

Calendar No. 54

111TH CONGRESS
1ST 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.

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*]

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 ~~cycle 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 nual 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 Com-
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 (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

111TH CONGRESS
1ST 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