

Bayonne, New Jersey, in my district, threw a perfect game. Throwing fast balls and change-ups, she struck out 18 batters. All of them were boys.

Mackenzie is the first girl in the city's history to throw a perfect game. Her achievement was so impressive that she was asked to throw the ceremonial first pitch before the Mets game against the Washington Nationals at Citi Field.

Mackenzie also excels in the classroom. She has consistently been an honor roll student at Henry E. Harris School in Bayonne. Mackenzie's achievements exemplify the important and beneficial role that sports can play in girls' lives. She is an inspiration to many, and I want to congratulate her and her family. I look forward to her many future successes on and off the field.

#### TRIBUTE TO FLOYD LAWSON

(Mr. ADERHOLT asked and was given permission to address the House for 1 minute.)

Mr. ADERHOLT. Madam Speaker, I rise today to congratulate, pay tribute and honor a great American patriot and educator on his 90th birthday.

Floyd Lawson was born on April 25, 1919, to Luther Franklin and Mary Emily Ingle Lawson. He grew up in Winston County, Alabama and graduated from Lynn High School. He then went on to attend college on a scholarship in Missouri.

When World War II broke out, he gave up his scholarship and draft deferment and returned to Winston County, Alabama to enlist in the United States Army where he served in the U.S. Army Air Force for more than 4 years. He spent most of his time on the staff of the general commander of the Canal Zone. He is the third great grandson of Paul Ingle, who served in the Revolutionary War.

After his military duties, he pursued his education at the University of Alabama where he received a B.S., a master's degree and all classroom studies for his Ph.D. He received his LLB degree from the Blackstone School of Law in 1957. Floyd's career led him to teach at Tuscaloosa High School, the University of Alabama, Walker County High School, Walker College, and at the State of Alabama Department of Education.

He married his high school sweetheart, Modine West, and they have two wonderful daughters, Emma Lil and Melissa. They have five lovely grandchildren and two great grandsons.

After Modine's death, Floyd met and married the next love of his life, Dorothy Jane Strong Abbott. They have lived for the past 22 years in Cullman, Alabama, where they both work as a team in community, civic, and political affairs.

I'm thankful to know Floyd Lawson and to know that he is my friend. I'm looking forward to having the benefit of his wise counsel for many years to

come. I wish him a very happy birthday.

□ 1015

#### PROVIDING FOR CONSIDERATION OF H.R. 627, CREDIT CARD-HOLDERS' BILL OF RIGHTS ACT OF 2009

Mr. PERLMUTTER. Madam Speaker, by direction of the Committee on Rules, I call up House Resolution 379 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 379

*Resolved*, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for further consideration of the bill (H.R. 627) to amend the Truth in Lending Act to establish fair and transparent practices relating to the extension of credit under an open end consumer credit plan, and for other purposes. No general debate shall be in order pursuant to this resolution. The bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Financial Services now printed in the bill. The committee amendment in the nature of a substitute shall be considered as read. All points of order against the committee amendment in the nature of a substitute are waived except those arising under clause 10 of rule XXI. Notwithstanding clause 11 of rule XVIII, no amendment to the committee amendment in the nature of a substitute shall be in order except those printed in the report of the Committee on Rules accompanying this resolution. Each such amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against such amendments are waived except those arising under clause 9 or 10 of rule XXI. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Colorado is recognized for 1 hour.

Mr. PERLMUTTER. Madam Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Texas (Mr. SESSIONS).

GENERAL LEAVE

Mr. PERLMUTTER. I ask unanimous consent that all Members be given 5 legislative days in which to revise and

extend their remarks on House Resolution 379.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. PERLMUTTER. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, House Resolution 379 provides for consideration of H.R. 627, the Credit Cardholders' Bill of Rights Act. On a regular basis, constituents of mine from Colorado contact me in disappointment with stories about actions taken by their credit card companies. Hardworking Americans who make payments on time, have good credit, and live within their means see their rates increase without notice and without cause.

In a time when many Americans are struggling to pay their mortgage, when health care costs are increasing and many are out of work, unfair credit card practices threaten many families. Americans deserve a fair shake. They deserve transparency and not smoke and mirrors. They deserve reliability and not chaos within their statements.

The bill brought to us today by Congressman GUTIERREZ and Congresswoman MALONEY, the Credit Cardholders' Bill of Rights Act, gives consumers a fair deal. Prior to 1990, credit cards had more or less standardized rates—around 20 percent—few fees, and they were generally offered to persons with high credit standards.

However, since 1990, card issuers have adopted risk-based pricing, and as a result of this new pricing structure, rates have increased and fees have increased dramatically. Today's credit cards feature a wide variety of interest rates that reflect a complex list of factors. The terms of most agreements have become so complicated, consumers don't know what they are getting into when they sign on to a credit card agreement. Most, if not all, agreements allow the issuer to change the interest rate or other terms of agreement at any time for any reason.

For example, there is something called "universal default" in most credit card agreements. Universal default allows the credit card company to change the rate or change the terms of the credit card agreement for something completely unrelated to the credit card. That's got to stop.

There are also practices which allow for credit card companies to apply payments to the lowest rate of interest, not the highest rate of interest, so that amounts continue to grow under the credit card agreements. There are things including double billing cycles so you think that you have paid off a substantial portion of the credit card but, in fact, you continue to get interest charged against the amount you already paid off.

These are excessive practices, and they must be changed.

Under H.R. 627, issuers can only raise interest rates for the reasons provided within the legislation as proposed.

Madam Speaker, the American people have spoken. Too many stories have been told, and I think everybody in this Chamber—and certainly in the many hearings that we had in Financial Services—all had individual stories about credit cards and excessive practices. Americans are tired of opening their monthly credit card bill and noticing that their interest rate has jumped from 8 percent to 15 percent for no reason. H.R. 627 establishes responsible regulation within an industry which has taken advantage of many vulnerable Americans.

Finally, I want to note the careful balance this bill takes. We have had over a half dozen hearings on this bill alone. It's the product of years of meetings and hearings and conversations and input from all interested parties and roughly 60,000 public comments. This bill provides the fairness Americans have asked for from their credit card companies.

I urge my colleagues to vote in favor of the rule and the underlying bill.

With that, I reserve the balance of my time.

Mr. SESSIONS. Madam Speaker, I rise today in opposition to this rule and to the underlying legislation.

This structured rule does not call for the open and honest debate that has been promised by my Democratic colleagues time after time.

Today's action by my friends on the other side of the aisle is another example of the Federal Government overstepping its boundaries into the private marketplace. And I think it's important for us to note that people who get credit cards get this as an extension of their opportunity and their credit, and they have a responsibility when they sign a contract to live up to that responsibility. It is not a right that is being extended, I believe, today for us to go into the free market and to tinker with on a Federal basis what is a right that is reserved to the States today. We disagree with what is happening today.

Not even 6 months ago, Madam Speaker, the Federal Reserve passed new credit card rules that would protect consumers and provide for more transparency and accountability in the marketplace. These new regulations are set to take effect in July 2010, an agreed-upon date to ensure the necessary time for banks and credit card companies to make crucial and critical adjustments to their business practices without making mistakes and without harming consumers.

Part of what the gentleman from Colorado just described, some of the 60,000 letters of feedback to the industry, took place in that regard. It took place to the Federal Reserve taking information, working with credit card consumer groups to try and alleviate problems or perceived problems in the marketplace. However, with the growing Federal deficit, the current economic crisis, and the growing number of unemployed people, I would simply ask

why is Congress passing legislation that already exists? Let's give those statutes and those rules and regulations which are going to be in place time to work.

This legislation allows for the Federal Government to micromanage the way credit card companies and the banking industry does its business. Those hearings have already been held. Decisions have already been made by the Fed. Decisions with credit card companies and consumer groups to understand what changes needed to be made, they've already happened.

If enacted into law, it is not credit card companies that will suffer. It will be every single person that has a credit card and for those who even want to have a credit card in the future. Every American will see an increase in their interest rates, and some of the current benefits that encourage responsible lending will most likely disappear. For example, cash advances, over-the-limit protection, would be just one example.

My friends on the other side of the aisle not only remove any incentive for using credit cards responsibly, but they punish those managing their credit responsibly to subsidize those who are irresponsible. Madam Speaker, the Democrats also want to limit the amount of credit that is available to the middle class and low-income individuals. The very Americans that take the most advantage of credit will be harmed by what we're doing here today.

