

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: To provide a complete substitute.

**IN THE SENATE OF THE UNITED STATES—111th Cong., 1st Sess.**

**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.

Referred to the Committee on \_\_\_\_\_ and  
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended  
to be proposed by \_\_\_\_\_

Viz:

1 Strike all after the enacting clause and insert the fol-

2 lowing:

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the

5 “Credit Card Accountability Responsibility and Disclosure

6 Act of 2009” or the “Credit CARD Act of 2009”.

7 (b) **TABLE OF CONTENTS.**—

8 The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Regulatory authority.

Sec. 3. Effective date.

#### TITLE I—CONSUMER PROTECTION

- Sec. 101. Protection of credit cardholders.
- Sec. 102. Limits on fees and interest charges.
- Sec. 103. Use of terms clarified.
- Sec. 104. Application of card payments.
- Sec. 105. Standards applicable to initial issuance of subprime or “fee harvester” cards.
- Sec. 106. Rules regarding periodic statements.
- Sec. 107. Enhanced penalties.
- Sec. 108. Clerical amendments.

#### TITLE II—ENHANCED CONSUMER DISCLOSURES

- Sec. 201. Payoff timing disclosures.
- Sec. 202. Requirements relating to late payment deadlines and penalties.
- Sec. 203. Renewal disclosures.
- Sec. 204. Internet posting of credit card agreements.

#### TITLE III—PROTECTION OF YOUNG CONSUMERS

- Sec. 301. Extensions of credit to underage consumers.
- Sec. 302. Protection of young consumers from prescreened credit offers.
- Sec. 303. Issuance of credit cards to certain college students.

#### TITLE IV—GIFT CARDS

- Sec. 401. General-use prepaid cards, gift certificates, and store gift cards.
- Sec. 402. Relation to State laws.
- Sec. 403. Effective date.

#### TITLE V—MISCELLANEOUS PROVISIONS

- Sec. 501. Study and report on interchange fees.
- Sec. 502. Board review of consumer credit plans and regulations.

### 1 **SEC. 2. REGULATORY AUTHORITY.**

2       The Board of Governors of the Federal Reserve Sys-  
 3 tem (in this Act referred to as the “Board”) may issue  
 4 such rules and publish such model forms as it considers  
 5 necessary to carry out this Act and the amendments made  
 6 by this Act.

### 7 **SEC. 3. EFFECTIVE DATE.**

8       This Act and the amendments made by this Act shall  
 9 become effective 9 months after the date of enactment of

1 this Act, except as otherwise specifically provided in this  
2 Act.

## 3 **TITLE I—CONSUMER** 4 **PROTECTION**

### 5 **SEC. 101. PROTECTION OF CREDIT CARDHOLDERS.**

6 (a) ADVANCE NOTICE OF RATE INCREASE AND  
7 OTHER CHANGES REQUIRED.—

8 (1) AMENDMENT TO TILA.—Section 127 of the  
9 Truth in Lending Act (15 U.S.C. 1637) is amended  
10 by adding at the end the following:

11 “(i) ADVANCE NOTICE OF RATE INCREASE AND  
12 OTHER CHANGES REQUIRED.—

13 “(1) ADVANCE NOTICE OF INCREASE IN INTER-  
14 EST RATE REQUIRED.—In the case of any credit  
15 card account under an open end consumer credit  
16 plan, a creditor shall provide a written notice of an  
17 increase in an annual percentage rate (other than an  
18 increase due to the expiration of an introductory an-  
19 nual percentage rate, or due solely to a change in  
20 another rate of interest to which such rate is in-  
21 dexed) not later than 45 days prior to the effective  
22 date of the increase.

23 “(2) ADVANCE NOTICE OF OTHER SIGNIFICANT  
24 CHANGES REQUIRED.—In the case of any credit card  
25 account under an open end consumer credit plan, a

1 creditor shall provide a written notice of any signifi-  
2 cant change, as determined by rule of the Board, in  
3 the terms (including an increase in any fee or fi-  
4 nance charge, other than as provided in paragraph  
5 (1)) of the cardholder agreement between the cred-  
6 itor and the obligor, not later than 45 days prior to  
7 the effective date of the change.

