

ply with any amendments, in accordance with the regulations, forms, and clauses prescribed by the Board prior to such effective date, see section 625 of Pub. L. 96-221, set out as a note under section 1602 of this title.

**§ 1614. Repealed. Pub. L. 96-221, title VI, § 616(b), Mar. 31, 1980, 94 Stat. 182**

Section, Pub. L. 90-321, title I, § 115, as added Pub. L. 93-495, title IV, § 413(a), Oct. 28, 1974, 88 Stat. 1520, related to liability of assignees. See section 1641 of this title.

**Statutory Notes and Related Subsidiaries**

**EFFECTIVE DATE OF REPEAL**

Repeal effective on expiration of two years and six months after Mar. 31, 1980, with all regulations, forms, and clauses required to be prescribed to be promulgated at least one year prior to such effective date, and allowing any creditor to comply with any amendments, in accordance with the regulations, forms, and clauses prescribed by the Board prior to such effective date, see section 625 of Pub. L. 96-221, set out as an Effective Date of 1980 Amendment note under section 1602 of this title.

**§ 1615. Prohibition on use of “Rule of 78’s” in connection with mortgage refinancings and other consumer loans**

**(a) Prompt refund of unearned interest required**

**(1) In general**

If a consumer prepays in full the financed amount under any consumer credit transaction, the creditor shall promptly refund any unearned portion of the interest charge to the consumer.

**(2) Exception for refund of de minimus<sup>1</sup> amount**

No refund shall be required under paragraph (1) with respect to the prepayment of any consumer credit transaction if the total amount of the refund would be less than \$1.

**(3) Applicability to refinanced transactions and acceleration by the creditor**

This subsection shall apply with respect to any prepayment of a consumer credit transaction described in paragraph (1) without regard to the manner or the reason for the prepayment, including—

(A) any prepayment made in connection with the refinancing, consolidation, or restructuring of the transaction; and

(B) any prepayment made as a result of the acceleration of the obligation to repay the amount due with respect to the transaction.

**(b) Use of “Rule of 78’s” prohibited**

For the purpose of calculating any refund of interest required under subsection (a) for any precomputed consumer credit transaction of a term exceeding 61 months which is consummated after September 30, 1993, the creditor shall compute the refund based on a method which is at least as favorable to the consumer as the actuarial method.

**(c) Statement of prepayment amount**

**(1) In general**

Before the end of the 5-day period beginning on the date an oral or written request is re-

ceived by a creditor from a consumer for the disclosure of the amount due on any precomputed consumer credit account, the creditor or assignee shall provide the consumer with a statement of—

(A) the amount necessary to prepay the account in full; and

(B) if the amount disclosed pursuant to subparagraph (A) includes an amount which is required to be refunded under this section with respect to such prepayment, the amount of such refund.

**(2) Written statement required if request is in writing**

If the customer’s request is in writing, the statement under paragraph (1) shall be in writing.

**(3) 1 free annual statement**

A consumer shall be entitled to obtain 1 statement under paragraph (1) each year without charge.

**(4) Additional statements subject to reasonable fees**

Any creditor may impose a reasonable fee to cover the cost of providing any statement under paragraph (1) to any consumer in addition to the 1 free annual statement required under paragraph (3) if the amount of the charge for such additional statement is disclosed to the consumer before furnishing such statement.

**(d) Definitions**

For the purpose of this section—

**(1) Actuarial method**

The term “actuarial method” means the method of allocating payments made on a debt between the amount financed and the finance charge pursuant to which a payment is applied first to the accumulated finance charge and any remainder is subtracted from, or any deficiency is added to, the unpaid balance of the amount financed.

**(2) Consumer, credit**

The terms “consumer” and “creditor” have the meanings given to such terms in section 1602 of this title.

**(3) Creditor**

The term “creditor”—

(A) has the meaning given to such term in section 1602 of this title; and

(B) includes any assignee of any creditor with respect to credit extended in connection with any consumer credit transaction and any subsequent assignee with respect to such credit.

(Pub. L. 102-550, title IX, § 933, Oct. 28, 1992, 106 Stat. 3891.)

**Editorial Notes**

**CODIFICATION**

Section was enacted as part of the Housing and Community Development Act of 1992, and not as part of the Consumer Credit Protection Act which comprises this chapter.

<sup>1</sup> So in original. Probably should be “de minimis”.