This legislation prevents credit history from being used to price risk, as an example, meaning that some individuals may not now be able to get a credit card, especially if they are lower-income or they have blemished credit histories or are trying to establish credit for the first time, like college students.

Additionally, the strain of this legislation could have a direct and adverse effect on small businesses which use this credit, especially in times like these where economic and job growth in this country are threatened. For individuals starting in a small business, this legislation means increased interest rates, reduced benefit, and shrinks the availability of credit, potentially limiting their options to even succeed in the marketplace.

Meredith Whitney, a prominent banking analyst, in speaking as a result of this legislation, remarked in *The Wall Street Journal* that she expects a \$2.7 trillion decrease in credit by the end of 2010 out of the current \$5 trillion credit line available in this country.

Madam Speaker, at a time when we're in economic downturns, the option of credit that is available for people—notwithstanding that they may have to pay a little bit more but will have the flexibility to have that credit—is important.

In the current state of our economy, we urgently would say we need to increase liquidity and lower the cost of

credit to stimulate more lending—not raise rates and reduce the availability of credit.

□ 1030

This is not a solution for the ailing economy.

This type of government control of private markets is really what my Democrat colleagues and this new administration have been exploring for quite some time. Whether it is federalizing our banks, federalizing our credit market, federalizing our health care system, federalizing the energy sector, this is what this new administration and my friends in the majority party wish to do.

That said, this administration has taken their power grab a step further, first of all, in this legislation, to write contracts, to hire and fire executives, and to guarantee muffler warranties. They won't let banks pay back their loans. And now they are plotting a hostile takeover of the financial services industry, converting preferred shares into common equity shares, a drastic shift towards a government strategy of long-term ownership and involvement in some of our banks.

Millions of Americans are outraged at the mismanagement of TARP and the reckless use of their tax dollars, and I believe that taxpayers are increasingly uneasy with the Federal Government's growing involvement in financial markets that we see on the floor today.

In an effort to provide more protections to consumers and to taxpayers, I offered an amendment yesterday in the Rules Committee—a Rules Committee of which I have served for 11 years—that was defeated by a party-line vote of 7-3.

Madam Speaker, I would like to insert in the CONGRESSIONAL RECORD a copy of that amendment.

AMENDMENT TO H.R. 627, AS REPORTED

OFFERED BY MR. SESSIONS OF TEXAS

Add at the end the following new section:

**SEC. 11. PROHIBITION ON THE USE OF TARP FUNDS TO PURCHASE COMMON STOCK.**

Title I of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5201) is amended by adding at the end the following new section:

**“SEC. 137. PROHIBITION ON PURCHASE OF COMMON STOCK.**

“Notwithstanding any other provision of this title, the Secretary may not, under the TARP—

“(1) purchase common stock of any financial institution; or

“(2) convert any warrant, preferred stock, or other security purchased by the Secretary under the TARP into common stock of any financial institution.”.

This amendment would prohibit the Treasury Department from swapping its preferred stock for common stock. The amendment would protect taxpayers, and also keep the Federal Government from engaging itself in the nationalization of our banks.

To preempt the de facto naturalization of our financial systems, on February 3, 2009, the House Republican

leadership, including myself, sent a letter to Secretary Geithner regarding what was referred to as the “range of options” this administration was considering in managing the \$700 billion of taxpayer monies.

Madam Speaker, I would like to insert into the CONGRESSIONAL RECORD a copy of this letter.

CONGRESS OF THE UNITED STATES,  
Washington, DC, February 3, 2009.

Hon. TIMOTHY F. GEITHNER,  
Secretary, Department of the Treasury,  
Washington, DC.

DEAR SECRETARY GEITHNER: Recent reports indicate that the Administration is considering a “range of options” for spending the second tranche of the Troubled Asset Relief Program (TARP) released last week and that the Administration is considering whether to ask the Congress for new and additional TARP funds beyond the \$700 billion already provided. We are writing to raise serious questions about the efficacy of the options being considered and to ask whether the Administration is developing a strategy to exit the bailout business.

Because the Administration has committed itself to assisting the auto industry, satisfying commitments made by the previous Administration, and devoting up to \$100 billion to mitigate mortgage foreclosures, it has been reported that President Obama might need more than the \$700 billion authorized by the Emergency Economic Stabilization Act (“EESA”) to fund a “bad bank” to absorb hard-to-value toxic assets. In light of these commitments—which come at a time when the Federal Reserve is flooding the financial system with trillions of dollars and the Congress is finalizing a fiscal stimulus that is expected to cost taxpayers more than \$1.1 trillion—it is not surprising that the American people are asking where it all ends, and whether anyone in Washington is looking out for their wallets.

Indeed, a bipartisan majority of the House—171 Republicans and 99 Democrats—recently expressed the same concerns, voting to disapprove releasing the final \$350 billion from the TARP. As we noted in our December 2, 2008 letter to then-Secretary Paulson and Chairman Bernanke, we realize that changing conditions require agility in developing responses. However, the seemingly ad hoc implementation of TARP has led many to wonder if uncertainty is being added to markets at precisely the time when they are desperately seeking a sense of direction. It has also intensified widespread skepticism about TARP among taxpayers, and prompted misgivings even among some who originally greeted the demands for the program’s creation with an open mind. Accordingly, we request answers to the following questions:

1. How does the Administration plan to maximize taxpayer value and guarantee the most effective distribution of the remaining \$350 billion of TARP funds?
2. How is the Administration lending, assessing risk, selecting institutions for assistance, and determining expectations for repayment?
3. Will the Administration opt for a complex “bad bank” rescue plan? How can the “bad bank” efficiently price assets and minimize taxpayer risk? Will financial institutions be required to give substantial ownership stakes to the Federal government to participate in the program?
4. Is a “bad bank” plan an intermediate step that leads to nationalizing America’s banks?
5. Can you elaborate on your plans for the use of an insurance program for toxic assets? Specifically, will you seek to price insurance

programs to ensure that taxpayer interests are protected? If so, how will you do so?

6. What is the exit strategy for the government’s sweeping involvement in the financial markets?

Thank you for your consideration of these important questions.

Sincerely,

John Boehner, Mike Pence, Cathy McMorris-Rodgers, Roy Blunt, Eric Cantor, Thaddeus McCotter, Pete Sessions, David Dreier, Kevin McCarthy, Spencer Bachus.

The letter outlined a host of questions that dealt with ensuring that taxpayers were paid back and an exit strategy for the government’s sweeping involvement in the financial markets. Today is April 30, and almost 2 months later we have not received a response. I am on the floor today asking that Secretary Geithner please respond back to this letter that is over 60 days old.

Last week, the Special Inspector General for the Troubled Asset Relief Program, TARP, published a report that reveals at least 20 criminal cases of fraud in the bailout program and determined that new actions by President Obama’s administration are “greatly increasing taxpayer exposure to losses with no corresponding increase in potential profits.”

This administration is not above oversight and accountability. We are asking for the Secretary to do what my colleagues in the majority asked of George Bush, please provide in writing that accountability, notifying this Congress what we can count on and what the exit strategy would be. The American people deserve answers for their use of tax dollars and an exit strategy for taxpayer-funded bailouts, including how their investment in TARP will be used. That is why I sent yet another letter to Secretary Geithner, as it neared the 60-day mark, expressing grave concern to the new reports of Treasury moving taxpayer dollars into riskier investments in the banking structure.

Madam Speaker, I would also like to insert this letter into the CONGRESSIONAL RECORD.

HOUSE OF REPRESENTATIVES,  
Washington DC, April 23, 2009.

Hon. TIMOTHY GEITHNER,  
Secretary, Department of the Treasury,  
Washington, DC.

DEAR SECRETARY GEITHNER: I am greatly concerned by recent news reports that the Administration is considering converting the government’s preferred stock in some of our nation’s largest banks—investments acquired through the TARP program—into common equity shares in these publicly-held companies.

As you are aware, these investments were originally made to their recipients at fixed rates for a fixed period of time—signaling that their intent was to provide these banks with short-term capital for the purpose of improving our financial system’s overall position during a time of crisis. Converting these shares into common equity, however, signals a drastic shift away from the Administration’s original purpose for these investments to a new strategy of long-term ownership of and involvement in these companies.

I am concerned that converting these preferred shares into common equity would

have two serious and negative effects. First, it would bring the banks whose shares are converted closer to de facto nationalization by creating the potential for the government to play an increasingly activist role in their day-to-day operations and management.