8 “(3) NOTICE OF RIGHT TO CANCEL.—Each no-  
9 tice required by paragraph (1) or (2) shall be made  
10 in a clear and conspicuous manner, and shall con-  
11 tain a brief statement of the right of the obligor to  
12 cancel the account pursuant to rules established by  
13 the Board before the effective date of the subject  
14 rate increase or other change.

15 “(4) RULE OF CONSTRUCTION.—Closure or  
16 cancellation of an account by the obligor shall not  
17 constitute a default under an existing cardholder  
18 agreement, and shall not trigger an obligation to im-  
19 mediately repay the obligation in full or through a  
20 method that is less beneficial to the obligor than one  
21 of the methods described in section 171(c)(2), or the  
22 imposition of any other penalty or fee.”.

23 (2) EFFECTIVE DATE.—Notwithstanding sec-  
24 tion 3, section 127(i) of the Truth in Lending Act,

1 as added by this subsection, shall become effective  
2 90 days after the date of enactment of this Act.

3 (b) **RETROACTIVE INCREASE AND UNIVERSAL DE-**  
4 **FAULT PROHIBITED.**—Chapter 4 of the Truth in Lending  
5 Act (15 U.S.C. 1666 et seq.) is amended—

6 (1) by redesignating section 171 as section 173;

7 and

8 (2) by inserting after section 170 the following:

9 **“SEC. 171. LIMITS ON INTEREST RATE, FEE, AND FINANCE**  
10 **CHARGE INCREASES APPLICABLE TO OUT-**  
11 **STANDING BALANCES.**

12 **“(a) IN GENERAL.**—In the case of any credit card  
13 account under an open end consumer credit plan, no cred-  
14 itor may increase any annual percentage rate, fee, or fi-  
15 nance charge applicable to any outstanding balance, ex-  
16 cept as permitted under subsection (b).

17 **“(b) EXCEPTIONS.**—The prohibition under sub-  
18 section (a) shall not apply to—

19 **“(1)** an increase in an annual percentage rate  
20 upon the expiration of a specified period of time,  
21 provided that—

22 **“(A)** prior to commencement of that pe-  
23 riod, the creditor disclosed to the consumer, in  
24 a clear and conspicuous manner, the length of

1           the period and the annual percentage rate that  
2           would apply after expiration of the period;

3           “(B) the increased annual percentage rate  
4           does not exceed the rate disclosed pursuant to  
5           subparagraph (A); and

6           “(C) the increased annual percentage rate  
7           is not applied to transactions that occurred  
8           prior to commencement of the period;

9           “(2) an increase in a variable annual percent-  
10          age rate, fee, or finance charge in accordance with  
11          a credit card agreement that provides for changes  
12          according to an index or formula;

13          “(3) an increase due to the failure of the obli-  
14          gor to comply with the terms of a workout or tem-  
15          porary hardship arrangement, provided that the an-  
16          nual percentage rate, fee, or finance charge applica-  
17          ble to a category of transactions following any such  
18          increase does not exceed the rate, fee, or finance  
19          charge that applied to that category of transactions  
20          prior to commencement of the arrangement; or

21          “(4) an increase due solely to the fact that a  
22          minimum payment by the obligor has not been re-  
23          ceived by the creditor within 60 days after the due  
24          date for such payment, provided that the creditor  
25          shall—

1           “(A) include, together with the notice of  
2           such increase required under section 127(i), a  
3           clear and conspicuous written statement of the  
4           reason for the increase and that the increase  
5           will terminate not later than 6 months after the  
6           date on which it is imposed, if the creditor re-  
7           ceives the required minimum payments from  
8           the obligor during that period; and

9           “(B) terminate such increase not later  
10          than 6 months after the date on which it is im-  
11          posed, if the creditor receives the required min-  
12          imum payments during that period.

13          “(c) REPAYMENT OF OUTSTANDING BALANCE.—

14           “(1) IN GENERAL.—The creditor shall not  
15          change the terms governing the repayment of any  
16          outstanding balance, except that the creditor may  
17          provide the obligor with one of the methods de-  
18          scribed in paragraph (2) of repaying any out-  
19          standing balance, or a method that is no less bene-  
20          ficial to the obligor than one of those methods.

