

106TH CONGRESS  
1ST SESSION

# H. R. 2351

To amend the Truth in Lending Act to prohibit the distribution of any check or other negotiable instrument as part of a solicitation by a creditor for an extension of credit, to limit the liability of consumers in conjunction with such solicitations, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 1999

Mr. LAFALCE (for himself, Mr. WATT of North Carolina, Mr. VENTO, Mr. FRANK of Massachusetts, Mrs. MALONEY of New York, Mr. GUTIERREZ, Mr. GEORGE MILLER of California, and Mr. LUTHER) introduced the following bill; which was referred to the Committee on Banking and Financial Services

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## A BILL

To amend the Truth in Lending Act to prohibit the distribution of any check or other negotiable instrument as part of a solicitation by a creditor for an extension of credit, to limit the liability of consumers in conjunction with such solicitations, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Unsolicited Loan  
5 Check Consumer Protection Act of 1999”.

1 **SEC. 2. UNSOLICITED LOAN CHECKS PROHIBITED.**

2 (a) IN GENERAL.—Chapter 2 of the Consumer Credit  
3 Protection Act (15 U.S.C. 1631 et seq.) is amended by  
4 adding at the end the following new section:

5 **“SEC. 140. SOLICITATIONS FOR CONSUMER LOANS.**

6 “(a) ‘LIVE’ LOAN CHECKS PROHIBITED.—No con-  
7 sumer credit which is otherwise subject to this title may  
8 be extended by any creditor through the use of a check  
9 or other negotiable instrument which has been sent by the  
10 creditor to the consumer in connection with a solicitation  
11 by the creditor for such extension of credit, unless the con-  
12 sumer has submitted an application for, or otherwise re-  
13 quested, such extension of credit before receiving the check  
14 or instrument.

15 “(b) CONSUMER NOT LIABLE.—If any creditor in-  
16 cludes a check or other negotiable instrument in a solicita-  
17 tion to a consumer for an extension of credit sent by a  
18 creditor to a consumer in violation of subsection (a)—

19 “(1) the consumer shall not be liable for the  
20 amount of any such check or other negotiable instru-  
21 ment; and

22 “(2) no information on any liability of the con-  
23 sumer alleged by the creditor to have been estab-  
24 lished through such check or other negotiable instru-  
25 ment may be reported to or received by any credit  
26 agency (as defined in section 603 of the Fair Credit

1 Reporting Act) or included in any consumer credit  
2 report under such Act.

3 “(c) REGULATIONS.—

4 “(1) REGULATIONS REQUIRED.—

5 “(A) IN GENERAL.—Before the end of the  
6 6-month period beginning on the date of the en-  
7 actment of the Unsolicited Loan Check Con-  
8 sumer Protection Act of 1999, the Board shall  
9 prescribe final regulations to implement the re-  
10 quirements of this section.

11 “(B) MODIFICATIONS.—The Board shall  
12 modify and clarify any regulation prescribed  
13 under subparagraph (A) whenever the Board  
14 determines such action to be necessary to pre-  
15 vent any circumvention of the requirements of  
16 this section or to facilitate compliance with such  
17 requirements.

18 “(2) LIMITATIONS ON ‘LOOK-ALIKE’ CHECKS.—

19 “(A) REGULATIONS AUTHORIZED.—The  
20 Board may, if the Board finds that such action  
21 is necessary to prevent confusion by consumers,  
22 prescribe regulations setting forth guidelines for  
23 the use, in a solicitation for an extension of  
24 credit, of certificates, vouchers, or other non-  
25 negotiable instruments that are intended to

1           have the appearance of a check or other nego-  
2           tiable instrument, but which do not violate sub-  
3           section (a) of this section.

4                   “(B) DISCLOSURES AND OTHER REQUIRE-  
5           MENTS.—Any regulation prescribed under sub-  
6           paragraph (A) shall include such disclosures  
7           and modifications relating to the appearance  
8           and use of certificates, vouchers, or other non-  
9           negotiable instruments in a solicitation for an  
10          extension of credit as the Board determines  
11          necessary or appropriate.”.

12          (b) CLERICAL AMENDMENT.—The table of sections  
13          for chapter 2 of the Consumer Credit Protection Act is  
14          amended by adding at the end the following new item:

“140. Solicitations for consumer loans.”.

15          (c) SCOPE OF APPLICATION.—The requirements of  
16          this Act and the amendments made by this Act shall apply  
17          to solicitations for extensions of credit made to consumers  
18          after the date of enactment of this Act.

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