
 12 **CONSUMER DISCLOSURES**

13 **SEC. 201. PAYOFF TIMING DISCLOSURES.**

14 *(a) IN GENERAL.—Section 127(b)(11) of the Truth in*  
 15 *Lending Act (15 U.S.C. 1637(b)(11)) is amended to read*  
 16 *as follows:*

17 *“(11)(A) A written statement in the following*  
 18 *form: ‘Minimum Payment Warning: Making only the*  
 19 *minimum payment will increase the amount of inter-*  
 20 *est you pay and the time it takes to repay your bal-*  
 21 *ance.’.*

22 *“(B) Repayment information that would apply*  
 23 *to the outstanding balance of the consumer under the*  
 24 *credit plan, including—*

25 *“(i) the number of months (rounded to the*  
 26 *nearest month) that it would take to pay the en-*

1            *tire amount of that balance, if the consumer*  
2            *pays only the required minimum monthly pay-*  
3            *ments and if no further advances are made;*

4            *“(ii) the total cost to the consumer, includ-*  
5            *ing interest and principal payments, of paying*  
6            *that balance in full, if the consumer pays only*  
7            *the required minimum monthly payments and if*  
8            *no further advances are made;*

9            *“(iii) the monthly payment amount that*  
10           *would be required for the consumer to eliminate*  
11           *the outstanding balance in 36 months, if no fur-*  
12           *ther advances are made, and the total cost to the*  
13           *consumer, including interest and principal pay-*  
14           *ments, of paying that balance in full if the con-*  
15           *sumer pays the balance over 36 months; and*

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

20           *“(C)(i) Subject to clause (ii), in making the dis-*  
21           *closures under subparagraph (B), the creditor shall*  
22           *apply the interest rate or rates in effect on the date*  
23           *on which the disclosure is made until the date on*  
24           *which the balance would be paid in full.*

1           “(ii) If the interest rate in effect on the date on  
2           which the disclosure is made is a temporary rate that  
3           will change under a contractual provision applying  
4           an index or formula for subsequent interest rate ad-  
5           justment, the creditor shall apply the interest rate in  
6           effect on the date on which the disclosure is made for  
7           as long as that interest rate will apply under that  
8           contractual provision, and then apply an interest rate  
9           based on the index or formula in effect on the appli-  
10          cable billing date.

11           “(D) All of the information described in sub-  
12          paragraph (B) shall—

13                   “(i) be disclosed in the form and manner  
14                   which the Board shall prescribe, by regulation,  
15                   and in a manner that avoids duplication; and

16                   “(ii) be placed in a conspicuous and promi-  
17                   nent location on the billing statement, in type-  
18                   face that is at least as large as the largest type  
19                   on the statement.

20           “(E) In the regulations prescribed under sub-  
21          paragraph (D), the Board shall require that the dis-  
22          closure of such information shall be in the form of a  
23          table that—

24                   “(i) contains clear and concise headings for  
25                   each item of such information; and

1           “(i) provides a clear and concise form stat-  
2           ing each item of information required to be dis-  
3           closed under each such heading.

4           “(F) In prescribing the form of the table under  
5           subparagraph (E), the Board shall require that—

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

10           “(ii) the items required to be included in  
11           the table shall be listed in the order in which  
12           such items are set forth in subparagraph (B).

13           “(G) In prescribing the form of the table under  
14           subparagraph (D), the Board shall employ termi-  
15           nology which is different than the terminology which  
16           is employed in subparagraph (B), if such terminology  
17           is more easily understood and conveys substantially  
18           the same meaning.”.

19           (b) CIVIL LIABILITY.—Section 130(a) of the Truth in  
20           Lending Act (15 U.S.C. 1640(a)) is amended, in the undes-  
21           ignated paragraph following paragraph (4), by striking the  
22           second sentence and inserting the following: “In connection  
23           with the disclosures referred to in subsections (a) and (b)  
24           of section 127, a creditor shall have a liability determined  
25           under paragraph (2) only for failing to comply with the

1 requirements of section 125, 127(a), or any of paragraphs  
2 (4) through (13) of section 127(b), or for failing to comply  
3 with disclosure requirements under State law for any term  
4 or item that the Board has determined to be substantially  
5 the same in meaning under section 111(a)(2) as any of the  
6 terms or items referred to in section 127(a), or any of para-  
7 graphs (4) through (13) of section 127(b).”.

8 (c) *GUIDELINES REQUIRED.*—

9 (1) *IN GENERAL.*—Not later than 1 year after  
10 the date of enactment of this Act, the Secretary of the  
11 Treasury (in this section referred to as the “Sec-  
12 retary”) through the Office of Finance Education, in  
13 consultation with the Board of Governors of the Fed-  
14 eral Reserve the System (in this section referred to as  
15 the “Board”), shall, by rule, regulation, or order,  
16 issue guidelines for the establishment and mainte-  
17 nance by creditors of a toll-free telephone number for  
18 purposes of the disclosures required under section  
19 127(b)(11)(B)(iv) of the Truth in Lending Act, as  
20 added by this section.

21 (2) *APPROVED AGENCIES.*—Guidelines issued  
22 under this subsection shall ensure that referrals pro-  
23 vided by the toll-free number referred to in paragraph  
24 (1) include only those agencies certified by the Sec-  
25 retary as meeting the criteria under this section.



1           (3) *CRITERIA.*—*The Secretary shall only certify*  
2           *a nonprofit budget and credit counseling agency for*  
3           *purposes of this subsection that—*

4                   (A) *demonstrates that it will provide quali-*  
5                   *fied counselors, maintain adequate provision for*  
6                   *safekeeping and payment of client funds, provide*  
7                   *adequate counseling with respect to client credit*  
8                   *problems, and deal responsibly and effectively*  
9                   *with other matters relating to the quality, effec-*  
10                   *tiveness, and financial security of the services it*  
11                   *provides; and*

12                   (B) *at a minimum—*

13                           (i) *is registered as a nonprofit entity*  
14                           *under section 501(c) of the Internal Revenue*  
15                           *Code of 1986;*

16                           (ii) *has a board of directors, the major-*  
17                           *ity of the members of which—*

18                                   (I) *are not employed by such*  
19                                   *agency; and*

20                                   (II) *will not directly or indirectly*  
21                                   *benefit financially from the outcome of*  
22                                   *the counseling services provided by*  
23                                   *such agency;*

24                           (iii) *if a fee is charged for counseling*  
25                           *services, charges a reasonable and fair fee,*

1                   and provides services without regard to  
2                   ability to pay the fee;

3                   (iv) provides for safekeeping and pay-  
4                   ment of client funds, including an annual  
5                   audit of the trust accounts and appropriate  
6                   employee bonding;

