

106TH CONGRESS
2D SESSION

H. R. 3914

To amend the Truth in Lending Act to prevent credit card issuers from advertising and offering one type of credit card and then issuing another type of credit card without the informed consent of the consumer, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 2000

Mr. MENENDEZ introduced the following bill; which was referred to the
Committee on Banking and Financial Services

A BILL

To amend the Truth in Lending Act to prevent credit card issuers from advertising and offering one type of credit card and then issuing another type of credit card without the informed consent of the consumer, 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 This Act may be cited as the “Fairness in Credit
4 Card Applications Act of 2000”.

1 **SEC. 2. FAIRNESS IN CREDIT AND CHARGE CARD APPLICA-**
2 **TIONS.**

3 (a) IN GENERAL.—Section 127(c)(1) of the Truth in
4 Lending Act (15 U.S.C. 1637(c)(1)) is amended by adding
5 at the end the following new subparagraphs:

6 “(C) ELECTION OF MINIMUM AMOUNT OF
7 CREDIT LIMIT.—If a credit card account estab-
8 lished pursuant to an application or solicitation
9 to which subparagraph (A) applies would be
10 subject to a maximum dollar amount limitation
11 on the amount of the credit which is authorized
12 to be extended with respect to such account
13 (hereafter in this subparagraph referred to as
14 the ‘credit limit’), the following provisions shall
15 apply:

16 “(i) The application or solicitation
17 shall disclose to the consumer that—

18 “(I) a credit limit will or may be
19 applicable with respect to such ac-
20 count; and

21 “(II) the consumer has the right
22 to state the lowest amount of the
23 credit limit which such consumer is
24 willing to accept if the credit card ac-
25 count is established.

1 “(ii) A completed application or solici-
2 tation submitted by a consumer may not
3 be processed by a credit card issuer unless
4 the application or solicitation contains—

5 “(I) an explicit statement by the
6 consumer, in the format prescribed by
7 the Board pursuant to section
8 122(c)(3), of the lowest amount of
9 any credit limit that the consumer is
10 willing to accept; or

11 “(II) an explicit positive state-
12 ment by the consumer that the con-
13 sumer has no preference with regard
14 to the amount of a credit limit.

15 “(iii) If a credit card issuer is unwill-
16 ing to open a credit card account with a
17 credit limit equal to or greater than an
18 amount indicated by the consumer as the
19 lowest amount the consumer is willing to
20 accept, the credit card issuer may not issue
21 a credit card on the basis of such applica-
22 tion or solicitation.

23 “(D) DIFFERENT TYPE, DESIGNATION, OR
24 BRAND OF CREDIT CARD AND DIFFERENT
25 TERMS AND CONDITIONS.—If an application or

solicitation to which subparagraph (A) applies may result in the issuance to a consumer of a different type, designation, or brand of credit card (such as a “Classic card”, “Gold card”, or “Platinum card”) than the type, designation, or brand of credit card to which such application or solicitation relates, or the issuance of a card subject to different terms or conditions (such as a different rate of interest, annual fee, or other fees) than the terms and conditions described in the application or solicitation, the following provisions shall apply:

“(i) The application or solicitation shall disclose to the consumer that—

“(I) the submission of the application or solicitation may result in the issuance to the consumer of a different type, designation, or brand of credit card than the type, designation, or brand of credit card to which such application or solicitation relates or a credit card subject to different terms and conditions than the terms and conditions disclosed in such application or solicitation; and

1 “(II) the consumer has the right
2 to state whether or not the consumer
3 is willing to accept such other credit
4 card.

5 “(ii) The application or solicitation
6 shall contain (for each type, designation, or
7 brand of credit card which could be issued
8 on the basis of the submission of such ap-
9 plication or solicitation and the full range
10 of terms and conditions to which such card
11 may be subject) all the information and
12 disclosures which would be required under
13 this subsection and subsection (e) (in the
14 format required under section 122(c)) if
15 the application or disclosure relates to such
16 other type, designation, or brand of credit
17 card;

18 “(iii) A completed application or solici-
19 tation submitted by a consumer may not
20 be processed by a credit card issuer unless
21 the application or solicitation contains an
22 explicit statement by the consumer, in the
23 format prescribed by the Board pursuant
24 to section 122(c)(3), that the consumer is
25 or is not willing to accept a different type,

1 designation, or brand of credit card than
2 the type, designation, or brand of credit
3 card or a credit card subject to different
4 terms and conditions to which such appli-
5 cation or solicitation relates; and

6 “(iv) If a credit card issuer is unwill-
7 ing to issue a credit card of the type, des-
8 ignation, or brand of credit card to which
9 an application or solicitation relates or a
10 credit card subject to the same terms and
11 conditions as such credit card and the con-
12 sumer has indicated that the consumer is
13 not willing to accept a different type, des-
14 ignation, or brand of credit card or a cred-
15 it card with different terms and conditions,
16 the credit card issuer may not issue a cred-
17 it card on the basis of such application or
18 solicitation.”.