Second, I am concerned that moving these investments further down the bank’s capital structure into a riskier position puts American taxpayer dollars at increased risk of being lost in the event of a recipient’s insolvency.

To date, no Administration official has provided the House Republican Leadership with any comprehensive answers to the serious questions raised in our February 2, 2009 letter to you about the Administration’s exit strategy for the government’s growing involvement in the financial markets.

In absence of the Administration’s response to that letter, I would appreciate your prompt assurance that converting these preferred shares to common equity—thereby taking these companies closer to nationalization and putting taxpayers’ money at increased risk—is not a part of the Administration’s yet-to-be-articulated strategy on getting out of the bailout business.

Thank you in advance for your prompt attention to this issue of critical importance to me, the residents of Texas’ 32nd District and the entire taxpaying American public. If you have any questions regarding this letter, please feel free to have your staff contact my Chief of Staff Josh Saltzman.

Sincerely,

PETE SESSIONS,  
Member of Congress.

As this Democrat majority continues to tax, borrow, and spend Americans’ hard-earned tax dollars, we move closer and closer to nationalizing our banking and credit systems that will only deepen our current economic struggle.

The Federal Government is interfering and hindering our progress, not helping it. When Congress or the administration changes the rules, it should be in the best interests of the American public and the taxpayer. By not making my amendment in order today, I can say that this Congress has turned its back on what I believe is responsible public policy to say that this Federal Government should not invest in the free enterprise system.

Madam Speaker, it is appropriate to consider new ways to protect credit consumers from unfair and deceptive practices and to ensure that Americans receive useful and complete disclosures about the terms and conditions. But in doing so, we must make sure that we do nothing to make credit cards more expensive for those who use credit responsibly, or to cut off or hinder access to credit for small businesses who count on this credit, but perhaps those with less than perfect credit histories.

While reading The Wall Street Journal last week, I came across an op-ed called “Political Credit Cards,” discussing this very issue. It states, “Our politicians spend half their time berating banks for offering too much credit on too easy terms and the other half berating banks for handing out too little credit at a high price. The bankers should tell the President that they need to start getting out of the business, and that Washington should quit changing the rules.” This speaks to

what happened with TARP. It also speaks clearly to health care, welfare, taxes, and this underlying legislation today. Madam Speaker, the American people deserve better from their elected officials.

I would also note that I thought it was interesting that this new Democrat majority, just this week, as we passed what I consider to be an irresponsible \$3.5 trillion new budget, the very next vote was on encouraging Americans to understand financial security and integrity. I think Congress could use a little bit of what it hands out to study for itself and to gain the discipline to understand that the free enterprise system works best when we leave it alone.

Madam Speaker, I reserve the balance of my time.

Mr. PERLMUTTER. I appreciate my friend from Texas complaining about every issue facing America today, but the issue in front of Congress today deals with the Credit Cardholders' Bill of Rights. That is the purpose we are here for this morning, that is the purpose of the rule.

I would agree with my friend from Texas, as he discussed the Federal Reserve and the comment taking that it has made and the rules that it has promulgated, but for the actions taken by Congresswoman CAROLYN MALONEY and Congressman LUIS GUTIERREZ, there would have been no movement. That whole credit card effort by the Federal Reserve took years and years. It was stalled. And thank goodness action was taken by those two legislators in moving this forward.

This bill needs to move forward. People in America expect to be treated properly and fairly in their financial dealings, and that is the purpose of this legislation.

With that, I yield 2 minutes to my friend from Wisconsin (Mr. KAGEN).

Mr. KAGEN. Thank you, Congressman PERLMUTTER.

I rise in strong support of the rule for supporting the Credit Cardholders' Bill of Rights.

In these difficult economic times, all credit cardholders across the country should ask themselves, whose side are we on? Are we on the side of ordinary people? Are we on the side of consumers who are working hard to pay their bills every month? Or are we sitting in the boardroom of the big banks? Whose side are we on?

We must protect the hardworking taxpayers everywhere in this country. I am working hard for the families of northeast Wisconsin, who I have the honor of representing. For too long, consumers everywhere, including Wisconsin, have been victimized by high fees, by increasing interest rates, and confusing credit card agreements that have allowed banks to jack up interest rates at their own pleasure and at consumers' expense.

The Credit Cardholders' Bill of Rights will protect everyone from unfair and abusive practices. In short, it

will prevent companies from constantly moving the goalpost and taking advantage of people who haven't done anything wrong.

You know, when I grew up in northeast Wisconsin, on the playground we used to call this changing of the rules and interest rates, we used to call that "party shop" rules. If you work hard and play by the rules, you should be able to get ahead and receive credit at a price we can afford to pay.

For these reasons, I urge my colleagues to support this rule and pass the Credit Cardholders' Bill of Rights. And someday soon, I hope we will also bring fairness to the merchants who suffer from excessive bank interchange fees, which is not yet part of this legislation.

Mr. SESSIONS. Madam Speaker, I referred to an article in *The Wall Street Journal* on March 10 of this year by Meredith Whitney. I would like to insert that into the RECORD, also.

[From the *Wall Street Journal*, Mar. 10, 2009]  
CREDIT CARDS ARE THE NEXT CREDIT CRUNCH  
(By Meredith Whitney)

Few doubt the importance of consumer spending to the U.S. economy and its multiplier effect on the global economy, but what is under-appreciated is the role of credit-card availability in that spending. Currently, there is roughly \$5 trillion in credit-card lines outstanding in the U.S., and a little more than \$800 billion is currently drawn upon. While those numbers look small relative to total mortgage debt of over \$10.5 trillion, credit-card debt is revolving and accordingly being paid off and drawn down over and over, creating a critical role in commerce in America.

Just six months ago, I estimated that at least \$2 trillion of available credit-card lines would be expunged from the system by the end of 2010. However, today, that estimate now looks optimistic, as available lines were reduced by nearly \$500 billion in the fourth quarter of 2008 alone. My revised estimates are that over \$2 trillion of credit-card lines will be cut inside of 2009, and \$2.7 trillion by the end of 2010. Inevitably, credit lines will continue to be reduced across the system, but the velocity at which it is already occurring and will continue to occur will result in unintended consequences for consumer confidence, spending and the overall economy. Lenders, regulators and politicians need to show thoughtful leadership now on this issue in order to derail what I believe will be at least a 57% contraction in credit-card lines.

There are several factors that are playing into this swift contraction in credit well beyond the scope of the current credit market disruption. First, the very foundation of credit-card lending over the past 15 years has been misguided. In order to facilitate national expansion and vast pools of consumer loans, lenders became overly reliant on FICO scores that have borne out to be simply unreliable. Further, the bulk of credit lines were extended during a time when unemployment averaged well below 6%. Overly optimistic underwriting standards made more borrowers appear creditworthy. As we return to more realistic underwriting standards, certain borrowers will no longer appear worth the risk, and therefore lines will continue to be pulled from those borrowers.

Second, home price depreciation has been a more reliable determinant of consumer behavior than FICO scores. Hence, lenders have reduced credit lines based upon "zip codes," or where home price depreciation has been

most acute. Such a strategy carries the obvious hazard of putting good customers in more vulnerable liquidity positions simply because they live in a higher risk zip code. With this, frequency of default is increased. In other words, as lines are pulled and borrowing capacity is reduced, paying borrowers are pushed into vulnerable financial positions along with nonpaying borrowers, and therefore a greater number of defaults in fact occur.

Third, credit-card lenders are currently playing a game of "hot potato," in which no one wants to be the last one holding an open credit-card line to an individual or business. While a mortgage loan is largely a "monogamous" relationship between borrower and lender, an individual has multiple relationships with credit-card providers. Thus, as lines are cut, risk exposure increases to the remaining lender with the biggest line outstanding.

Here, such a negative spiral strategy necessitates immediate action. Currently five lenders dominate two thirds of the market. These lenders need to work together to protect one another and preserve credit lines to able paying borrowers by setting consortium guidelines on credit. We, as Americans, are all in the same soup here, and desperate times are requiring of radical and cooperative measures.

And fourth, along with many important and necessary mandates regarding fairness to consumers, impending changes to Unfair and Deceptive Acts or Practices (UDAP) regulations risk the very real unintended consequence of cutting off vast amounts of credit to consumers. Specifically, the new UDAP provisions would restrict repricing of risk, which could in turn restrict the availability of credit. If a lender cannot reprice for changing risk on an unsecured loan, the lender simply will not make the loan. This proposal is set to be effective by mid-2010, but talk now is of accelerating its adoption date. Politicians and regulators need to seriously consider what unintended consequences could occur from the implementation of this proposal in current form. Short of the U.S. government becoming a direct credit-card lender, invariably credit will come out of the system.

