

109TH CONGRESS
1ST SESSION

H. R. 3492

To amend the Truth in Lending Act to protect consumers from unfair practices of credit card issuers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 27, 2005

Mr. SANDERS (for himself, Mr. FRANK of Massachusetts, Mrs. MCCARTHY, and Ms. LEE) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Truth in Lending Act to protect consumers from unfair practices of credit card issuers, 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 “Consumer Credit Card
5 Protection Act of 2005”.

1 **SEC. 2. PROHIBIT UNIVERSAL DEFAULTS ON CREDIT CARD**
2 **ACCOUNTS.**

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

6 “(i) UNIVERSAL DEFAULTS PROHIBITED.—

7 “(1) IN GENERAL.—No creditor may use any
8 adverse information concerning any consumer, in-
9 cluding any information in any consumer report (as
10 defined in section 603) or any change in the credit
11 score of the consumer, as the basis for increasing
12 any annual percentage rate of interest applicable to
13 a credit card account of the consumer under an open
14 end consumer credit plan, or to remove or increase
15 any introductory annual percentage rate of interest
16 applicable to such account, for reasons other than
17 actions or omissions of the consumer that are di-
18 rectly related to such account.

19 “(2) NOTICE TO CONSUMER.—The limitation
20 under paragraph (1) on the use of adverse informa-
21 tion by a credit card issuer shall be clearly and con-
22 spicuously described to the consumer by the credit
23 card issuer in any disclosure or statement required
24 under subsection (a) or (b).”.

1 **SEC. 3. BOX DISCLOSURE OF PAYMENT PERIOD FOR MIN-**
2 **IMUM PAYMENTS ON CREDIT CARD BALANCE.**

3 Section 127(b) of the Truth in Lending Act (15
4 U.S.C. 1637(b)) is amended by adding at the end the fol-
5 lowing new paragraph:

6 “(12) MINIMUM PAYMENT TERMS.—

7 “(A) IN GENERAL.—In a clear and con-
8 spicuous manner, repayment information appli-
9 cable with respect to any outstanding balance
10 on the account, including the following ex-
11 pressed in a tabular format and in close prox-
12 imity:

13 “(i) The required minimum monthly
14 payment on that balance, represented as
15 both a dollar figure and a percentage of
16 the outstanding balance.

17 “(ii) The number of months (rounded
18 to the nearest month) that it would take to
19 pay the entire amount of the current out-
20 standing balance if—

21 “(I) the consumer pays only the
22 required minimum monthly payments
23 (as in effect at the time such state-
24 ment is issued); and

1 “(II) no further advances or ex-
2 tensions of credit are made with re-
3 spect to such account.

4 “(B) APPLICABLE TERMS.—

5 “(i) APPLICABLE APR.—Subject to
6 clause (ii), in making any determination
7 required for purposes of the disclosures
8 under subparagraph (A), the creditor shall
9 apply any applicable annual percentage
10 rate of interest in effect on the date on
11 which the disclosure is made, taking into
12 account the different rates that may be ap-
13 plicable with respect to different portions
14 of the outstanding balance, without regard
15 to whether any such rate is a fixed rate or
16 a variable rate.

17 “(ii) INTRODUCTORY RATE.—If the
18 annual percentage rate of interest in effect
19 on the date on which the disclosure is
20 made is a temporary or introductory rate
21 that will change pursuant to a contractual
22 provision applying an index or formula for
23 subsequent interest rate adjustment, the
24 creditor shall apply—

1 “(I) the annual percentage rate
2 of interest in effect on the date on
3 which the disclosure is made, in mak-
4 ing a determination for the balance of
5 the introductory or temporary period,
6 and

7 “(II) an annual percentage rate
8 of interest, based on an index, for-
9 mula, or contractual provision that is,
10 or but for the temporary or introduc-
11 tory rate referred to in subclause (I)
12 would be, in effect as of the date on
13 which the disclosure is made, in mak-
14 ing a determination for the remainder
15 of the amortization period.”.

16 **SEC. 4. ADVANCED NOTICE REQUIRED BEFORE INCREAS-**
17 **ING RATES OR FEES ON CREDIT CARD AC-**
18 **COUNTS.**

19 Section 127 of the Truth in Lending Act (15 U.S.C.
20 1637) is amended by inserting after subsection (i) (as
21 added by section 2 of this Act) the following new sub-
22 section:

23 “(j) ADVANCE NOTICE OF INCREASE IN ANY INTER-
24 EST RATE AND IMPOSITION OF ANY FEE REQUIRED.—

1 “(1) INTEREST RATES.—In the case of any
2 credit card account under an open end consumer
3 credit plan, no increase in any annual percentage
4 rate of interest (other than an increase due to the
5 expiration of any introductory percentage rate of in-
6 terest) applicable to such account, or any portion of
7 any outstanding balance on such account—

8 “(A) may take effect before the beginning
9 of the billing cycle which begins not less than—

10 “(i) 30 days after the obligor receives
11 a specific notice of such increase in accord-
12 ance with paragraph (3), in the case of any
13 change in any such annual percentage rate
14 that is due solely to a change in another
15 rate of interest to which such rate is in-
16 dexed; or

17 “(ii) 60 days after the obligor receives
18 a specific notice of such increase in accord-
19 ance with paragraph (3), in the case of any
20 change in any such annual percentage rate
21 that is not described in clause (i); and

22 “(B) may, in the case of any change in any
23 such annual percentage rate that is not de-
24 scribed in subparagraph (A)(i), apply to any
25 outstanding balance of credit under such plan

1 as of the date of the notice of the increase re-
2 quired under subparagraph (A).

3 “(2) FEES.—In the case of any credit card ac-
4 count under an open end consumer credit plan, no
5 fee, including any annual fee, late payment fee, or
6 over-the-limit fee, may be imposed on such account
7 before the end of the 30-day period beginning on the
8 date the obligor receives a specific notice of the im-
9 position of such fee in accordance with paragraph
10 (3).

11 “(3) NOTICE REQUIREMENTS.—

12 “(A) IN GENERAL.—Any notice required
13 under this subsection shall be mailed (or e-
14 mailed, if the consumer has requested to receive
15 such notices electronically) to the obligor sepa-
16 rately from any statement or other notice and
17 without any advertising or other disclosures.

18 “(B) FEE EXPLANATION.—In the case of
19 any notice pursuant to paragraph (2), the no-
20 tice shall include an explanation of how, when,
21 and why a fee will be imposed and what options
22 the obligor may have for addressing the imposi-
23 tion of the fee or any reason for such imposi-

- 1 tion, including the prevention of any future im-
- 2 position of such fee.”.

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