7                   (v) provides full disclosures to clients,  
8                   including funding sources, counselor quali-  
9                   fications, possible impact on credit reports,  
10                  any costs of such program that will be paid  
11                  by the client, and how such costs will be  
12                  paid;

13                  (vi) provides adequate counseling with  
14                  respect to the credit problems of the client,  
15                  including an analysis of the current finan-  
16                  cial condition of the client, factors that  
17                  caused such financial condition, and how  
18                  such client can develop a plan to respond to  
19                  the problems without incurring negative  
20                  amortization of debt;

21                  (vii) provides trained counselors who—  
22                          (I) receive no commissions or bo-  
23                          nuses based on the outcome of the coun-  
24                          seling services provided;

25                          (II) have adequate experience; and

1                   (III) have been adequately trained  
 2                   to provide counseling services to indi-  
 3                   viduals in financial difficulty, includ-  
 4                   ing the matters described in clause  
 5                   (vi);

6                   (viii) demonstrates adequate experience  
 7                   and background in providing credit coun-  
 8                   seling;

9                   (ix) has adequate financial resources to  
 10                  provide continuing support services for  
 11                  budgeting plans over the life of any repay-  
 12                  ment plan; and

13                  (x) is accredited by an independent,  
 14                  nationally recognized accrediting organiza-  
 15                  tion.

16 **SEC. 202. REQUIREMENTS RELATING TO LATE PAYMENT**  
 17 **DEADLINES AND PENALTIES.**

18                  Section 127(b)(12) of the Truth in Lending Act (15  
 19 U.S.C. 1637(b)(12)) is amended to read as follows:

20                  “(12) REQUIREMENTS RELATING TO LATE PAY-  
 21                  MENT DEADLINES AND PENALTIES.—

22                  “(A) LATE PAYMENT DEADLINE AND POST-  
 23                  MARK DATE REQUIRED TO BE DISCLOSED.—In  
 24                  the case of a credit card account under an open  
 25                  end consumer credit plan under which a late fee

1           or charge may be imposed due to the failure of  
2           the obligor to make payment on or before the due  
3           date for such payment, the periodic statement re-  
4           quired under subsection (b) with respect to the  
5           account shall include, in a conspicuous location  
6           on the billing statement—

7                   “(i) the date on which the payment is  
8                   due or, if different, the date on which a late  
9                   payment fee will be charged, together with  
10                  the amount of the fee or charge to be im-  
11                  posed if payment is made after that date;  
12                  and

13                  “(ii) the date by which the payment  
14                  must be postmarked, if paid by mail, in  
15                  order to avoid the imposition of a late pay-  
16                  ment fee with respect to the payment, and  
17                  a statement to that effect.

18                  “(B) *DISCLOSURE OF INCREASE IN INTER-*  
19                  *EST RATES FOR LATE PAYMENTS.*—If 1 or more  
20                  late payments under an open end consumer cred-  
21                  it plan may result in an increase in the annual  
22                  percentage rate applicable to the account, the  
23                  statement required under subsection (b) with re-  
24                  spect to the account shall include conspicuous  
25                  notice of such fact, together with the applicable

1            *penalty annual percentage rate, in close prox-*  
 2            *imity to the disclosure required under subpara-*  
 3            *graph (A) of the date on which payment is due*  
 4            *under the terms of the account.*

5            “(C) *REQUIREMENTS RELATING TO POST-*  
 6            *MARK DATE.—*

7            “(i) *IN GENERAL.—The date included*  
 8            *in a periodic statement pursuant to sub-*  
 9            *paragraph (A)(ii) with regard to the post-*  
 10           *mark on a payment shall allow, in accord-*  
 11           *ance with regulations prescribed by the*  
 12           *Board under clause (ii), a reasonable time*  
 13           *for the consumer to make the payment and*  
 14           *a reasonable time for the delivery of the*  
 15           *payment by the due date.*

16           “(ii) *BOARD REGULATIONS.—The*  
 17           *Board shall prescribe guidelines for deter-*  
 18           *mining a reasonable period of time for*  
 19           *making a payment and delivery of a pay-*  
 20           *ment for purposes of clause (i), after con-*  
 21           *sultation with the Postmaster General of the*  
 22           *United States and representatives of con-*  
 23           *sumer and trade organizations.*

24           “(D) *PAYMENTS AT LOCAL BRANCHES.—If*  
 25           *the creditor, in the case of a credit card account*

1           referred to in subparagraph (A), is a financial  
2           institution which maintains branches or offices  
3           at which payments on any such account are ac-  
4           cepted from the obligor in person, the date on  
5           which the obligor makes a payment on the ac-  
6           count at such branch or office shall be considered  
7           to be the date on which the payment is made for  
8           purposes of determining whether a late fee or  
9           charge may be imposed due to the failure of the  
10          obligor to make payment on or before the due  
11          date for such payment.”.

12 **SEC. 203. RENEWAL DISCLOSURES.**

13          Section 127(d) of the Truth in Lending Act (15 U.S.C.  
14 1637(d)) is amended—

15           (1) by striking paragraph (2);

16           (2) by redesignating paragraph (3) as para-  
17          graph (2); and

18           (3) in paragraph (1), by striking “Except as  
19          provided in paragraph (2), a card issuer” and insert-  
20          ing the following: “A card issuer that has changed or  
21          amended any term of the account since the last re-  
22          newal or”.

1           **TITLE III—PROTECTION OF**  
 2           **YOUNG CONSUMERS**

3   **SEC. 301. EXTENSIONS OF CREDIT TO UNDERAGE CON-**  
 4           **SUMERS.**

5           *Section 127(c) of the Truth in Lending Act (15 U.S.C.*  
 6 *1637(c)) is amended by adding at the end the following:*

7           “(8) *APPLICATIONS FROM UNDERAGE CON-*  
 8 *SUMERS.—*

9           “(A) *PROHIBITION ON ISSUANCE.—No cred-*  
 10 *it card may be issued to, or open end consumer*  
 11 *credit plan established by or on behalf of, a con-*  
 12 *sumer who has not attained the age of 21, unless*  
 13 *the consumer has submitted a written applica-*  
 14 *tion to the card issuer that meets the require-*  
 15 *ments of subparagraph (B).*

16           “(B) *APPLICATION REQUIREMENTS.—An*  
 17 *application to open a credit card account by a*  
 18 *consumer who has not attained the age of 21 as*  
 19 *of the date of submission of the application shall*  
 20 *require—*

21           “(i) *the signature of the parent, legal*  
 22 *guardian, spouse, or any other individual*  
 23 *over the age of 21 having a means to repay*  
 24 *debts incurred by the consumer in connec-*  
 25 *tion with the account, indicating joint li-*

1           *ability for debts incurred by the consumer*  
2           *in connection with the account before the*  
3           *consumer has attained the age of 21;*

