RSC Republican Study Committee

REP. TOM PRICE, M.D. (R-GA), CHAIRMAN
PAUL TELLER, EXECUTIVE DIRECTOR
424 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515

rsc.price.house.gov
ph (202) 226-9717 / fax (202) 226-1633

Legislative Bulletin……………………………………...April 30, 2009

Contents:

H.R. 627, the Credit Cardholder's Bill of Rights Act (sponsored by *Rep. Maloney, D-NY*), is being considered on April 30, 2009, subject to a structured rule (H.Res. 379) that waives all points of order against consideration of the bill except for clause 10 of Rule XXI (PAYGO), making in order the 17 amendments listed below. All amendments are debatable for 10 minutes, except for the first Gutierrez amendment which is debatable for 20 minutes. General debate on the bill was completed yesterday under a separate rule.

RSC Staff Contact: Brad Watson; brad.watson@mail.house.gov; 202-226-9719.

AMENDMENTS MADE IN ORDER UNDER THE RULE

1. ***Gutierrez (D-IL).*** The amendment requires the Federal Reserve to suggest "appropriate guidelines for creditors to follow with respect to credit card accounts under open-end consumer credit plans to supply consumer cardholders with information regarding the availability of legitimate and accredited credit counseling services."

   The underlying bill prohibits fees on credit card payments by electronic transfer. This amendment would repeal that provision, and instead replace with a provision that prohibits fees on credit card payments made by electronic transfer *or* telephone. The amendment also requires creditors to notify consumers that excessive credit inquiries can result in a lower credit rating.

   The amendment further requires that credit card applications and disclosures fulfill certain "readability" requirements (including being in at least 12-point font). Finally, the amendment requires businesses that are self-issuers of credit cards to display a sign in the store with the same information that is required on the application itself.

2. ***Frank (D-MA)***. The amendment requires that, within 2 years of enactment, the Federal Reserve Board conduct a review of the consumer credit market including:

   - The terms of credit card agreements and the practices of credit card issuers;

- The effectiveness of disclosure of terms, fees, and other expenses of credit card plans;
- The adequacy of protections against unfair or deceptive acts or practices relating to credit card plans; and
- What the effect of this legislation has been on interest rates for credit card users, the imposition of annual fees, and the availability of credit, among other things.

The amendment requires the Federal Reserve to solicit public comment and to propose new regulations (unless the Federal Reserve elects not to, and states why new regulations are not proposed). The amendment also requires the Federal Reserve to report to Congress every two years on the status of its review, and with any recommendations for legislation.

3. ***Slaughter (D-NY).*** The amendment limits the availability of credit (derived from a credit card company) to college students by setting a maximum limit of credit available (unless certain persons spelled out by the amendment agree to co-sign) of credit available. The limit on credit would be set at the greater of 20% of the student's annual gross income or $500.

   The amendment prohibits a college student from receiving a credit card if the credit limit would, when combined with the credit limits of other credit cards, exceed 30% of the annual gross income of the student in the most recently completed calendar year. The amendment also requires "adequate proof" of several items (such as income) before a college student can receive a credit card.

4. ***Gutierrez (D-IL).*** The underlying bill requires a credit card company to allocate consumer payments first to the portion of the balance with the highest annual percentage rate, and then to the remaining lower-interest rate balances.

5. ***Pingree (D-ME).*** The amendment requires the Federal Reserve to submit a report to the Congress, every 90 days after the date of enactment, on implementation of the regulations required to be implemented by the bill.

6. ***Polis (D-CO)***. The underlying bill prohibits individuals under the age of 18 (unless emancipated) from receiving a credit card. This amendment would allow a minor to receive a credit card *only if* the parent or legal guardian is the primary account holder.

7. **Jones (R-NC).** The amendment requires the Federal Reserve to prescribe regulations (in consultation with the Federal Trade Commission) to require any creditor to "establish procedures to ensure that any administrator of an estate of any deceased obligor with respect to such account can resolve outstanding credit balances in a timely manner."

8. ***Maloney (D-NY).*** The amendment requires, in the case of a credit card account where an over-the-limit-fee may be imposed, that no such fee be charged unless the

creditor has elected to permit the creditor to complete transactions in excess of the amounts of credit authorized. The amendment prescribes regulations on how a consumer can elect to "opt-in," including a requirement that the consumer has received a notice from the creditor of any over-the-limit-fee.

9. **Hensarling (R-TX).** The amendment would allow an issuer to increase interest rates on an existing balance if the consumer is notified, in clear and conspicuous language, at least 90 days before the increase is scheduled to take effect (provided that this provision is included in the consumer's contract, and the consumer is notified of this provision at least once annually thereafter).

10. **Hensarling (R-TX).** The amendment would allow an issuer to increase interest rates on an existing balance *if* the creditor makes available to consumers an alternative credit plan that does *not* feature retroactive rate increases or universal default billing practices. The amendment would also allow an issuer to opt-out of the restriction on double cycle billing in the underlying bill if the creditor makes at least one option available that does not feature double cycle billing.

11. ***Minnick (D-ID).*** The amendment would provide that the amount of a balance as of the 7-day mark, instead of the 14-day mark, following a notice of a rate increase would not be subject to a rate increase.

12. ***Price (D-NC)*****.** The amendment requires a credit card issuer to include "minimum payment disclosure," intended to notify consumers that making only the minimum payment increases the amount of interest paid. The amendment also requires information be provided to the consumer on how long it would take to pay off the credit card balance if only a minimum payment is made each month, among other things.

13. ***Davis (D-CA)*****.** The amendment requires 30 days notice before a creditor may close a consumer's open-end consumer credit plan. The amendment also requires the creditor to notify the consumer of the reason the account is being closed, any recourse the consumer can take to prevent the account from being closed, any program the under which the consumer may repay the balance, and the impact on the consumer's credit of the account being closed.

14. ***Perriello (D-VA).*** The amendment prevents the interest rate, on an account opened with a promotional rate, from being increased by the creditor until at least six months after the account has been opened.

15. ***Schauer (D-MI).*** The amendment requires creditors to post credit card agreements (for the various plans offered by creditor). The amendment also requires creditors to provide copies of these agreements to the Federal Reserve, and requires the Federal Reserve to maintain a website that is a central repository of all credit card plans available.

16. ***Teague (D-NM)*.** The amendment requires the Federal Reserve to prescribe regulations that prohibit a creditor from causing a credit rating to decrease that is held by a veteran receiving compensation for a service-connected disability (during the first two years that the veteran is receiving such compensation)

17. **Schock (R-IL).** The amendment gives a consumer the ability to reject a credit card after notice is provided of an open account (in the underlying bill the consumer is given the ability to reject a credit card before the notice is provided). The amendment also requires a creditor to remove information furnished to a consumer reporting agency concerning the establishment of a newly opened credit card account under an open end consumer credit plan if the consumer has not used or activated the account and the consumer contacts the creditor within 45 days of the establishment of the account to close it.