19 (b) DISCLOSURES IN TELEPHONE SOLICITATIONS.—
20 Section 127(c)(2) of the Truth in Lending Act (15 U.S.C.
21 1637(c)(2)) is amended by adding at the end the following
22 new subparagraph:

23 “(C) ADDITIONAL DISCLOSURES AND CON-
24 SUMER RESPONSES.—

“(i) IN GENERAL.—In the case of a telephone solicitation to open a credit card account for any person under an open end consumer credit plan, the person making the solicitation shall orally disclose, to the extent applicable, the information described in paragraph (1)(C)(i) and clauses (i) and (ii) of paragraph (1)(D) with regard to such solicitation.

“(ii) CONSUMER RESPONSES.—If a person making a telephone solicitation described in clause (i) is required to orally disclose information pursuant to such clause, clauses (ii) and (iii) of paragraph (1)(C) and clauses (iii) and (iv) of paragraph (1)(D), as the case may be, shall apply with regard to such solicitation.”.

(c) DISCLOSURES IN APPLICATIONS AND SOLICITATIONS BY OTHER MEANS.—Section 127(c)(3) of the Truth in Lending Act (15 U.S.C. 1637(c)(3)) is amended—

(1) in subparagraph (A)—

(A) by inserting “, including publications or websites on the worldwide web or other distribution networks,” after “publications”; and

1 (B) by inserting “and the requirements of
2 subparagraph (F)” before the period at the
3 end; and

4 (2) by adding at the end the following new sub-
5 paragraph:

6 “(F) ADDITIONAL DISCLOSURES AND CON-
7 SUMER RESPONSES.—

8 “(i) IN GENERAL.—An application or
9 solicitation described in subparagraph (A)
10 meets the requirements of this subpara-
11 graph if the application or solicitation con-
12 tains, to the extent applicable, the informa-
13 tion described in paragraph (1)(C)(i) and
14 clauses (i) and (ii) of paragraph (1)(D)
15 with regard to such application or solicita-
16 tion.

17 “(ii) CONSUMER RESPONSES.—If an
18 application or solicitation described in sub-
19 paragraph (A) is required to contain infor-
20 mation pursuant to clause (i) of this sub-
21 paragraph, clauses (ii) and (iii) of para-
22 graph (1)(C) and clauses (iii) and (iv) of
23 paragraph (1)(D), as the case may be,
24 shall apply with regard to such application
25 or solicitation.”.

1 (d) DISCLOSURES IN APPLICATIONS AND SOLICITA-
 2 TIONS FOR CHARGE CARDS.—Section 127(c)(4) of the
 3 Truth in Lending Act (15 U.S.C. 1637(c)(4)) is amended
 4 by adding at the end the following new subparagraph:

5 “(F) FULL DISCLOSURE REQUIRE-
 6 MENTS.—In the case of any application or solici-
 7 tation for a charge card to which subparagraph
 8 (A), (C), or (D) applies, the requirements of
 9 paragraph (1)(D) shall apply to such applica-
 10 tion or solicitation in the same manner and to
 11 the same extent that such subparagraphs of
 12 paragraph (1) apply to credit card applications
 13 and solicitations.”.

14 (e) FORMAT OF DISCLOSURES.—

15 (1) IN GENERAL.—Section 122(c)(1) of the
 16 Truth in Lending Act (15 U.S.C. 1632(c)) is
 17 amended in the matter preceding subparagraph
 18 (A)—

19 (A) by inserting “(1)(C)(i), (1)(D)(i),”
 20 after “(1)(A),”;

21 (B) by inserting “(3)(F)” after
 22 “(3)(B)(i)(I),”;

23 (C) by striking “and” after “(4)(A),”; and

24 (D) by inserting “, and (4)(F)” after
 25 “(4)(C)(i)(I)”.

1 (2) REQUIREMENTS RELATING TO FORMAT FOR
2 DISCLOSURES OF CONSUMER OPTIONS AND CON-
3 SUMER RESPONSES.—Section 122(c) of the Truth in
4 Lending Act (15 U.S.C. 1632(c)) is amended by
5 adding at the end the following new paragraph:

6 “(3) FORMAT FOR DISCLOSURE OF CONSUMER
7 OPTIONS AND CONSUMER RESPONSES.—

8 “(A) IN GENERAL.—Subject to subpara-
9 graph (B), in the regulations prescribed under
10 paragraph (1), the Board shall prescribe the
11 format for any consumer response pursuant
12 to—

13 “(i) subparagraph (C)(ii) or (D)(iii) of
14 paragraph (1) of section 127(c), in connec-
15 tion with any application or solicitation to
16 which paragraph (1), (2), or (3) of such
17 section applies; or

18 “(ii) subparagraph (F) of section
19 127(c)(4), in connection with any applica-
20 tion or solicitation to which subparagraph
21 (A), (C), or (D) of such section applies.

22 “(B) SPECIFIED STATEMENT.—The regu-
23 lations shall require the following statement to
24 be included in each application or solicitation to
25 which subparagraph (D)(iii) of paragraph (1)

1 or paragraph (4)(F) of section 127(c) applies:
2 ‘If your application for a card is
3 denied, you may be considered, at your option,
4 for a card which has a different set
5 of terms and conditions, as described in the en-
6 closed document. Would you like to be consid-
7 ered for this different card? Yes . No
8 .’”.

○