4           “(i) *submission by the consumer of fi-*  
5           *nancial information indicating an inde-*  
6           *pendent means of repaying any obligation*  
7           *arising from the proposed extension of cred-*  
8           *it in connection with the account; or*

9           “(iii) *completion of a certified finan-*  
10           *cial literacy or financial education course*  
11           *designed for young consumers.*

12           “(C) *CERTIFIED FINANCIAL LITERACY OR*  
13           *EDUCATION COURSES FOR YOUNG CONSUMERS.—*

14           “(i) *IN GENERAL.—The Secretary of*  
15           *the Treasury, acting through the Office of*  
16           *Financial Literacy and Education (in this*  
17           *subparagraph referred to as ‘OFE’), shall*  
18           *make and publish a list of all courses and*  
19           *programs that have been certified for finan-*  
20           *cial literacy or financial education purposes*  
21           *appropriate for young consumers. When de-*  
22           *veloping the certification criteria the OFE*  
23           *shall take into account the course or pro-*  
24           *gram’s—*



1                   “(I) proven track record in pro-  
2                   ducing changed consumer behavior;  
3                   and

4                   “(II) use of practices or curricula  
5                   that have been shown to change con-  
6                   sumer behavior.

7                   “(ii) *EXPLICIT ELIGIBILITY.*—Courses  
8                   taken that are offered or required by col-  
9                   leges, universities, and high schools may be  
10                  certified by the OFE for purposes of this  
11                  subparagraph, as well as other programs  
12                  and courses. The OFE shall make an effort  
13                  to provide certification to all types of pro-  
14                  grams and courses, including those that are  
15                  conducted by nonprofit, faith-based, or for-  
16                  profit institutions and State and local gov-  
17                  ernments.

18                  “(iii) *SELECT PROGRAMS.*—From  
19                  among those courses or programs that are  
20                  certified by the OFE under this subpara-  
21                  graph, the OFE may designate a select  
22                  number of programs or courses that produce  
23                  results that are far better than those pro-  
24                  duced by other certified programs as ‘highly  
25                  certified’.”.

1 **SEC. 302. RESTRICTIONS ON CERTAIN AFFINITY CARDS.**

2 *Section 127 of the Truth in Lending Act (15 U.S.C.*  
 3 *1637), as amended by this Act, is amended by adding at*  
 4 *the end the following:*

5 “(s) *RESTRICTIONS ON ISSUANCE OF AFFINITY CARDS*  
 6 *TO STUDENTS.*—*No credit card account under an open end*  
 7 *consumer credit plan may be established by an individual*  
 8 *who has not attained the age of 21 as of the date of submis-*  
 9 *sion of the application pursuant to any direct or indirect*  
 10 *agreement relating to affinity cards, as defined by the*  
 11 *Board, between the creditor and an institution of higher*  
 12 *education, as defined in section 101(a) of the Higher Edu-*  
 13 *cation Act of 1965 (20 U.S.C. 1001(a)), unless the require-*  
 14 *ments of subsection (c)(8) are met with respect to the obli-*  
 15 *gor.”.*

16 **SEC. 303. PROTECTION OF YOUNG CONSUMERS FROM**  
 17 **PRESCREENED CREDIT OFFERS.**

18 (a) *IN GENERAL.*—*Section 604(c)(1)(B) of the Fair*  
 19 *Credit Reporting Act (15 U.S.C. 1681b(c)(1)(B)) is amend-*  
 20 *ed—*

21 (1) *in clause (ii), by striking “and” at the end;*

22 *and*

23 (2) *in clause (iii), by striking the period at the*  
 24 *end and inserting the following: “; and*

25 *“(iv) the consumer report indicates that the*  
 26 *consumer is age 21 or older, except that a con-*

1            *sumer who is at least 18 years of age may elect,*  
2            *in accordance with subsection (e)(7), to authorize*  
3            *the consumer reporting agency to include the*  
4            *name and address of the consumer in any list of*  
5            *names provided by the agency pursuant to this*  
6            *paragraph.”.*

7            *(b) OPT-IN FOR YOUNG CONSUMERS.—Section 604(e)*  
8            *of the Fair Credit Reporting Act (15 U.S.C. 1681b(e)) is*  
9            *amended—*

10            *(1) by striking the subsection heading and in-*  
11            *serting the following:*

12            *“(e) ELECTION OF CONSUMERS REGARDING LISTS.—*  
13            *”; and*

14            *(2) by adding at the end the following:*

15            *“(7) OPT-IN FOR UNDERAGE CONSUMERS.—*

16            *“(A) IN GENERAL.—A consumer who is at*  
17            *least 18 years of age, but has not attained his or*  
18            *her 21st birthday, may elect to have the name*  
19            *and address of the consumer included in any list*  
20            *provided by a consumer reporting agency under*  
21            *subsection (c)(1)(B) in connection with a credit*  
22            *or insurance transaction that is not initiated by*  
23            *the consumer by notifying the agency in accord-*  
24            *ance with subparagraph (B) that the consumer*  
25            *consents to the use of a consumer report relating*

1           to the consumer in connection with any credit or  
2           insurance transaction that is not initiated by the  
3           consumer.

4                   “(B) *MANNER OF NOTIFICATION.*—An elec-  
5           tion by a consumer described in subparagraph  
6           (A) shall be in writing, using a signed notice of  
7           election form issued or made available electroni-  
8           cally by the consumer reporting agency at the re-  
9           quest of the consumer for purposes of this para-  
10          graph.

11                   “(C) *EFFECTIVENESS OF ELECTION.*—An  
12          election by a consumer under subparagraph (A)  
13          to be included in a list provided by a consumer  
14          reporting agency—

15                           “(i) shall be effective until the earlier  
16                           of—

17                                   “(I) the 21st birthday of the con-  
18                                   sumer; or

19                                   “(II) the date on which the con-  
20                                   sumer notifies the agency, through the  
21                                   notification system established by the  
22                                   agency under paragraph (5), that the  
23                                   election is no longer effective; and

24                                   “(ii) shall be effective with respect to  
25                                   each affiliate of the agency.

1           “(D) *RULE OF CONSTRUCTION.*—An election  
 2           by a consumer under subparagraph (A) to be in-  
 3           cluded in a list provided by a consumer report-  
 4           ing agency may not be construed to limit the ap-  
 5           plicability of this subsection to any person age  
 6           21 or older, and the consumer may elect to be ex-  
 7           cluded from any such list after the attainment of  
 8           his or her 21st birthday in the manner otherwise  
 9           provided under this subsection.”.

