

107TH CONGRESS
1ST SESSION

S. 891

To amend the Truth in Lending Act with respect to extensions of credit to consumers under the age of 21.

IN THE SENATE OF THE UNITED STATES

MAY 15, 2001

Mr. DODD introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Truth in Lending Act with respect to extensions of credit to consumers under the age of 21.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Underage Consumer
5 Credit Protection Act of 2001”.

6 **SEC. 2. EXTENSIONS OF CREDIT TO UNDERAGE CON-**
7 **SUMERS.**

8 Section 127(c) of the Truth in Lending Act (15
9 U.S.C. 1637(c)) is amended by adding at the end the fol-
10 lowing:

1 “(6) APPLICATIONS FROM UNDERAGE CON-
2 SUMERS.—

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

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

15 “(i) the signature of the parent, legal
16 guardian, or spouse of the consumer, or
17 any other individual having a means to
18 repay debts incurred by the consumer in
19 connection with the account, indicating
20 joint liability for debts incurred by the con-
21 sumer in connection with the account be-
22 fore the consumer has attained the age of
23 21;

24 “(ii) submission by the consumer of
25 financial information indicating an inde-

pendent means of repaying any obligation arising from the proposed extension of credit in connection with the account; or

“(iii) proof by the consumer that the consumer has completed a credit counseling course of instruction by a nonprofit budget and credit counseling agency approved by the Board for such purpose.

“(C) MINIMUM REQUIREMENTS FOR COUNSELING AGENCIES.—To be approved by the Board under subparagraph (B)(iii), a credit counseling agency shall, at a minimum—

“(i) be a nonprofit budget and credit counseling agency, the majority of the board of directors of which—

“(I) is not employed by the agency; and

“(II) will not directly or indirectly benefit financially from the outcome of a credit counseling session;

“(ii) if a fee is charged for counseling services, charge a reasonable fee, and provide services without regard to ability to pay the fee; and

1 “(iii) provide trained counselors who
2 receive no commissions or bonuses based
3 on referrals, and demonstrate adequate ex-
4 perience and background in providing cred-
5 it counseling.”.

6 **SEC. 3. REGULATORY AUTHORITY.**

7 The Board of Governors of the Federal Reserve Sys-
8 tem may issue such rules or publish such model forms as
9 it considers necessary to carry out section 127(c)(6) of the
10 Truth in Lending Act, as added by this Act.

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