Over the past 20 years, Americans have also grown to use their credit card as a cash-flow management tool. For example, 90% of credit-card users revolve a balance (i.e., don't pay it off in full) at least once a year, and over 45% of credit-card users revolve every month. Undeniably, consumers look at their unused credit balances as a "what if" reserve. "What if my kid needs braces? "What if my dog gets sick? "What if I lose one of my jobs? This unused credit portion has grown to be relied on as a source of liquidity and a liquidity management tool for many U.S. consumers. In fact, a relatively small portion of U.S. consumers have actually maxed out their credit cards, and most currently have ample room to spare on their unused credit lines. For example, the industry credit line utilization rate (or percentage of total credit lines outstanding drawn upon) was just 17% at the end of 2008. However, this is in the process of changing dramatically.

Without doubt, credit was extended too freely over the past 15 years, and a rationalization of lending is unavoidable. What is avoidable, however, is taking credit away from people who have the ability to pay their bills. If credit is taken away from what otherwise is an able borrower, that borrower's financial position weakens considerably. With two-thirds of the U.S. economy dependent upon consumer spending, we should tread carefully and act collectively.

Essentially what this person is arguing, a person who looks at the markets

every day, credit in this country, and I quote from this, "Currently, there is roughly \$5 trillion in credit card lines outstanding in the United States, and a little bit more than \$800 billion is currently drawn upon."

What we are saying is that people do have the ability to utilize more of their credit with credit cards. And I believe the vast majority of consumers are carefully and thoughtfully understanding that when they sign an agreement with a credit card company, that they understand that what they need to do is pay that back, and if not, that there will be a penalty, a fee, or interest that will be charged as a result of that.

The free market today has lots of credit cards, lots of different companies, lots of different options that are available to people. But with what we are doing here today, that is going to change the way people do business for the vast majority of credit card users. It means that, today, if you follow all the rules, you pay either the first month or, properly what you're doing, that you are willing to keep that credit card because you need it without having to pay the penalty or the associated penalty to the risk that you have. Tomorrow, we are going to take risk out of the risky people and put the risk on everybody. And that is really what Meredith Whitney is trying to say here. Of the trillions of dollars that are available, credit card companies only draw down \$800 billion. That is because the vast majority of people, very effectively and properly, use the credit that is available to them.

The system does and did need tinkering; but when we tinker with that system, we should make sure that what we do is to add transparency, not rules and regulations that inflict what they do, and the changes, onto a contract willingly signed by a consumer.

Madam Speaker, I reserve the balance of my time.

Mr. PERLMUTTER. Madam Speaker, I yield 2 minutes to the gentlewoman from California (Ms. ESHOO).

Ms. ESHOO. I thank the gentleman for yielding the time and for his effective management of the rule.

I am very proud to be on the floor today to support the Credit Cardholders' Bill of Rights. I think it is about time that this bill came to the floor. Why? There is a demand on the part of the American people because they know they are being abused.

There are two bills that come every month to almost every household, certainly one, the utility bill, people study that, and the other, their credit card bill. Now, there is no doubt in my mind that America really has to go on a credit diet and that we will come through this economic crisis in a different and a better way. But credit is very important in our country because two-thirds of our national economy is comprised of consumer spending. And so credit cards, how they are used, and what people are charged in that usage, is very important.

In recent months, customers have seen their credit card payments skyrocket, with sudden and sharp increases in interest rates, confusing repayment schedules, all in an effort for the banks and the credit card companies to recoup their financial losses from other things that they have done.

Good, stable credit card customers have watched as their existing balances tripled and even quadrupled without warning and without justification. Credit card defaults are at an all-time high. When we reform this, this is going to help to stimulate our economy by putting more dollars back into the hands of consumers and not in coffers of the credit card companies. These companies will no longer be allowed to penalize cardholders who pay on time or shift allocation of payments to maximize interest rates. It is a rope-a-dope system that is being foisted on the American people, and we all know it. That is why we have to take this step today.

I salute Representatives MALONEY and GUTIERREZ for their tenacity in bringing this bill to the floor. I hope all Members will support this, and the American people will know by the votes in the House who is standing on their side.

□ 1045

Mr. SESSIONS. Madam Speaker, I yield myself 3 minutes.

Madam Speaker, one of the amendments that was talked about earlier that was denied in the Rules Committee deals with an issue that Secretary Geithner and the Treasury Department have openly talked about, and that is their decision to look at the possibility of taking that preferred stock which TARP funds were bought into and converting that to common stock. On April 21 there was an article in *The Wall Street Journal* that talked about this. It's entitled "A Backdoor Nationalization."

The bottom line is that immediately after this appeared in the press, the stock market promptly tumbled by 3.5 percent, meaning once again bad news to the marketplace, with J.P. Morgan falling 10 percent and financial stocks as a group more than 9 percent. This was on April 20.

What this is about is that it would be a wholesale conversion, which would mean that the government would own a larger portion of banks, even more and even in a different way than they would with preferred stock. The *Wall Street Journal* says this is a back door to nationalization. That is because it would create uncertainty, not more certainty, by offering the specter of even greater lengths of periods of Federal control over the banking system.

Perhaps even worse than that, what they would do is they would seek to transfer and force banks to do this because of the frailty of the banks at this point. It means that the government would force a change of a contract from a bank that they may have.

Madam Speaker, that amendment should have been made in order. This Congress should be out on this as a policy, and we should be speaking up about this. Even though the amendment was not made in order, I encourage the Financial Services Committee of this Congress to make sure that they hold hearings on this exact issue. [From the *Wall Street Journal*, Apr. 21, 2009]

#### A BACKDOOR NATIONALIZATION—THE LATEST TREASURY BRAINSTORM WILL RETARD A BANKING RECOVERY

Just when you think the political class may have learned something in months of trying to fix the banking system, the ghost of Hank Paulson returns to haunt the Treasury. The latest Beltway blunder—and it would be a big one—is the Obama Administration's weekend news leak that it may insist on converting its preferred shares in some of the nation's largest banks into common equity.

The stock market promptly tumbled by more than 3.5% yesterday, with J.P. Morgan falling 10% and financial stocks as a group off 9%, as measured by the NYSE Financials index. Note to White House: Sneaky nationalizations aren't any more popular with investors than the straightforward kind.

The occasion for this latest nationalization trial balloon is the looming result of the Treasury's bank strip-tease—a.k.a. "stress tests." Treasury is worried, with cause, that some of the largest banks lack the capital to ride out future credit losses. Yet Secretary Timothy Geithner and the White House have concluded that they can't risk asking Congress for more bailout cash.

Voila, they propose a preferred-for-common swap, which can conjure up an extra \$100 billion in bank tangible common equity, a core measure of bank capital. Not that this really adds any new capital; it merely shifts the deck chairs on bank balance sheets. Why Treasury thinks anyone would find this reassuring is a mystery. The opposite is the more likely result, since it signals that Treasury no longer believes it can tap more public capital to support the financial system if the losses keep building.

Worse, wholesale equity conversion would mean the government owns a larger share of more banks and is more entangled than ever in their operations. Giving Barney Frank more voting power is more likely to induce panic than restore confidence. Simply look at the reluctance of some banks—notably J.P. Morgan Chase—to participate in Mr. Geithner's private-public toxic asset sale plan. The plan is rigged so taxpayers assume nearly all the downside risk, but the banks still don't want to play lest Congress become even more subject to political whim.

A backdoor nationalization also creates more uncertainty, not less, by offering the specter of an even lengthier period of federal control over the banking system. And it creates the fear of even more intrusive government influence over bank lending and the allocation of capital. These fears have only been enhanced by the refusal of Treasury to let more banks repay their Troubled Asset Relief Program (TARP) money.

As it stands, banks and their owners at least know how much they owe Uncle Sam, and those preferred shares represent a distinct and separate tier of bank capital. Once the government is mixed in with the rest of the equity holders, the value of its investments—and the cost to the banks of buying out the Treasury—will fluctuate by the day.

Congress is also still trying to advance a mortgage-cramdown bill that would hammer the value of already distressed mortgage-backed securities, and now the Administration is talking up legislation to curb credit-

card fees and interest. Both of these bills would damage bank profits, but large government ownership stakes would leave the banks helpless to oppose them. (See Citigroup, 36% owned by the feds and now a pro-cramdown lobbyist.)