10 **SEC. 304. ISSUANCE OF CREDIT CARDS TO CERTAIN COL-**  
 11 **LEGE STUDENTS.**

12           Section 127 of the Truth in Lending Act (15 U.S.C.  
 13 1637) is amended by adding at the end the following new  
 14 subsection:

15           “(t) *PARENTAL APPROVAL REQUIRED TO INCREASE*  
 16 *CREDIT LINES FOR ACCOUNTS FOR WHICH PARENT IS*  
 17 *JOINTLY LIABLE.*—No increase may be made in the amount  
 18 of credit authorized to be extended under a credit card ac-  
 19 count for which a parent, legal guardian, or spouse of the  
 20 consumer, or any other individual has assumed joint liabil-  
 21 ity for debts incurred by the consumer in connection with  
 22 the account before the consumer attains the age of 21, unless  
 23 that parent, guardian, or spouse approves in writing, and  
 24 assumes joint liability for, such increase.”.

1           **TITLE IV—FEDERAL AGENCY**  
2                           **COORDINATION**

3   **SEC. 401. INCLUSION OF ALL FEDERAL BANKING AGENCIES.**

4           (a) *IN GENERAL.*—Section 18(f)(1) of the Federal  
5 *Trade Commission Act (15 U.S.C. 57a(f)(1)) is amended*  
6 *in the second sentence—*

7                   (1) *by striking “The Board of Governors of the*  
8 *Federal Reserve System (with respect to banks) and*  
9 *the Federal Home Loan Bank Board (with respect to*  
10 *savings and loan institutions described in paragraph*  
11 *(3)) and the National Credit Union Administration*  
12 *Board (with respect to Federal credit unions described*  
13 *in paragraph (4))” and inserting “Each appropriate*  
14 *Federal banking agency”; and*

15                   (2) *by inserting “in consultation with the Com-*  
16 *mission” after “shall prescribe regulations”.*

17           (b) *FTC CONCURRENT RULEMAKING.*—Section  
18 *18(f)(1) of the Federal Trade Commission Act (15 U.S.C.*  
19 *57a(f)(1)) is amended by inserting after the second sentence*  
20 *the following: “Notwithstanding any other provision of this*  
21 *section, whenever such agencies commence such a rule-*  
22 *making proceeding, the Commission, with respect to the en-*  
23 *tities within its jurisdiction under this Act, may commence*  
24 *a rulemaking proceeding and prescribe regulations in ac-*  
25 *cordance with section 553 of title 5, United States Code.*

1 *The Commission, the Federal banking agencies, and the Na-*  
2 *tional Credit Union Administration Board shall consult*  
3 *and coordinate with each other so that the regulations pre-*  
4 *scribed by each such agency are consistent with and com-*  
5 *parable to the regulations prescribed by each other such*  
6 *agency, to the extent practicable.”.*

7 (c) *PRESERVATION OF STATE LAW.*—Section 18(f) of  
8 *the Federal Trade Commission Act (15 U.S.C. 57a(f)) is*  
9 *amended—*

10 (1) *by redesignating paragraph (7) as para-*  
11 *graph (8); and*

12 (2) *by inserting after paragraph (6) the fol-*  
13 *lowing:*

14 “(7) *Notwithstanding any other provision of this sub-*  
15 *section or any other provision of law, regulations promul-*  
16 *gated under this subsection shall be considered supplemental*  
17 *to State laws governing unfair and deceptive acts and prac-*  
18 *tices, and may not be construed to preempt any provision*  
19 *of State law that provides equal or greater protections.”.*

20 (d) *GAO STUDY AND REPORT.*—Not later than 18  
21 *months after the date of enactment of this Act, the Comp-*  
22 *troller General of the United States shall transmit to Con-*  
23 *gress a report on the status of regulations of the Federal*  
24 *banking agencies and the National Credit Union Adminis-*

1 *tration regarding unfair and deceptive acts or practices by*  
2 *depository institutions and Federal credit unions.*

3 (e) *TECHNICAL AND CONFORMING AMENDMENTS.—*

4 *Section 18(f) of the Federal Trade Commission Act (15*  
5 *U.S.C. 57a(f)) is amended—*

6 (1) *in paragraph (1), in the first sentence—*

7 (A) *by striking “banks or savings and loan*  
8 *institutions described in paragraph (3), each*  
9 *agency specified in paragraph (2) or (3) of this*  
10 *subsection shall establish” and inserting “deposi-*  
11 *tory institutions or Federal credit unions, each*  
12 *appropriate Federal banking agency shall estab-*  
13 *lish”; and*

14 (B) *by striking “banks or savings and loan*  
15 *institutions described in paragraph (3), subject*  
16 *to its jurisdiction” and inserting “the depository*  
17 *institutions or Federal credit unions subject to*  
18 *the jurisdiction of such appropriate Federal*  
19 *banking agency”;*

20 (2) *in paragraph (1), in the final sentence—*

21 (A) *by striking “each such Board” and in-*  
22 *serting “each such appropriate Federal banking*  
23 *agency”;*

24 (B) *by striking “banks or savings and loan*  
25 *institutions described in paragraph (3), or Fed-*



1            *eral credit unions described in paragraph (4), as*  
2            *the case may be,” each place that term appears*  
3            *and inserting “depository institutions or Federal*  
4            *credit unions subject to the jurisdiction of such*  
5            *appropriate Federal banking agency”;*

6            *(C) by striking “(A) any such Board” and*  
7            *inserting “(A) any such appropriate Federal*  
8            *banking agency”; and*

9            *(D) by striking “with respect to banks, sav-*  
10           *ings and loan institutions” and inserting “with*  
11           *respect to depository institutions”;*

12           *(3) in paragraph (2), by moving the margins 2*  
13           *ems to the left;*

14           *(4) in paragraph (2)(C), by inserting “than”*  
15           *after “(other”;*

16           *(5) in paragraph (3), by inserting “by the Direc-*  
17           *tor of the Office of Thrift Supervision” before the pe-*  
18           *riod at the end;*

19           *(6) in paragraph (4), by inserting “by the Na-*  
20           *tional Credit Union Administration” before the pe-*  
21           *riod at the end;*

22           *(7) in paragraph (6), by striking “the Board of*  
23           *Governors of the Federal Reserve System” and insert-*  
24           *ing “any Federal banking agency or the National*  
25           *Credit Union Administration Board”;*

1           (8) *by inserting after paragraph (8), as so des-*  
 2           *ignated by this section, the following:*

3           “(9) *For purposes of this subsection—*

4                     “(A) *the term ‘appropriate Federal banking*  
 5                     *agency’ has the same meaning as in section 3 of*  
 6                     *the Federal Deposit Insurance Act, and includes*  
 7                     *the National Credit Union Administration*  
 8                     *Board with respect to Federal credit unions;*