**§ 1616. Board review of consumer credit plans and regulations**

**(a) Required review**

Not later than 2 years after the effective date of this Act and every 2 years thereafter, except as provided in subsection (c)(2), the Board shall conduct a review, within the limits of its existing resources available for reporting purposes, of the consumer credit card market, including—

- (1) the terms of credit card agreements and the practices of credit card issuers;
- (2) the effectiveness of terms, fees, and other expenses of credit card plans;
- (3) the adequacy of protections against unfair or deceptive acts or practices relating to credit card plans; and
- (4) whether or not, and to what extent, the implementation of this Act and the amendments made by this Act has affected—
  - (A) cost and availability of credit, particularly with respect to non-prime borrowers;
  - (B) the safety and soundness of credit card issuers;
  - (C) the use of risk-based pricing; or
  - (D) credit card product innovation.

**(b) Solicitation of public comment**

In connection with conducting the review required by subsection (a), the Board shall solicit comment from consumers, credit card issuers, and other interested parties, such as through hearings or written comments.

**(c) Regulations**

**(1) Notice**

Following the review required by subsection (a), the Board shall publish a notice in the Federal Register that—

- (A) summarizes the review, the comments received from the public solicitation, and other evidence gathered by the Board, such as through consumer testing or other research; and
- (B) either—
  - (i) proposes new or revised regulations or interpretations to update or revise disclosures and protections for consumer credit cards, as appropriate; or
  - (ii) states the reason for the determination of the Board that new or revised regulations are not necessary.

**(2) Revision of review period following material revision of regulations**

In the event that the Board materially revises regulations on consumer credit card plans, a review need not be conducted until 2 years after the effective date of the revised regulations, which thereafter shall be treated as the new date for the biennial review required by subsection (a).

**(d) Board report to the Congress**

The Board shall report to Congress not less frequently than every 2 years, except as provided in subsection (c)(2), on the status of its most recent review, its efforts to address any issues identified from the review, and any recommendations for legislation.

**(e) Additional reporting**

The Federal banking agencies (as that term is defined in section 1813 of title 12) and the Fed-

eral Trade Commission shall provide annually to the Board, and the Board shall include in its annual report to Congress under section 247 of title 12, information about the supervisory and enforcement activities of the agencies with respect to compliance by credit card issuers with applicable Federal consumer protection statutes and regulations, including—

- (1) this Act, the amendments made by this Act, and regulations prescribed under this Act and such amendments; and
- (2) section 5 of the Federal Trade Commission Act [15 U.S.C. 45], and regulations prescribed under the Federal Trade Commission Act [15 U.S.C. 41 et seq.], including part 227 of title 12 of the Code of Federal Regulations, as prescribed by the Board (referred to as “Regulation AA”).

(Pub. L. 111–24, title V, §502, May 22, 2009, 123 Stat. 1755.)

**Editorial Notes**

REFERENCES IN TEXT

The effective date of this Act, referred to in subsection (a), is 9 months after May 22, 2009, except as otherwise specifically provided in Pub. L. 111–24, see section 3 of Pub. L. 111–24, set out as an Effective Date of 2009 Amendment note under section 1602 of this title.

This Act, referred to in subsecs. (a)(4) and (e)(1), is Pub. L. 111–24, May 22, 2009, 123 Stat. 1734, known as the Credit Card Accountability Responsibility and Disclosure Act of 2009, and also as the Credit CARD Act of 2009, which enacted this section and sections 1651, 1665c to 1665e, 1666i–1, 1666i–2, and 1693l–1 of this title and section 1a–7b of Title 16, Conservation, amended sections 1602, 1632, 1637, 1640, 1650, 1666b, 1666c, 1666j, 1681b, 1681j, and 1693m to 1693r of this title, enacted provisions set out as notes under sections 1602, 1637, 1638, 1666b, 1681j, and 1693l–1 of this title and section 5311 of Title 31, Money and Finance, and amended provisions set out as notes under sections 1638 and 1693 of this title. For complete classification of this Act to the Code, see Short Title of 2009 Amendment note set out under section 1601 of this title and Tables.

The Federal Trade Commission Act, referred to in subsection (e)(2), is act Sept. 26, 1914, ch. 311, 38 Stat. 717, which is classified generally to subchapter I (§41 et seq.) of chapter 2 of this title. For complete classification of this Act to the Code, see section 58 of this title and Tables.

CODIFICATION

Section was enacted as part of the Credit Card Accountability Responsibility and Disclosure Act of 2009, also known as the Credit CARD Act of 2009, and not as part of the Consumer Credit Protection Act which comprises this chapter.

**Statutory Notes and Related Subsidiaries**

EFFECTIVE DATE

Section effective 9 months after May 22, 2009, except as otherwise specifically provided, see section 3 of Pub. L. 111–24, set out as an Effective Date of 2009 Amendment note under section 1602 of this title.

DEFINITION

For definition of “Board”, see section 2 of Pub. L. 111–24, set out as a Regulations note under section 1602 of this title.