We've come to this pass in part because the Obama Administration is afraid to ask Congress for the money for a meaningful bank recapitalization. And it may need that money now in part because Mr. Paulson's Treasury insisted on buying preferred stock in all the big banks instead of looking at each case on its merits. That decision last fall squandered TARP money on banks that probably didn't need it and left the Administration short of funds for banks that really do.

The sounder strategy—and the one we've recommended for two years—is to address systemic financial problems the old-fashioned way: bank by bank, through the Federal Deposit Insurance Corp. and a resolution agency with the capacity to hold troubled assets and work them off over time. If the stress tests reveal that some of our largest institutions are insolvent or nearly so, it's then time to seize the bank, sell off assets and recapitalize the remainder. (Meanwhile, the healthier institutions would get a vote of confidence and could attract new private capital.)

Bondholders would take a haircut and shareholders may well be wiped out. But converting preferred shares to equity does nothing to help bondholders in the long run anyway. And putting the taxpayer first in line for any losses alongside equity holders offers shareholders little other than an immediate dilution of their ownership stake. Treasury's equity conversion proposal increases the political risks for banks while imposing no discipline on shareholders, bondholders or management at failed or failing institutions.

The proposal would also be one more example of how Treasury isn't keeping its word. When he forced banks to accept public capital whether they needed it or not, Mr. Paulson said the deal was temporary and the terms wouldn't be onerous. To renege on those promises now will only make a bank recovery longer and more difficult.

Madam Speaker, I reserve the balance of my time.

Mr. PERLMUTTER. Madam Speaker, I would like to yield 2 minutes to my friend from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Well, it looks like another party-line vote, another partisan exercise.

My friend from Texas leading the opposition says that free enterprise works best when we leave it alone. Really? We have tried that approach for the last 8 years, cutting taxes and deregulating businesses. And where has it led us? To the worst financial crisis since the Great Depression. Trillions of dollars lost to this economy, millions of jobs, and our largest debt holder is Communist China. They're the only ones that came out whole from your experiment.

Now, it's true that we've had some of the largest corporate profit in history over the last 8 years, but much of it came from moving money around, in some cases deluding homebuyers and squeezing credit cardholders. And, in fact, 94 percent of the income growth went to the top 10 percent, leaving about 6 percent of income growth for the bottom 90 percent. And so what did they do? They borrowed more and more

from their home equity values, and they borrowed more and more from their credit cards.

And now what we're doing is to step over on to the side of the consumer and the homeowner. And that's why we have had any number of pieces of legislation to protect homebuyers so they could stay in their home, make their mortgage payments. And now we're dealing with credit cardholders. And we're not being unfair. All this is imposing fair business practices, looking out for the consumer, because the fact is that they have been subject to very unfair practices, arbitrary interest rate increases, over-the-limit fees. Cardholders who pay on time are hit with unfair penalties, due-date gimmicks, any number of things that this legislation addresses, appropriately.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. PERLMUTTER. I yield the gentleman an additional 30 seconds.

Mr. MORAN of Virginia. I can't imagine that we would be opposing fair business practices that all of us would want for our children, for our parents, for our friends.

None of these are unreasonable. They should have been done years ago. I hope, for example, we will even add to them by letting people know if they only pay the minimum monthly payment when they will ever be able to pay off their credit card debt. Stop sending all these credit cards to young people on college campuses. Thirty-six credit cards the average American family is getting. It's out of control.

It's time to put it under control. Let's pass this unanimously.

Mr. SESSIONS. Madam Speaker, I appreciate the gentleman from Virginia coming down and setting the record straight about how the Bush administration has caused all these problems and all these tax cuts. But I would remind the gentleman that the greatest economic boom in the history of the United States and the world occurred during the time that we encouraged and incentivized investors to be a part of growing our economy.

As I recall, the facts of the case are that 3 years ago when our friends, the Democrats, became the new majority, they announced quite openly that those tax cut days were over with, and that's when the investor left. And when the investor left, that's when our economy started going downhill.

Let's tell the truth here. What we just passed just yesterday was the largest spending budget in the history of the universe that will lead to a debt that will double and triple, double and triple, in the next few years. That is a national security issue. And that's part of what we are talking about here today. The interference in the marketplace by my friends, the Democrats, that not only wiped out, took the investor out of the equation, but today are going to create an even worse circumstance for credit cardholders at a time when the extension of credit is needed more than ever.

Madam Speaker, I reserve the balance of my time.

Mr. PERLMUTTER. Madam Speaker, I would like to yield 1 minute to the gentleman from Chicago, Illinois (Mr. QUIGLEY).

Mr. QUIGLEY. Madam Speaker, this is a fascinating debate for me because, for 7 years as a university professor, I have been able to see how this process actually works and begins. I saw the credit card companies literally trolling the campuses offering jerseys and sweatshirts for the honor of students to buy pizzas at 18 to 21 percent interest rates.

There is no doubt that credit card companies provide a valuable service for hardworking Americans, but they are the ones changing the rules. In recent years credit card companies have begun to abuse this system. They've implemented deceptive provisions and have burdened the average consumer with extraordinary high rates and fees.

If you pay your balance on time and you spend below your credit limit, you should not be subject to arbitrary interest rates and increases. These credit card companies deserve to make a profit, but not at the expense of the American consumer.

This bill is about reforming that system. It puts safeguards in place that will help inform consumers and empower them to take control of their credit and, therefore, their lives.

Mr. SESSIONS. Madam Speaker, I reserve the balance of my time.

Mr. PERLMUTTER. Madam Speaker, I would like to yield 2 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Madam Speaker, this has been a week for America, fighting the H1N1 virus and coming together as a Nation. But at the same time, this Congress and this administration have invested in America's going forward with passing our budget resolution and thank, thank, thank whoever you desire to thank, including the sponsors of this bill, finally a credit cardholders' bill of rights.

Last year in 2008, \$19 billion in penalty fees on families with credit cards dealing with late fees, over-the-limit fees, and other penalties. This year, \$20 billion. This is crashing down on the heads of hardworking families, college students. Enough is enough.

I am proud to stand up and support legislation that says to the American people you are in charge, not the abusive, under-the-table focus of credit card companies who continuously handle their business wrongheadedly, charging over-the-limit fees. And, therefore, this bill will limit to three the number of over-the-limit fees companies can charge for the same transaction. Can you imagine, they were doing it over and over and over again. It ends unfair double-cycle billing, ends the fact that you might be paying your

bill on time and yet they raise your interest rate without notice.

An amendment that I support as well is one that indicates if you were to lose your card, the credit card company should notify credit cardholders 30 days before closing their account, give the reason foreclosure, options to keep the account open, programs available to repay the balance, and the resulting impact on their credit card score.

Sometimes people are surviving on their credit card, but they're paying their bill. But yet the credit card companies have no mercy. And they don't have any mercy when they go after our children on college campuses and the parents don't even know that the children have it. Limit the credit card balance or the amount when young people are involved.

This is a great bill. Thank goodness for the credit cardholders' bill of rights for the American people.

Madam Speaker, Americans are taught to work hard and make money and to buy a house, but we are never taught about financial literacy. In these tough economic times, it is imperative that Americans know about financial literacy; it is crucial to our survival. Americans need to be prepared to make informed financial choices. Indeed, we must learn how to effectively handle money, credit, debt, and risk. We must become better stewards over the things that we are entrusted. By becoming better stewards, Americans will become responsible workers, heads of households, investors, entrepreneurs, business leaders and citizens. I add my appreciation to CAROLYN MALONEY and LUIS GUTIERREZ for their hard work.

I am reminded of how important this issue is to American society, as I was invited to attend a financial literacy roundtable panel on Monday evening at the New York Stock Exchange. The panel was sponsored by the Hope Literacy Foundation. The panel was moderated by John Hope Bryant. I was surrounded by some of the great financial literacy experts in the nation. At the roundtable, I discussed the importance of financial literacy for college and university students. It is important that students be taught financial literacy. The facts about students and financial literacy are astounding.

In 2008, 84 percent of undergraduates had at least one credit card. This figure is staggering. Young people who themselves might not even have a job are able to get credit cards. This is astounding because it begins the cycle of indebtedness.

Recent studies have indicated that young people do not even know basic financial topics such as the impact of student loans on one's credit, how to balance a checkbook, and the impact of automobile loans on one's credit.

Because of my concern that young people are not sufficiently informed about financial literacy, I have offered this amendment: To require financial literacy counseling for borrowers, and for other purposes.

