

106TH CONGRESS  
1ST SESSION

# H. R. 3117

To amend the Truth in Lending Act to require 90 days notice before changing the annual percentage rate of interest applicable on any credit card account or before changing the index used to determine such rate, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 20, 1999

Mrs. MALONEY of New York 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 require 90 days notice before changing the annual percentage rate of interest applicable on any credit card account or before changing the index used to determine such rate, 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 “Credit Card Interest  
5       Rate Change Disclosure Act”.

1 **SEC. 2. NOTICE REQUIRED.**

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

5 “(h) **ADVANCE NOTICE OF INCREASE IN INTEREST**  
6 **RATE REQUIRED.**—In the case of any credit card account  
7 under an open-end consumer credit plan—

8 “(1) no increase in any annual percentage rate  
9 of interest (other than an increase due solely to a  
10 change in another rate of interest to which such rate  
11 is indexed or an increase due to the expiration of  
12 any introductory percentage rate of interest) appli-  
13 cable to any outstanding balance of credit under  
14 such plan; and

15 “(2) no change in the index used to determine  
16 any such annual percentage rate of interest,  
17 may take effect before the end of the 90-day period begin-  
18 ning on the date notice of such increase or change in index  
19 is first provided to the consumer.”.

20 **SEC. 3. FREEZE ON INTEREST RATE TERMS AND FEES ON**  
21 **CANCELED CARDS.**

22 Section 127 (15 U.S.C. 1637) is amended by insert-  
23 ing after subsection (h) (as added by section 2 of this Act)  
24 the following new subsection:

25 “(i) **FREEZE ON INTEREST RATE TERMS AND FEES**  
26 **ON CANCELED CARDS.**—

1           “(1) INCREASE NOT EFFECTIVE FOR CANCELED  
2       ACCOUNTS.—If, after receiving a notice pursuant to  
3       subsection (h) with respect to any credit card ac-  
4       count under an open end consumer credit plan, a  
5       consumer cancels the credit card account before the  
6       end of the 90-day period referred to in such  
7       subsection—

8           “(A) an annual percentage rate of interest  
9       applicable after the cancellation with respect to  
10      the outstanding balance on such account as of  
11      the date of cancellation may not exceed any an-  
12      nual percentage rate of interest applicable with  
13      respect to such balance under the terms and  
14      conditions in effect before the cancellation; and

15          “(B) the repayment of such outstanding  
16      balance after the cancellation shall be subject to  
17      all other terms and conditions applicable with  
18      respect to such account before the cancellation.

19          “(2) NOTICE OF RIGHT TO CANCEL.—The no-  
20      tice referred to in subsection (h) with respect to an  
21      increase in any annual percentage rate of interest or  
22      any change in an index shall be made in a clear and  
23      conspicuous manner and shall contain a brief state-  
24      ment of the right of the consumer—

1           “(A) to cancel the account before the effec-  
2           tive date of the increase or change in index; and  
3           “(B) after such cancellation, to pay any  
4           balance outstanding on such account at the  
5           time of the cancellation in accordance with the  
6           terms and conditions in effect before the can-  
7           cellation.”.

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