9                     “(B) *the terms ‘depository institution’ and*  
 10                    *‘Federal banking agency’ have the same mean-*  
 11                    *ings as in section 3 of the Federal Deposit Insur-*  
 12                    *ance Act (12 U.S.C. 1813); and*

13                    “(C) *the term ‘Federal credit union’ has the*  
 14                    *same meaning as in section 101 of the Federal*  
 15                    *Credit Union Act (12 U.S.C. 1752).”;* and

16           (9) *in the undesignated matter at the end, by*  
 17           *striking “The terms used in this paragraph” and in-*  
 18           *serting the following:*

19           “(10) *The terms used in this subsection”.*

## 20                    **TITLE V—GIFT CARDS**

### 21           **SEC. 501. DEFINITIONS.**

22           *In this title, the following definitions shall apply:*

23                    (1) *DEBIT CARD.—The term “debit card” has the*  
 24                    *same meaning as in section 603(r)(3) of the Fair*  
 25                    *Credit Reporting Act (15 U.S.C. 1681a(r)(3)).*

1           (2) *DORMANCY FEE; INACTIVITY CHARGE OR*  
 2           *FEE.—The terms “dormancy fee” and “inactivity*  
 3           *charge or fee” mean a fee, charge, or penalty for non-*  
 4           *use or inactivity of a gift certificate, store gift card,*  
 5           *or general-use prepaid card.*

6           (3) *FINANCIAL INSTITUTION.—The term “finan-*  
 7           *cial institution” has the same meaning as in section*  
 8           *603(t) of the Fair Credit Reporting Act (15 U.S.C.*  
 9           *1681a(t)).*

10          (4) *GENERAL-USE PREPAID CARD, GIFT CERTIFI-*  
 11          *CATE, AND STORE GIFT CARD.—*

12           (A) *GENERAL-USE PREPAID CARD.—The*  
 13           *term “general-use prepaid card” means a card*  
 14           *or other payment code or device issued by a fi-*  
 15           *nancial institution or licensed money trans-*  
 16           *mitter that is—*

17                   (i) *redeemable at multiple, unaffiliated*  
 18                   *merchants or service providers, or auto-*  
 19                   *mated teller machines;*

20                   (ii) *issued in a requested amount,*  
 21                   *whether or not that amount may, at the op-*  
 22                   *tion of the issuer, be increased in value or*  
 23                   *reloaded if requested by the holder;*

24                   (iii) *purchased or loaded on a prepaid*  
 25                   *basis; and*

1                   (iv) honored, upon presentation, by  
2                   merchants for goods or services, or at auto-  
3                   mated teller machines.

4                   (B) *GIFT CERTIFICATE*.—The term “gift  
5                   certificate” means a written or electronic prom-  
6                   ise that is—

7                   (i) redeemable at a single merchant or  
8                   an affiliated group of merchants that share  
9                   the same name, mark, or logo;

10                  (ii) issued in a specified amount that  
11                  may not be increased or reloaded;

12                  (iii) purchased on a prepaid basis in  
13                  exchange for payment; and

14                  (iv) honored upon presentation by such  
15                  single merchant or affiliated group of mer-  
16                  chants for goods or services.

17                  (C) *STORE GIFT CARD*.—The term “store  
18                  gift card” means a plastic card or other pay-  
19                  ment code or device that is—

20                  (i) redeemable at a single merchant or  
21                  an affiliated group of merchants that share  
22                  the same name, mark, or logo;

23                  (ii) issued in a specified amount,  
24                  whether or not that amount may be in-

1           *creased in value or reloaded at the request*  
 2           *of the holder;*

3           (iii) *purchased on a prepaid basis in*  
 4           *exchange for payment; and*

5           (iv) *honored upon presentation by such*  
 6           *single merchant or affiliated group of mer-*  
 7           *chants for goods or services.*

8           (D) *EXCLUSIONS.—The terms “general-use*  
 9           *prepaid card”, “gift certificate”, and “store gift*  
 10           *card” do not include a promise, plastic card, or*  
 11           *payment code or device that is—*

12           (i) *used solely for telephone services; or*

13           (ii) *reloadable and not marketed or la-*  
 14           *beled as a gift card or gift certificate.*

15           (5) *LICENSED MONEY TRANSMITTER.—The term*  
 16           *“licensed money transmitter” means a person who*  
 17           *sells or issues payment instruments or engages in the*  
 18           *business of receiving money for transmission or trans-*  
 19           *mitting money within the United States or to loca-*  
 20           *tions abroad by any and all means, including pay-*  
 21           *ment instrument, wire, facsimile, or electronic trans-*  
 22           *fer.*

23           (6) *SERVICE FEE.—*

24           (A) *IN GENERAL.—The term “service fee”*  
 25           *means a periodic fee, charge, or penalty for hold-*

1            *ing or use of a gift certificate, store gift card, or*  
2            *general-use prepaid card.*

3            (B) *EXCLUSION.*—*With respect to a general-*  
4            *use prepaid card, the term “service fee” does not*  
5            *include a one-time initial issuance fee.*

6    **SEC. 502. UNFAIR OR DECEPTIVE ACTS OR PRACTICES RE-**  
7            **GARDING GIFT CARDS.**

8            (a) *PROHIBITION ON IMPOSITION OF FEES OR*  
9            *CHARGES.*—

10            (1) *IN GENERAL.*—*Except as provided under*  
11            *paragraphs (2) through (4), it shall be unlawful for*  
12            *any person to impose a dormancy fee, inactivity*  
13            *charge or fee, or a service fee with respect to a gift*  
14            *certificate, store gift card, or general-use prepaid*  
15            *card.*

16            (2) *EXCEPTION.*—*A dormancy fee, inactivity*  
17            *charge or fee, or service fee may be charged with re-*  
18            *spect to a gift certificate, store gift card, or general-*  
19            *use prepaid card if—*

20                    (A) *such certificate or card has a remaining*  
21                    *value of \$5 or less at the time such charge or fee*  
22                    *is assessed;*

23                    (B) *such charge or fee does not exceed \$1;*

1           (C) the certificate or card was issued more  
2 than 24 months before the date on which the  
3 charge or fee is imposed;

4           (D) there has been no activity with respect  
5 to the certificate or card in the 24-month period  
6 ending on the date on which the charge or fee is  
7 imposed;

8           (E) the holder of the certificate or card may  
9 reload or add value to the certificate or card;  
10 and

11           (F) the disclosure requirements of para-  
12 graph (3) are met.