This amendment is important because approximately two-thirds of students borrow to pay for college according to the Center for Economic and Policy Research. Moreover, one in ten of student borrowers have loans more than \$35,000. Passing this legislation will ensure that our nation's college students

will be more prepared when incurring student loan debt and help them to avoid default as student loans severely impact one's credit score. Currently there is about \$60 billion in defaulted student loan debt.

Many students do not understand the reality of repaying student debt while taking out these loans. While most Americans have debt of some kind, student loan repayment is especially scary, as one cannot just declare bankruptcy and have their loans discharged. Due to the lack of financial literacy counseling for borrowers, student loan payments are often higher than expected. Recent grads are unable to afford the monthly payments resulting in them living paycheck to paycheck, acquiring credit card debt and in extreme cases, grads leaving the country in order to avoid repayment and debt collectors.

Students and parents are not currently receiving the proper or any information of the burden that their student loans will have once they graduate. This is possibly a result of the relationship between student loan companies and universities, as some lenders offer universities incentives to steer borrowers their way.

College campuses are one place that young Americans are introduced to credit and the possibility of living beyond their means. With proper loan and credit counseling the burden of debt incurred in college could be greatly reduced. Especially in this time of recession, financial literacy is one of the most important tools that we can give to our students in order to ensure their success in the future.

This amendment will provide financial literacy training to students taking out Federal Student Loans and will require a minimum of 4 hours of counseling including entrance and exit counseling. Counseling will include the fundamentals of basic checking and savings accounts, budgeting, types of credit and their appropriate uses, the different forms of student financial aid, repayment options, credit scores and ratings, as well as investing.

I support the rule and urge my colleagues to do likewise.

The rule prevents card companies from unfairly increasing interest rates on existing card balances—retroactive increases are permitted only if a cardholder is more than 30 days late, if a promotional rate expires, if the rate adjusts as part of a variable rate, or if the cardholder fails to comply with a workout agreement.

The rule requires card companies to give 45 days notice of all interest rate increases or significant contract changes (e.g. fees).

Requires companies to let consumers set their own fixed credit limit that cannot be exceeded.

Prevents companies from charging "over-the-limit" fees when a cardholder has set a limit, or when a preauthorized credit "hold" pushes a consumer over their limit.

Limits (to 3) the number of over-the-limit fees companies can charge for the same transaction—some issuers now charge virtually unlimited fees for a single violation.

Ends unfair "double cycle" billing—card companies couldn't charge interest on debt consumers have already paid on time.

If a cardholder pays on time and in full, the bill prevents card companies from piling additional fees on balances consisting solely of left-over interest.

Prohibits card companies from charging a fee when customers pay their bill.

Many companies credit payments to a cardholder's lowest interest rate balances first,

making it impossible for the consumer to pay off high-rate debt. The bill bans this practice, requiring payments made in excess of the minimum to be allocated proportionally or to the balance with the highest interest rate. Protests Cardholders from Due Date Gimmicks.

Requires card companies to mail billing statements 21 calendar days before the due date (up from the current 14 days), and to credit as "on time" payments made before 5 p.m. local time on the due date.

Extends the due date to next business day for mailed payments when the due date falls on a day a card company does not accept or receive mail (i.e. Sundays and holidays).

Establishes standard definitions of terms like "fixed rate" and "prime rate" so companies can't mislead or deceive consumers in marketing and advertising.

Gives consumers who are pre-approved for a card the right to reject that card prior to activation without negatively affecting their credit scores.

Prohibits issuers of subprime cards (where total yearly fixed fees exceed 25 percent of the credit limit) from charging those fees to the card itself. These cards are generally targeted to low-income consumers with weak credit histories.

Prohibits card companies from knowingly issuing cards to individuals under 18 who are not emancipated.

Requires reports to Congress by the Federal Reserve on credit card industry practices to enhance congressional oversight.

Requires card companies to send out 45-day notice of interest rate increases 90 days after the bill is signed into law; the remainder of the bill takes effect 12 months after enactment.

I urge my colleagues to support the rule. Seventeen amendments were made in order. I will discuss my views on each below.

1. Gutierrez Amendment. This amendment offered by Representative GUTIERREZ, would allow issuers to charge consumers for expedited payments by telephone when consumers request such an expedited payment, and would make technical corrections; would require that all credit card offers notify prospective applicants that excessive credit applications can adversely affect their credit rating; would direct the Board of Governors of the Federal Reserve to suggest appropriate guidelines for creditors to supply cardholders with information regarding the availability of legitimate and accredited credit counseling services; would require all written information, provisions, and terms in or on any application, solicitation, contract, or agreement for any credit card account under an open end consumer credit to appear in no less than 12 point font; and would require that stores who are self-issuers of credit cards display a large visible sign at counters with the same information that is required to be disclosed on the application itself.

I support this amendment and I urge my colleagues to support this amendment. This amendment addresses the issue of financial literacy and ensures that the consumer is afforded information to make an informed decision about applying for and ultimately securing a credit card. Credit counseling is a key element and is of paramount importance. This amendment provides credit counseling to the consumer before the consumer gets into financial trouble.

2. Frank (MA), would require the Federal Reserve (1) to review the consumer credit card market, including through solicitation of public comment, and report to Congress every two years; (2) publish a summary of this review in the Federal Register, along with proposed regulatory changes (or an explanation for why no such changes are proposed). The amendment also requires the Federal banking agencies and the FTC to submit to the Federal Reserve, for inclusion in the Federal Reserve's annual report to Congress, information about the agencies' supervisory and enforcement activities related to credit card issuers' compliance with consumer protection laws.

I support this amendment and encourage my colleagues to support this amendment. This amendment ensures that the FTC and the Federal banking agencies are engaging in supervisory and enforcement activities related to credit card issuer's compliance with consumer protection laws. This is important to ensure that another credit crisis is not looming and is an appropriate step to take to prevent such crises from occurring in the future.

3. Slaughter (NY)/Duncan (TN)/Hastings, Alcee (FL)/Johnson (GA)/Christensen (VI), would set underwriting standards for students' credit cards, including limiting credit lines to the greater of 20 percent of a student's annual income or \$500, without a co-signer and requiring creditors to obtain a proof of income, income history, and credit history from college students before approving credit applications.

I support this amendment. During the 1990s and 2000s, credit companies began a massive campaign of inundating university students with credit card offers. Such advertisement and easy availability of credit to students had the effect of enticing students to apply for credit. The students would then become indebted and subsequently face economic hardship. This amendment would help ensure that a student would be qualified for credit that he or she could afford. This amendment is practical and it makes sense. I support it and I urge my colleagues to do the same.

4. Gutierrez (IL)/Peters, Gary (MI)/Edwards, Donna (MD), would require credit card issuers to allocate payments in excess of the minimum payment to the portion of the remaining balance with the highest outstanding APR first, and then to any remaining balances in descending order, eliminating the pro rata option.

I support this amendment. The inclusion of this amendment would inure to consumers. I support it and urge my colleagues to do the same.

5. Pingree, Chellie (ME), would require the Chair of the Federal Reserve to submit a report on the level of implementation of this bill every 90 days until the Chair can report full industry implementation.

I support this amendment and urge my colleagues to do the same.

6. Polis (CO), would clarify that minors are allowed to have a credit card in their name on their parent or legal guardian's account.

I support this amendment. I believe that if young people are afforded credit cards and are taught how to effectively and safely use credit that it can be beneficial to them. This amendment would help in making children more financially responsible.

7. Jones (NC), would require the Federal Reserve Board, in consultation with the Federal Trade Commission and other agencies, to establish regulations that would allow estate

administrators to resolve outstanding credit balances in a timely manner.

I support this amendment. Its inclusion would ensure that debts are not passed off to the state. I support this bill and urge my colleagues to support.

8. Maloney (NY)/Watson (CA), would require credit cardholders to opt-into receiving over-the-limit protection on their credit card in order for a credit card company to charge an over-the-limit fee. Allows for transactions that go over the limit to be completed for operational reasons as long as they are of a de minimis amount, but the credit card company is not allowed to charge a fee.

I support this amendment. This is the same principle that applies with respect to over the limit fees in banking accounts. The premise is reasonable and makes sense. I urge my colleagues to support it.

9. Hensarling (TX), would allow issuers to raise rates on existing balances if they provide consumers clear notification 90 days in advance, provided that the issuer has previously specified this ability to consumers in their contract and at least once every year thereafter.