21           “(2) METHODS.—The methods described in this  
22          paragraph are—

23           “(A) an amortization period of not less  
24          than 5 years, beginning on the effective date of

1 the increase set forth in the notice required  
2 under section 127(i); or

3 “(B) a required minimum periodic pay-  
4 ment that includes a percentage of the out-  
5 standing balance that is equal to not more than  
6 twice the percentage required before the effec-  
7 tive date of the increase set forth in the notice  
8 required under section 127(i).

9 “(d) **OUTSTANDING BALANCE DEFINED.**—For pur-  
10 poses of this section, the term ‘outstanding balance’ means  
11 the amount owed on a credit card account under an open  
12 end consumer credit plan as of the end of the 14th day  
13 after the date on which the creditor provides notice of an  
14 increase in the annual percentage rate, fee, or finance  
15 charge in accordance with section 127(i).”.

16 (c) **INTEREST RATE REDUCTION ON OPEN END CON-**  
17 **SUMER CREDIT PLANS.**—Chapter 3 of the Truth in Lend-  
18 ing Act (15 U.S.C. 1661 et seq.) is amended by adding  
19 at the end the following:

20 **“SEC. 148. INTEREST RATE REDUCTION ON OPEN END CON-**  
21 **SUMER CREDIT PLANS.**

22 “(a) **IN GENERAL.**—If a creditor increases the an-  
23 nual percentage rate applicable to a credit card account  
24 under an open end consumer credit plan, based on factors  
25 including the credit risk of the obligor, market conditions,

1 or other factors, the creditor shall consider changes in  
2 such factors in subsequently determining whether to re-  
3 duce the annual percentage rate for such obligor.

4 “(b) REQUIREMENTS.—With respect to any credit  
5 card account under an open end consumer credit plan, the  
6 creditor shall—

7 “(1) maintain reasonable methodologies for as-  
8 sessing the factors described in subsection (a);

9 “(2) not less frequently than once every 6  
10 months, review accounts as to which the annual per-  
11 centage rate has been increased since January 1,  
12 2009, to assess whether such factors have changed  
13 (including whether any risk has declined);

14 “(3) reduce the annual percentage rate pre-  
15 viously increased when a reduction is indicated by  
16 the review; and

17 “(4) in the event of an increase in the annual  
18 percentage rate, provide in the written notice re-  
19 quired under section 127(i) a statement of the rea-  
20 sons for the increase.

21 “(c) RULE OF CONSTRUCTION.—This section shall  
22 not be construed to require a reduction in any specific  
23 amount.

24 “(d) RULEMAKING.—The Board shall issue final  
25 rules not later than 9 months after the date of enactment

1 of this section to implement the requirements of and  
2 evaluate compliance with this section, and subsections (a),  
3 (b), and (c) shall become effective 15 months after that  
4 date of enactment.”.

5 (d) INTRODUCTORY AND PROMOTIONAL RATES.—  
6 Chapter 4 of the Truth in Lending Act (15 U.S.C. 1666  
7 et seq.) is amended by inserting after section 171, as  
8 amended by this Act, the following:

9 **“SEC. 172. ADDITIONAL LIMITS ON INTEREST RATE IN-**  
10 **CREASES.**

11 “(a) LIMITATION ON INCREASES WITHIN FIRST  
12 YEAR.—Except in the case of an increase described in  
13 paragraph (1) or (2) of section 171(b), no increase in any  
14 annual percentage rate, fee, or finance charge on any cred-  
15 it card account under an open end consumer credit plan  
16 shall be effective before the end of the 1-year period begin-  
17 ning on the date on which the account is opened.

18 “(b) PROMOTIONAL RATE MINIMUM TERM.—No in-  
19 crease in any annual percentage rate applicable to a credit  
20 card account under an open end consumer credit plan that  
21 is a promotional rate (as that term is defined by the  
22 Board) shall be effective before the end of the 6-month  
23 period beginning on the date on which the promotional  
24 rate takes effect, subject to such reasonable exceptions as  
25 the Board may establish, by rule.”.

1 (e) CLERICAL AMENDMENT.—The table of sections  
2 for chapter 4 of the Truth in Lending Act is amended  
3 by striking the item relating to section 171 and inserting  
4 the following:

“171. Limits on interest rate, fee, and finance charge increases applicable to  
outstanding balances.