13           (3) *DISCLOSURE REQUIREMENTS.*—The disclo-  
14 sure requirements of this paragraph are met if—

15           (A) the gift certificate, store gift card, or  
16 general-use prepaid card clearly and conspicu-  
17 ously states in at least 10-point type—

18                   (i) that a dormancy fee, inactivity  
19 charge or fee, or service fee may be charged;

20                   (ii) the amount of such fee or charge;

21                   (iii) how often such fee or charge may  
22 be assessed; and

23                   (iv) that such fee or charge may be as-  
24 sessed for inactivity; and

1           (B) the issuer of such certificate or card in-  
 2           forms the purchaser of such charge or fee before  
 3           such certificate or card is purchased, regardless  
 4           of whether the certificate or card is purchased in  
 5           person, over the Internet, or by telephone.

6           (4) *EXCLUSION.*—The prohibition under para-  
 7           graph (1) shall not apply to gift certificates—

8                   (A) that are distributed pursuant to an  
 9                   award, loyalty, or promotional program; and

10                   (B) with respect to which, there is no money  
 11                   or other value exchanged.

12           (b) *PROHIBITION ON SALE OF GIFT CARDS WITH EX-*  
 13           *PIRATION DATES.*—

14                   (1) *IN GENERAL.*—Except as provided under  
 15                   paragraph (2), it shall be unlawful for any person to  
 16                   sell or issue a gift certificate, store gift card, or gen-  
 17                   eral-use prepaid card that is subject to an expiration  
 18                   date.

19                   (2) *EXCEPTIONS.*—A gift certificate, store gift  
 20                   card, or general-use prepaid card may contain an ex-  
 21                   piration date if—

22                           (A) the expiration date is not less than 5  
 23                           years after the date on which the card funds were  
 24                           last loaded; and



1                   (B) the terms of expiration are prominently  
2                   disclosed in all capital letters that are at least  
3                   10-point type.

4 **SEC. 503. RELATION TO STATE LAWS.**

5                   This title and any regulations or standards established  
6 pursuant to this title shall not supersede any provision of  
7 State law with respect to dormancy fees, inactivity charges  
8 or fees, service fees, or expiration dates of gift certificates,  
9 store gift cards, or general-use prepaid cards.

10 **SEC. 504. ENFORCEMENT.**

11                  (a) *UNFAIR OR DECEPTIVE ACT OR PRACTICE.*—A vio-  
12 lation of this title shall be treated as a violation of a rule  
13 defining an unfair or deceptive act or practice prescribed  
14 under section 18(a)(1)(B) of the Federal Trade Commission  
15 Act (15 U.S.C. 57a(a)(1)(B)).

16                  (b) *ACTIONS BY THE COMMISSION.*—The Federal  
17 Trade Commission shall enforce this title in the same man-  
18 ner, by the same means, and with the same jurisdiction,  
19 powers, and duties as though all applicable terms and pro-  
20 visions of the Federal Trade Commission Act (15 U.S.C.  
21 41 et seq.) were incorporated into and made a part of this  
22 title.

23                  (c) *INDIVIDUAL CAUSE OF ACTION.*—Nothing in this  
24 title shall be construed to limit an individual's rights to

1 *enforce a State law relating to unfair or deceptive acts or*  
 2 *practices.*

3           **TITLE VI—MISCELLANEOUS**  
 4                           **PROVISIONS**

5 **SEC. 601. STUDY AND REPORT.**

6           *(a) STUDY REQUIRED.—The Comptroller General of*  
 7 *the United States (in this section referred to as the “Comp-*  
 8 *troller”)* shall conduct a study on interchange fees and their  
 9 *effects on consumers and merchants. The Comptroller shall*  
 10 *review—*

11                   *(1) the extent to which interchange fees are re-*  
 12 *quired to be disclosed to consumers and merchants,*  
 13 *and how such fees are overseen by the Federal bank-*  
 14 *ing agencies or other regulators;*

15                   *(2) the ways in which the interchange system af-*  
 16 *fects the ability of merchants of varying size to nego-*  
 17 *tiate pricing with card associations and banks;*

18                   *(3) the costs and factors incorporated into inter-*  
 19 *change fees, such as advertising, bonus miles, and re-*  
 20 *wards, how such costs and factors vary among cards;*  
 21 *and*

22                   *(4) the consequences of the undisclosed nature of*  
 23 *interchange fees on merchants and consumers with re-*  
 24 *gard to prices charged for goods and services.*

1       **(b) REPORT REQUIRED.**—Not later than 180 days  
 2 after the date of enactment of this Act, the Comptroller shall  
 3 submit a report to the Committee on Banking, Housing,  
 4 and Urban Affairs of the Senate and the Committee on Fi-  
 5 nancial Services of the House of Representatives containing  
 6 a detailed summary of the findings and conclusions of the  
 7 study required by this section, together with such rec-  
 8 ommendations for legislative or administrative actions as  
 9 may be appropriate.

10 **SEC. 602. CREDIT CARD SAFETY RATING SYSTEM COMMIS-**  
 11 **SION STUDY.**

12       **(a) DEFINITION.**—In this section, the term “safety” re-  
 13 fers to the amount of risk to cardholders that results from  
 14 credit card practices and terms in credit card agreements  
 15 that are either not well understood by consumers, or are  
 16 not easily understood, or could have an adverse financial  
 17 effect on consumers, other than interest rates, periodic fees,  
 18 or rewards.

19       **(b) ESTABLISHMENT OF SAFETY RATING SYSTEM.**—  
 20 The Comptroller General of the United States (in this sec-  
 21 tion referred to as the “Comptroller”) shall establish an en-  
 22 tity to be known as the “Credit Card Safety Rating System  
 23 Commission” (in this section referred to as the “Commis-  
 24 sion”).

25       **(c) DUTIES.**—The duties of the Commission shall be—

1           (1) to determine if a rating system to allow  
2           cardholders to quickly assess the level of safety of cred-  
3           it card agreements would be beneficial to consumers;

4           (2) to assess the impact on credit card trans-  
5           parency and consumer safety of various rating system  
6           policy options, including—

7                   (A) the use of a 5-star rating system to re-  
8                   flect the relative safety of card terms, marketing  
9                   and customer service practices, and product fea-  
10                   tures;

11                   (B) making the use of the system manda-  
12                   tory for all cards;

13                   (C) requiring a graphic display of rating  
14                   on all marketing material, applications, billing  
15                   statements, and agreements associated with that  
16                   credit card, as well as on the back of each such  
17                   credit card;

18                   (D) requiring an annual review of the safe-  
19                   ty rating system, to determine whether the point  
20                   system is effectively aiding consumers and en-  
21                   couraging transparent competition and fairness  
22                   to consumers; and

23                   (E) requiring consumer access to ratings  
24                   through public website and other outreach pro-  
25                   grams;

1           (3) *if it is deemed beneficial, to make rec-*  
2 *ommendations to Congress concerning how such a sys-*  
3 *tem should be devised;*

4           (4) *to study the effects of such system on the*  
5 *availability and affordability of credit and the impli-*  
6 *cations of changes in credit availability and afford-*  
7 *ability in the United States and in the general mar-*  
8 *ket for credit services due to the rating system; and*