I do not support this amendment. The whole idea behind this bill is to extend certain rights to the consumer. This amendment allows credit card companies to continue to raise rates without any regard as to whether the rates were reasonable in the first instance. I urge my colleagues not to support this amendment.

10. Hensarling (TX), would allow creditors to use retroactive rate increases, universal default, and 'double cycle billing' practices as long as they offer at least one card option that does not have those billing features to all of their existing customers.

I do not support this amendment. The whole idea behind this bill is to extend certain rights to the consumer. This amendment allows credit card companies to continue to raise rates without any regard as to whether the rates were reasonable in the first instance. I urge my colleagues not to support this amendment.

11. Minnick (ID), would provide that the amount of a balance as of the 7-day mark, instead of the 14-day mark, following a notice of a rate increase would be protected from the rate increase.

I do not support this amendment. Allowing the balance as of the 14-day mark following a notice of rate increase that would be protected would help the consumer. I urge my colleagues not to support this amendment.

12. Price, David (NC)/Miller, Brad (NC)/Moran, James (VA)/Quigley (IL)/Lowe (NY)/Stupak (MI)/Sutton (OH), would require credit card issuers to provide enhanced disclosure to consumers regarding minimum payments, including a written Minimum Payment Warning statement on all monthly statements as well as information regarding the monthly payment amount and total cost that would be required for the consumer to eliminate the outstanding balance in 12, 24 and 36 months. Would require credit card issuers to provide a toll-free telephone number at which the consumer may receive information about accessing credit counseling and debt management services.

I support this amendment. It makes good sense and would help the consumer make informed decisions. It affords the consumer with credit counseling and debt management services which can be vital informational tools for consumers.

13. Davis, Susan (CA)/Carney (PA), Would require card issuers to notify cardholders 30 days before closing their accounts, the reason for the account closure, options to keep the account open, programs available to repay the balance, and the resulting impact on their credit score.

I support this amendment and urge my colleagues to support it. This amendment offers the consumer the last clear chance to self-help and to fix the consumers bad credit situation. Should the consumer not be able to improve the situation, the consumer must be informed about the resulting impact upon the consumer's credit score. This amendment makes sense. I urge my colleagues to support it.

14. Perriello (VA), Would require a 6-month period for a promotional rate for credit cards before the standard rate may be increased.

I support this amendment.

15. Schauer (MI), Would require creditors to post their credit card written agreements on their Web sites, and requires the Board to compile and report those agreements on its Web site.

I support this amendment. It promotes transparency.

16. Teague, Harry (NM)/Nye (VA)/Bocieri (OH)/Kissell, Larry (NC), Would restrict credit card issuers from making adverse reports to credit rating agencies regarding deployed military service members and disabled veterans during the first two years of their disability.

I support this amendment and I encourage my colleagues to do the same. This amendment ensures that veterans and servicemen are not prejudiced in their credit ratings because of deployment or disability. It is a small sacrifice for our servicemen and veterans who have given so much to protect this country. I urge my colleagues to support this amendment.

17. Schock (IL), Would allow consumers who have not activated an issued credit card within 45 days, to contact the issuing institution to cancel the card and have it removed from their credit report entirely. If after 45 days the card has not been activated it is automatically removed from any such report.

I support this amendment. It is a good commonsense amendment. I urge my colleagues to support it.

Madam Speaker, I support the rule and the amendments that I enumerated above. I urge my colleagues to do the same.

Mr. PERLMUTTER. Madam Speaker, I would like to yield 2 minutes to my friend from Massachusetts (Mr. TIERNEY).

Mr. TIERNEY. I thank the Member for yielding me the time.

I want to congratulate the sponsors of this bill, the Credit Cardholders' Bill of Rights. Obviously, we have been proud to sponsor this bill and its previous iterations in past Congresses as well as this Congress.

People in my district are upset about what's been going on with this. A Gloucester, Massachusetts, resident says that his bank has raised rates to the 27 percent level. Now they have to use part of their retirement savings to pay off their cards. From North Andover, Massachusetts, rates going up as high from 12 percent to 29 percent. A 12-year customer of their bank never

late on a payment. Salem, Massachusetts, their interest rates were threatened to go up to 31.99 percent.

Cardholders need protection. They need protection against arbitrary interest rate increases. They need protection against being punished even when they pay on time. They need protection against due-date gimmicks. They need protection against excessive fees.

But we also take nothing from the underlying bill, which is a good piece of legislation, to say that we also need protection on interest rates, period. Usury has been with this country since its origination all the way through the end of the Carter years. It wasn't until the courts in 1978 indicated that companies should not have to deal with 50 different interest rates State by State. But Justice Black also said the Federal legislators could undertake to set a cap on interest rate fees, and we should have been doing that long ago. We should have taken this opportunity in this rule to allow an amendment to do just that. We've had usury rules since the Babylonian Empire. The fact of the matter is these credit card companies will go out and just raise those interest rates to try to make up on what they're losing and the other things that we're doing in this bill.

If we don't do it in this bill, we should do it soon in a freestanding bill to stop those usury rates. We have to find out whether the Members of this body and the Senate are standing with American families and businesses or whether they're going to stand with the companies as they take excessive profits and unjustly enrich themselves on the backs of our families and our neighbors.

So I want to thank you for the time and say this is a great bill. The rule is a good rule. We need to move forward, however. If we're not going to allow a cap on interest rates in this bill, then we ought to do it in a freestanding bill and do it as soon as possible.

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Mr. PERLMUTTER. I would like to ask my friend from Texas, we have two more speakers, proceed with them and then close? I don't know how many speakers he may have.

Mr. SESSIONS. I appreciate the gentleman, and I would allow him to proceed as just discussed.

Mr. PERLMUTTER. I yield 1 minute to my friend from Tennessee (Mr. COHEN).

Mr. COHEN. Madam Speaker, this is one of the most important bills to come before the Congress. I hope it has bipartisan support, because, indeed, people of all income ranges have credit card debt. And the actions of the credit card companies in changing due dates and other features hurt everybody. This is crippling Americans, consumers, with interest, debt and fees.

We had a committee meeting—I am chairman of Commercial and Administrative Law—on this subject. The credit card industry told us they couldn't

change their computers quicker than 2 years to get ready to do such a bill. I would submit if we can put a man on the Moon, the banks can get their computers fixed to deal with this bill, and they should.

We had an amendment we offered in committee on college students. College students are most vulnerable and shouldn't be lured to credit cards at an early age and put into even more debt than student loans do by offering prizes and gifts.

I support the bill and hope we can go further in the future or with the Senate.

Mr. PERLMUTTER. I would like to yield 2 minutes to the gentleman from New York (Mr. MAFFEI).

Mr. MAFFEI. I thank the gentleman for yielding.

Madam Speaker, we must support this rule because the Credit Cardholders' Bill of Rights Act is really just the beginning, just the foundation of reestablishing basic rules that will protect consumers.

A lot of these amendments are very, very good amendments and are needed to make sure that we don't need a lawyer like we do when we buy a house, you have a lawyer. But we don't need a lawyer in order to just get a credit card.

The very nature of what credit card companies have been doing has become exploitive. They are going after Americans who may be too responsible to run away, but too poor to ever pay back their balance.

They are making their money on unreasonable interest rates, fees, et cetera. And during a recession, this only becomes worse.

Now, the other side is saying that there is competition. But how can consumers take advantage of this competition if they can't even tell which credit card is better because of all the deceptive practices that we are allowing? Thirty-page contracts containing all this fine print, raising interest rates, universal default which says if you are late on any card, then any other card can punish you.

This credit card bill of rights is really just the beginning, and we must make sure that we also have a declaration of independence from unreasonable credit card interest rate and debt. Just as I just did with my credit card, we must get away from these unreasonable rates and unreasonable fees that the credit card companies are offering.

This bill will give the consumers the tools to do that.

Mr. SESSIONS. Madam Speaker, the gentleman and I had previously spoken that I would have a late arrival.

I yield 5 minutes to the gentleman from Illinois (Mr. ROSKAM).

Mr. ROSKAM. I thank the gentleman for yielding.

I offered an amendment before the Rules Committee, and unfortunately, it was sort of swatted away in a partisan fashion. I really regret that.

I think that the tone that we hear many times coming from the leader-

ship of this Congress is there is no pride of authorship, there is willingness to listen, and yet, somehow the conduct and the procedure that we have seen coming from the Rules Committee has really fallen short of that soaring rhetoric. Let me give you an example of that.