“172. Additional limits on interest rate increases.

“173. Applicability of State laws.”.

5 **SEC. 102. LIMITS ON FEES AND INTEREST CHARGES.**

6 (a) IN GENERAL.—Section 127 of the Truth in Lend-  
7 ing Act (15 U.S.C. 1637) is amended by adding at the  
8 end the following:

9 “(j) PROHIBITION ON PENALTIES FOR ON-TIME  
10 PAYMENTS.—

11 “(1) PROHIBITION ON DOUBLE-CYCLE BILLING  
12 AND PENALTIES FOR ON-TIME PAYMENTS.—Except  
13 as provided in paragraph (2), a creditor may not im-  
14 pose any finance charge on a credit card account  
15 under an open end consumer credit plan as a result  
16 of the loss of any time period provided by the cred-  
17 itor within which the obligor may repay any portion  
18 of the credit extended without incurring a finance  
19 charge, with respect to—

20 “(A) any balances for days in billing cycles  
21 that precede the most recent billing cycle; or

1           “(B) any balances or portions thereof in  
2           the current billing cycle that were repaid within  
3           such time period.

4           “(2) EXCEPTIONS.—Paragraph (1) does not  
5           apply to—

6           “(A) any adjustment to a finance charge  
7           as a result of the resolution of a dispute; or

8           “(B) any adjustment to a finance charge  
9           as a result of the return of a payment for insuf-  
10          ficient funds.

11          “(k) OPT-IN REQUIRED FOR OVER-THE-LIMIT  
12          TRANSACTIONS IF FEES ARE IMPOSED.—

13           “(1) IN GENERAL.—In the case of any credit  
14          card account under an open end consumer credit  
15          plan under which an over-the-limit-fee may be im-  
16          posed by the creditor for any extension of credit in  
17          excess of the amount of credit authorized to be ex-  
18          tended under such account, no such fee shall be  
19          charged, unless the consumer has expressly elected  
20          to permit the creditor, with respect to such account,  
21          to complete transactions involving the extension of  
22          credit under such account in excess of the amount  
23          of credit authorized.

24           “(2) DISCLOSURE BY CREDITOR.—No election  
25          by a consumer under paragraph (1) shall take effect

1 unless the consumer, before making such election,  
2 received a notice from the creditor of any over-the-  
3 limit fee in the form and manner, and at the time,  
4 determined by the Board. If the consumer makes the  
5 election referred to in paragraph (1), the creditor  
6 shall provide notice to the consumer of the right to  
7 revoke the election, in the form prescribed by the  
8 Board, in any periodic statement that includes no-  
9 tice of the imposition of an over-the-limit fee during  
10 the period covered by the statement.

11 “(3) FORM OF ELECTION.—A consumer may  
12 make or revoke the election referred to in paragraph  
13 (1) orally, electronically, or in writing, pursuant to  
14 regulations prescribed by the Board. The Board  
15 shall prescribe regulations to ensure that the same  
16 options are available for both making and revoking  
17 such election.

18 “(4) TIME OF ELECTION.—A consumer may  
19 make the election referred to in paragraph (1) at  
20 any time, and such election shall be effective until  
21 the election is revoked in the manner prescribed  
22 under paragraph (3).

23 “(5) REGULATIONS.—The Board shall prescribe  
24 regulations—

1           “(A) governing disclosures under this sub-  
2           section; and

3           “(B) that prevent unfair or deceptive acts  
4           or practices in connection with the manipulation  
5           of credit limits designed to increase over-the-  
6           limit fees or other penalty fees.

7           “(6) RULE OF CONSTRUCTION.—Nothing in  
8           this subsection shall be construed to prohibit a cred-  
9           itor from completing an over-the-limit transaction,  
10          provided that a consumer who has not made a valid  
11          election under paragraph (1) is not charged an over-  
12          the-limit fee for such transaction.

13          “(1) LIMIT ON FEES RELATED TO METHOD OF PAY-  
14          MENT.—With respect to a credit card account under an  
15          open end consumer credit plan, the creditor may not im-  
16          pose a separate fee to allow the obligor to repay an exten-  
17          sion of credit or finance charge, whether such repayment  
18          is made by mail, electronic transfer, telephone authoriza-  
19          tion, or other means, unless such payment involves an ex-  
20          pedited service by a service representative of the cred-  
21          itor.”.