9           (5) *by not later than March 1 of the second year*  
10 *after the date of enactment of this Act, to submit a*  
11 *report to Congress containing detailed results and rec-*  
12 *ommendations, including how to create such system,*  
13 *if creating such system is recommended.*

14       (d) *MEMBERSHIP.—*

15           (1) *NUMBER AND APPOINTMENT.—The Commis-*  
16 *sion shall be composed of 15 members appointed by*  
17 *the Comptroller, in accordance with this section.*

18           (2) *QUALIFICATIONS.—*

19           (A) *IN GENERAL.—The membership of the*  
20 *Commission, subject to subparagraph (B), shall*  
21 *include individuals—*

22                   (i) *who have achieved national recogni-*  
23 *tion for their expertise in credit cards, debt*  
24 *management, economics, credit availability,*

1           *consumer protection, and other credit card*  
2           *related issues and fields; and*

3                   *(ii) who provide a mix of different pro-*  
4           *fessions, a broad geographic representation,*  
5           *and a balance between urban and rural rep-*  
6           *resentatives.*

7           *(B) MAKEUP OF COMMISSION.—The Com-*  
8           *mission shall be comprised of—*

9                   *(i) 4 representatives from consumer*  
10          *groups;*

11                  *(ii) 4 representatives from credit card*  
12          *issuers or banks;*

13                  *(iii) 7 representatives from nonprofit*  
14          *research entities or nonpartisan experts in*  
15          *banking and credit cards; and*

16                  *(iv) not fewer than 1 of the members*  
17          *described in clauses (i) through (iii) who*  
18          *represents each of—*

19                          *(I) the elderly;*

20                          *(II) economically disadvantaged*  
21          *consumers;*

22                          *(III) racial or ethnic minorities;*

23                          *and*

24                          *(IV) students and minors.*

1           (C) *ETHICS DISCLOSURES.*—*The Comptroller shall establish a system for public disclosure by members of the Commission of financial and other potential conflicts of interest relating to such members. Members of the Commission shall be treated in the same manner as employees of Congress whose pay is disbursed by the Secretary of the Senate for purposes of title I of the Ethics in Government Act of 1978 (Public Law 95-521).*

11           (3) *CHAIRPERSON; VICE CHAIRPERSON.*—*The Comptroller shall designate a member of the Commission, at the time of appointment of the member, as Chairperson and a member as Vice Chairperson, for that term of appointment, except that in the case of a vacancy in the position of Chairperson or Vice Chairperson of the Commission, the Comptroller may designate another member for the remainder of the term of that member.*

20           (4) *TERMS.*—*Members of the Commission shall be appointed for the life of the Commission. Any vacancies shall not affect the power and duties of the Commission but shall be filled in the same manner as the original appointment.*

25           (5) *COMPENSATION.*—

1           (A) *MEMBERS.*—While serving on the busi-  
2           ness of the Commission (including travel time),  
3           a member of the Commission shall be entitled to  
4           compensation at the per diem equivalent of the  
5           rate provided for level IV of the Executive Sched-  
6           ule under section 5315 of title 5, United States  
7           Code, and while so serving away from home and  
8           the regular place of business of the member, the  
9           member may be allowed travel expenses, as au-  
10          thorized by the Chairperson.

11          (B) *OTHER EMPLOYEES.*—For purposes of  
12          pay (other than pay of members of the Commis-  
13          sion) and employment benefits, rights, and privi-  
14          leges, all employees of the Commission shall be  
15          treated as if they were employees of the United  
16          States Senate.

17          (6) *MEETINGS.*—The Commission shall meet at  
18          the call of the Chairperson.

19          (e) *DIRECTOR AND STAFF; EXPERTS AND CONSULT-*  
20 *ANTS.*—Subject to such review as the Comptroller deter-  
21 *mines necessary to assure the efficient administration of the*  
22 *Commission, the Commission may—*

23               (1) *employ and fix the compensation of an Exec-*  
24               *utive Director (subject to the approval of the Comp-*  
25               *troller) and such other personnel as may be necessary*



1       to carry out its duties (without regard to the provi-  
2       sions of title 5, United States Code, governing ap-  
3       pointments in the competitive service);

4               (2) seek such assistance and support as may be  
5       required in the performance of its duties from appro-  
6       priate Federal departments and agencies;

7               (3) enter into contracts or make other arrange-  
8       ments, as may be necessary for the conduct of the  
9       work of the Commission (without regard to section  
10      3709 of the Revised Statutes of the United States (41  
11      U.S.C. 5));

12              (4) make advance, progress, and other payments  
13      which relate to the work of the Commission;

14              (5) provide transportation and subsistence for  
15      persons serving without compensation; and

16              (6) prescribe such rules and regulations as it de-  
17      termines necessary with respect to the internal orga-  
18      nization and operation of the Commission.

19      (f) *POWERS.*—

20              (1) *OBTAINING OFFICIAL DATA.*—The Commis-  
21      sion may secure directly from any department or  
22      agency of the United States information necessary to  
23      enable it to carry out this section. Upon request of the  
24      Chairperson, the head of that department or agency

1       *shall furnish that information to the Commission on*  
2       *an agreed upon schedule.*

3           (2) *DATA COLLECTION.*—*In order to carry out*  
4       *its functions, the Commission shall—*

5                   (A) *utilize existing information, both pub-*  
6                   *lished and unpublished, where possible, collected*  
7                   *and assessed either by its own staff or under*  
8                   *other arrangements made in accordance with*  
9                   *this section;*

10                   (B) *carry out, or award grants or contracts*  
11                   *for, original research and experimentation,*  
12                   *where existing information is inadequate; and*

13                   (C) *adopt procedures allowing any inter-*  
14                   *ested party to submit information for the Com-*  
15                   *mission's use in making reports and rec-*  
16                   *ommendations.*

17           (3) *ACCESS OF GAO INFORMATION.*—*The Comp-*  
18       *troller shall have unrestricted access to all delibera-*  
19       *tions, records, and nonproprietary data of the Com-*  
20       *mission, immediately upon request.*

21           (4) *PERIODIC AUDIT.*—*The Commission shall be*  
22       *subject to periodic audit by the Comptroller.*

23           (g) *ADMINISTRATIVE AND SUPPORT SERVICES.*—*The*  
24       *Comptroller shall provide such administrative and support*

1 *services to the Commission as may be necessary to carry*  
 2 *out this section.*

3 *(h) AUTHORIZATION OF APPROPRIATIONS.—There are*  
 4 *authorized to be appropriated to the Commission such sums*  
 5 *as may be necessary to carry out this section.*