I offered an amendment which was very straightforward, and it directed the GAO to make sure that the requirements of this bill would not restrict access to credit or increase the cost of credit for small business.

And all it does is it would have delayed the effective date of the legislation until the President determined that the GAO study concluded that there was no extra burden for small business. And if the President differed in his determination, all he had to do was justify it.

So this isn't a power grab, this isn't overstating or overstepping, but what it is saying is, look, we all cumulatively talk about how important small business is. Everybody, when we go back to our districts, when we go to our teletown hall meetings, when we talk to the chambers of commerce and the rotary clubs, everybody talks about how important small business is.

And, yet, there is a very real possibility that the underlying bill that the majority is advancing right now is going to have an adverse effect on credit availability for small business.

Now, we have heard, during the course of this national economic debate and conversation that we have had, that we hold in highest esteem the following groups. We say we are very concerned about the small businessperson. We are very concerned about the entrepreneur. We are very concerned about the self-employed.

And, yet, when an opportunity comes along to stand up for that very group and basically say, whoa, hold on, just a second here, let's be very, very careful when we are changing credit policy that everybody acknowledges is the life and blood of a small business, yet, suddenly, we are just quickly going to run roughshod over that group, when all we are doing is saying let us have a vote on an amendment?

This isn't ramming something down; just have the vote. Just let the people's House decide.

But yet the Rules Committee, Madam Speaker, was very, very dismissive of it and said, no, no, no, we are really not interested in that approach, and we don't even want to hear about it. I think that's regrettable.

I think that this House can do better. I think this rule can be much better than this. What's to be afraid of? What's to be afraid about a vote and a conversation in the people's House, on the floor of the people's House about standing up for small business.

Now, I know that there are other elements of the bill that claim to be helpful to small business. But I will tell

you what, when it comes down to it, if we are that cavalier that we are not willing to have a conversation and a vote, a recorded vote on an amendment that simply says we are going to put a pause button on this to make sure that the GAO looks at this, to make sure it doesn't have an adverse effect on small business, I think it's deeply regrettable.

And notwithstanding the soaring rhetoric that we hear coming from the leadership of the majority, Madam Speaker, notwithstanding the promises, notwithstanding the sort of bumper-sticker mentality that you hear, see out and about in this town, I think it's really regrettable. Here we have this opportunity to stand up for small business, to make sure that they are treated well, and that they are treated with respect and that they have access to the credit that they need.

I think we can do much better. I am, therefore, urging people to vote against the rule.

Mr. PERLMUTTER. I yield myself so much time as I may consume.

But before the gentleman leaves the Chamber, my friend from Illinois, I want him to know, Madam Speaker, that there are 17 amendments up for vote today. And among those is a vote involving the Federal Reserve and reports that Federal Reserve will give to this Congress as to the consequences of the actions that we take within this legislation.

Now, if his complaint is that it should be the GAO versus the Federal Reserve, maybe that's a legitimate complaint. I certainly don't think it is.

But we are allowing today 17 amendments to the Credit Cardholders' Bill of Rights, and they cover a whole range of issues.

Mr. ROSKAM. Will the gentleman yield?

Mr. PERLMUTTER. I yield 15 seconds to my friend from Chicago.

Mr. ROSKAM. I want to thank the gentleman very much, Madam Speaker, for yielding to me.

When the gentleman uses language like allowing, we are allowing a debate, we are allowing certain amendments, I think we can do better than that. Look, 52 amendments were submitted.

That means, do the quick math, that's a whole host of ideas that were just sort of cast aside. We can do better, 17 out of 52. We know we can do better than that.

Let's vote against this rule and come back and do it the right way.

Mr. PERLMUTTER. I thank the gentleman.

I reserve the balance of my time.

Mr. SESSIONS. Madam Speaker, in closing I would like to stress that while my friends on the other side of the aisle claim to be protecting consumers with this legislation, they have refused a bill, the opportunity for an amendment in this bill, that would protect all taxpayers from de facto nationalization of our financial system. The American taxpayers deserve the same

accountability and transparencies with their dollars that this bill claims to do for consumers.

As a Nation, we have real problems, Madam Speaker, and they need to be solved through real solutions. And passing legislation that already exists in Federal statute, I believe, is wasting our time.

We need to provide jobs, we need to encourage economic growth, we need to get the investor back into the game and, perhaps most of all, we need to restore America's public faith in their Members of Congress and in this Congress that we are aiming at solving the problems that face this Nation.

While I encourage each of my colleagues to vote "no" on this structured rule, I would also advise them they need to equally understand the facts of the case, and that would drive them to a "no" vote.

I yield back the balance of my time. Mr. PERLMUTTER. Madam Speaker, I appreciated the debate on this particular rule, but it is time, this is not a time to just vote "no." We like the status quo.

The people across this country are fed up with some of the practices that have existed with respect to credit cards. Whether it's universal default, all of a sudden your credit card rate is raised because you blinked wrong at a school crossing.

Under this, under universal default, you can have your credit card rate raised for any reason at any time. That's just not right.

Doubling billing cycle, you pay a portion of your bill, yet you are still charged interest on that portion the next go around. That's not right.

Credit cards are being extended to young people with tons of legalese that are incomprehensible to the greatest of the lawyers. That's not right.

It is time that the people of this country take control of their credit cards and the practices that have existed so that it isn't just a profit center for many of the credit card companies. The good credit card companies and the good banks really do respect the rights of their customers and their consumers.

But there are abusive practices that must be stopped, and it is H.R. 627 that will rein in some of these abusive practices.

At this point I would urge a "yes" vote on the rule and on the previous question.

Madam Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered. The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the yeas appeared to have it.

Mr. SESSIONS. Madam Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further pro-

ceedings on this question will be postponed.

#### ELECTING MEMBERS TO CERTAIN STANDING COMMITTEES OF THE HOUSE OF REPRESENTATIVES

Mr. PERLMUTTER. Madam Speaker, by direction of the Democratic Caucus, I offer a privileged resolution and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 381

*Resolved*, That the following named Members be and are hereby elected to the following standing committees of the House of Representatives:

(1) COMMITTEE ON AGRICULTURE.—Mr. Murphy of New York (to rank immediately after Mr. Boccieri).

(2) COMMITTEE ON ARMED SERVICES.—Mr. Murphy of New York, Mr. Boren.

(3) COMMITTEE ON THE JUDICIARY.—Mr. Quigley (to rank immediately after Mr. Pierluisi).

(4) COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM.—Mr. Quigley (to rank immediately after Mr. Connolly of Virginia), Ms. Kaptur (to rank immediately after Mr. Quigley).

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### PROVIDING FOR CONSIDERATION OF H.R. 627, CREDIT CARD-HOLDERS' BILL OF RIGHTS ACT OF 2009

The SPEAKER pro tempore. The unfinished business is the vote on adoption of House Resolution 379, on which the yeas and nays were ordered.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the resolution.

The vote was taken by electronic device, and there were—yeas 249, nays 175, not voting 9, as follows:

[Roll No. 224]

YEAS—249

Abercrombie	Carson (IN)	Edwards (MD)
Ackerman	Castor (FL)	Edwards (TX)
Adler (NJ)	Chandler	Ellison
Altire	Childers	Ellsworth
Andrews	Clarke	Engel
Arcuri	Clay	Eshoo
Baca	Cleaver	Etheridge
Baird	Clyburn	Farr
Baldwin	Cohen	Fattah
Barrow	Connolly (VA)	Filner
Bean	Conyers	Foster
Becerra	Cooper	Frank (MA)
Berkley	Costa	Fudge
Berman	Costello	Giffords
Bishop (GA)	Courtney	Gonzalez
Bishop (NY)	Crowley	Gordon (TN)
Blumenauer	Cuellar	Grayson
Boccieri	Cummings	Green, Al
Boren	Dahlkemper	Green, Gene
Boswell	Davis (AL)	Griffith
Boucher	Davis (CA)	Grijalva
Boyd	Davis (IL)	Gutierrez
Brady (PA)	Davis (TN)	Hall (NY)
Bralley (IA)	DeFazio	Halvorson
Bright	DeGette	Hare
Brown, Corrine	Delahunt	Harman
Butterfield	DeLauro	Heinrich
Capps	Dicks	Herseth Sandlin
Capuano	Doggett	Higgins
Cardoza	Donnelly (IN)	Himes
Carnahan	Doyle	Hinchee
Carney	Driehaus	Hinojosa