22          (b) REASONABLE PENALTY FEES.—

23                 (1) IN GENERAL.—Chapter 3 of the Truth in  
24          Lending Act (15 U.S.C. 1661 et seq.), as amended

1 by this Act, is amended by adding at the end the fol-  
2 lowing:

3 **“SEC. 149. REASONABLE PENALTY FEES ON OPEN END CON-**  
4 **SUMER CREDIT PLANS.**

5 “(a) IN GENERAL.—The amount of any penalty fee  
6 or charge that a card issuer may impose with respect to  
7 a credit card account under an open end consumer credit  
8 plan in connection with any omission with respect to, or  
9 violation of, the cardholder agreement, including any late  
10 payment fee, over the limit fee, or any other penalty fee  
11 or charge, shall be reasonable and proportional to such  
12 omission or violation.

13 “(b) RULEMAKING REQUIRED.—The Board, in con-  
14 sultation with the Comptroller of the Currency, the Board  
15 of Directors of the Federal Deposit Insurance Corpora-  
16 tion, the Director of the Office of Thrift Supervision, and  
17 the National Credit Union Administration Board, shall  
18 issue final rules not later than 9 months after the date  
19 of enactment of this section, to establish standards for as-  
20 sessing whether the amount of any penalty fee or charge  
21 described under subsection (a) is reasonable and propor-  
22 tional to the omission or violation to which the fee or  
23 charge relates. Subsection (a) shall become effective 15  
24 months after the date of enactment of this section.

1           “(c) CONSIDERATIONS.—In issuing rules required by  
2 this section, the Board shall consider—

3                   “(1) the cost incurred by the creditor from such  
4 omission or violation;

5                   “(2) the deterrence of such omission or viola-  
6 tion by the cardholder;

7                   “(3) the conduct of the cardholder; and

8                   “(4) such other factors as the Board may deem  
9 necessary or appropriate.

10           “(d) DIFFERENTIATION PERMITTED.—In issuing  
11 rules required by this subsection, the Board may establish  
12 different standards for different types of fees and charges,  
13 as appropriate.

14           “(e) SAFE HARBOR RULE AUTHORIZED.—The  
15 Board, in consultation with the Comptroller of the Cur-  
16 rency, the Board of Directors of the Federal Deposit In-  
17 surance Corporation, the Director of the Office of Thrift  
18 Supervision, and the National Credit Union Administra-  
19 tion Board, may issue rules to provide an amount for any  
20 penalty fee or charge described under subsection (a) that  
21 is presumed to be reasonable and proportional to the omis-  
22 sion or violation to which the fee or charge relates.”.

23                   (2) CLERICAL AMENDMENTS.—Chapter 3 of the  
24 Truth in Lending Act (15 U.S.C. 1661 et seq.) is  
25 amended—

1 (A) in the chapter heading, by inserting  
2 **“AND LIMITS ON CREDIT CARD**  
3 **FEES”** after **“ADVERTISING”**; and  
4 (B) in the table of sections for the chapter,  
5 by adding at the end the following:

“148. Interest rate reduction on open end consumer credit plans.

“149. Reasonable penalty fees on open end consumer credit plans.”.

6 **SEC. 103. USE OF TERMS CLARIFIED.**

7 Section 127 of the Truth in Lending Act (15 U.S.C.  
8 1637) is amended by adding at the end the following:  
9 “(m) USE OF TERM ‘FIXED RATE’.—With respect to  
10 the terms of any credit card account under an open end  
11 consumer credit plan, the term ‘fixed’, when appearing in  
12 conjunction with a reference to the annual percentage rate  
13 or interest rate applicable with respect to such account,  
14 may only be used to refer to an annual percentage rate  
15 or interest rate that will not change or vary for any reason  
16 over the period specified clearly and conspicuously in the  
17 terms of the account.”.