6 **SEC. 603. INCREASED BORROWING AUTHORITY OF THE**  
 7 **FDIC AND THE NCUA.**

8 *(a) FDIC.—Section 14(a) of the Federal Deposit In-*  
 9 *surance Act (12 U.S.C. 1824(a)) is amended—*

10 *(1) by striking “\$30,000,000,000” and inserting*  
 11 *“\$100,000,000,000”;*

12 *(2) by striking “The Corporation is authorized”*  
 13 *and inserting the following:*

14 *“(1) IN GENERAL.—The Corporation is author-*  
 15 *ized”;*

16 *(3) by striking “There are hereby” and inserting*  
 17 *the following:*

18 *“(2) FUNDING.—There are hereby”; and*

19 *(4) by adding at the end the following:*

20 *“(3) TEMPORARY INCREASES AUTHORIZED.—*

21 *“(A) RECOMMENDATIONS FOR INCREASE.—*

22 *During the period beginning on the date of en-*  
 23 *actment of this paragraph and ending on De-*  
 24 *cember 31, 2010, if, upon the written rec-*  
 25 *ommendation of the Board of Directors (upon a*

1           *vote of not less than two-thirds of the members*  
2           *of the Board of Directors) and the Board of Gov-*  
3           *ernors of the Federal Reserve System (upon a*  
4           *vote of not less than two-thirds of the members*  
5           *of such Board), the Secretary of the Treasury (in*  
6           *consultation with the President) determines that*  
7           *additional amounts above the \$100,000,000,000*  
8           *amount specified in paragraph (1) are necessary,*  
9           *such amount shall be increased to the amount so*  
10          *determined to be necessary, not to exceed*  
11          *\$500,000,000,000.*

12           “(B) *REPORT REQUIRED.*—*If the borrowing*  
13          *authority of the Corporation is increased above*  
14          *\$100,000,000,000 pursuant to subparagraph (A),*  
15          *the Corporation shall promptly submit a report*  
16          *to the Committee on Banking, Housing, and*  
17          *Urban Affairs of the Senate and the Committee*  
18          *on Financial Services of the House of Represent-*  
19          *atives describing the reasons and need for the ad-*  
20          *ditional borrowing authority and its intended*  
21          *uses.”.*

22          (b) *NCUA.*—*Section 203(d) of the Federal Credit*  
23          *Union Act (12 U.S.C. 1783(d)) is amended—*

24                 (1)   *in paragraph (1), by striking*  
25                 “\$100,000,000” *and inserting “\$6,000,000,000”; and*

1           (2) *by adding at the end the following:*

2           “(4) *TEMPORARY INCREASES AUTHORIZED.—*

3                 “(A) *RECOMMENDATIONS FOR INCREASE.—*

4           *During the period beginning on the date of en-*  
5           *actment of this paragraph and ending on De-*  
6           *cember 31, 2010, if, upon the written rec-*  
7           *ommendation of the Board (upon a vote of not*  
8           *less than two-thirds of the members of the Board)*  
9           *and the Board of Governors of the Federal Re-*  
10           *serve System (upon a vote of not less than two-*  
11           *thirds of the members of such Board of Gov-*  
12           *ernors), the Secretary of the Treasury (in con-*  
13           *sultation with the President) determines that ad-*  
14           *ditional amounts above the \$6,000,000,000*  
15           *amount specified in paragraph (1) are necessary,*  
16           *such amount shall be increased to the amount so*  
17           *determined to be necessary, not to exceed*  
18           *\$18,000,000,000.*

19                 “(B) *REPORT REQUIRED.—If the borrowing*  
20           *authority of the Board is increased above*  
21           *\$6,000,000,000 pursuant to subparagraph (A),*  
22           *the Board shall promptly submit a report to the*  
23           *Committee on Banking, Housing, and Urban Af-*  
24           *airs of the Senate and the Committee on Finan-*  
25           *cial Services of the House of Representatives de-*

1           *scribing the reasons and need for the additional*  
 2           *borrowing authority and its intended uses.”.*

3           *(c) ESTABLISHMENT OF A NATIONAL CREDIT UNION*  
 4           *SHARE INSURANCE FUND RESTORATION PLAN.—Section*  
 5           *202(c)(2) of the Federal Credit Union Act (12 U.S.C.*  
 6           *1782(c)(2)) is amended by adding at the end the following*  
 7           *new subparagraph:*

8                     *“(D) FUND RESTORATION PLANS.—*

9                             *“(i) IN GENERAL.—The Board shall es-*  
 10                            *tablish and implement a Share Insurance*  
 11                            *Fund restoration plan that meets the re-*  
 12                            *quirements of clause (iii), and such other*  
 13                            *conditions as the Board determines to be*  
 14                            *appropriate, whenever—*

15                                     *“(I) the Board determines that the*  
 16                                    *equity ratio of the Fund will, within 6*  
 17                                    *months of the date of such determina-*  
 18                                    *tion, fall below the minimum amount*  
 19                                    *specified in subparagraph (C) for the*  
 20                                    *designated equity ratio; or*

21   *“(II) the equity ratio of the Fund*  
 22    *actually falls below the minimum*  
 23    *amount specified in subparagraph (C)*  
 24    *for the equity ratio, without any deter-*

1                    *mination under subclause (I) having*  
2                    *been made.*

3                    “(ii) *TIMING.*—*The Board shall estab-*  
4                    *lish and implement a restoration plan re-*  
5                    *quired by clause (i) not later than 90 days*  
6                    *after the date of the occurrence of the event*  
7                    *described in subclause (I) or (II) of clause*  
8                    *(i), as applicable.*

9                    “(iii) *REQUIREMENTS OF RESTORA-*  
10                    *TION PLAN.*—*A Share Insurance Fund res-*  
11                    *toration plan meets the requirements of this*  
12                    *clause if the plan provides that the equity*  
13                    *ratio of the Fund will meet or exceed the*  
14                    *minimum amount specified in subpara-*  
15                    *graph (C) for the designated equity ratio be-*  
16                    *fore the end of the 5-year period beginning*  
17                    *on the date of implementation of the plan*  
18                    *(or such longer period as the Board may de-*  
19                    *termine to be necessary due to extraor-*  
20                    *dinary circumstances).*

21                    “(iv) *TRANSPARENCY.*—*Not more than*  
22                    *30 days after the Board establishes and im-*  
23                    *plements a restoration plan under clause*  
24                    *(i), the Board shall publish in the Federal*  
25                    *Register a detailed analysis of the factors*

1                    *considered and the basis for the actions*  
2                    *taken with regard to the plan.”.*





**Calendar No. 54**

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

**S. 414**

**A BILL**

To amend the Consumer Credit Protection Act, to ban abusive credit practices, enhance consumer disclosures, protect underage consumers, and for other purposes.

APRIL 29, 2009

Reported with an amendment