18 **SEC. 104. APPLICATION OF CARD PAYMENTS.**

19 Section 164 of the Truth in Lending Act (15 U.S.C.  
20 1666c) is amended—  
21 (1) by striking the section heading and all that  
22 follows through “Payments” and inserting the fol-  
23 lowing:

1 **“§ 164. Prompt and fair crediting of payments**

2 “(a) IN GENERAL.—Payments”;

3 (2) by inserting “, by 5:00 p.m. on the date on  
4 which such payment is due,” after “in readily identi-  
5 fiable form”;

6 (3) by striking “manner, location, and time”  
7 and inserting “manner, and location”; and

8 (4) by adding at the end the following:

9 “(b) APPLICATION OF PAYMENTS.—

10 “(1) IN GENERAL.—Upon receipt of a payment  
11 from a cardholder, the card issuer shall apply  
12 amounts in excess of the minimum payment amount  
13 first to the card balance bearing the highest rate of  
14 interest, and then to each successive balance bearing  
15 the next highest rate of interest, until the payment  
16 is exhausted.

17 “(2) CLARIFICATION RELATING TO CERTAIN  
18 DEFERRED INTEREST ARRANGEMENTS.—A creditor  
19 shall allocate the entire amount paid by the con-  
20 sumer in excess of the minimum payment amount to  
21 a balance on which interest is deferred during the  
22 last 2 billing cycles immediately preceding the expi-  
23 ration of the period during which interest is de-  
24 ferred.

25 “(c) CHANGES BY CARD ISSUER.—If a card issuer  
26 makes a material change in the mailing address, office,

1 or procedures for handling cardholder payments, and such  
2 change causes a material delay in the crediting of a card-  
3 holder payment made during the 60-day period following  
4 the date on which such change took effect, the card issuer  
5 may not impose any late fee or finance charge for a late  
6 payment on the credit card account to which such payment  
7 was credited.”.

8 **SEC. 105. STANDARDS APPLICABLE TO INITIAL ISSUANCE**  
9 **OF SUBPRIME OR “FEE HARVESTER” CARDS.**

10 Section 127 of the Truth in Lending Act (15 U.S.C.  
11 1637), as amended by this Act, is amended by adding at  
12 the end the following new subsection:

13 “(n) **STANDARDS APPLICABLE TO INITIAL ISSUANCE**  
14 **OF SUBPRIME OR ‘FEE HARVESTER’ CARDS.—**

15 “(1) **IN GENERAL.—**If the terms of a credit  
16 card account under an open end consumer credit  
17 plan require the payment of any fees (other than  
18 any late fee, over-the-limit fee, or fee for a payment  
19 returned for insufficient funds) by the consumer in  
20 the first year during which the account is opened in  
21 an aggregate amount in excess of 25 percent of the  
22 total amount of credit authorized under the account  
23 when the account is opened, no payment of any fees  
24 (other than any late fee, over-the-limit fee, or fee for  
25 a payment returned for insufficient funds) may be

1 made from the credit made available under the  
2 terms of the account.

3 “(2) RULE OF CONSTRUCTION.—No provision  
4 of this subsection may be construed as authorizing  
5 any imposition or payment of advance fees otherwise  
6 prohibited by any provision of law.”.

7 **SEC. 106. RULES REGARDING PERIODIC STATEMENTS.**

8 (a) IN GENERAL.—Section 127 of the Truth in Lend-  
9 ing Act (15 U.S.C. 1637) is amended by adding at the  
10 end the following:

11 “(o) DUE DATES FOR CREDIT CARD ACCOUNTS.—

12 “(1) IN GENERAL.—The payment due date for  
13 a credit card account under an open end consumer  
14 credit plan shall be the same day each month.

15 “(2) WEEKEND OR HOLIDAY DUE DATES.—If  
16 the payment due date for a credit card account  
17 under an open end consumer credit plan is a day on  
18 which the creditor does not receive or accept pay-  
19 ments by mail (including weekends and holidays),  
20 the creditor may not treat a payment received on the  
21 next business day as late for any purpose.”.

22 (b) LENGTH OF BILLING PERIOD.—

23 (1) IN GENERAL.—Section 163 of the Truth in  
24 Lending Act (15 U.S.C. 1666b) is amended to read  
25 as follows:

1 **“SEC. 163. TIMING OF PAYMENTS.**

2 “(a) TIME TO MAKE PAYMENTS.—A creditor may  
3 not treat a payment on an open end consumer credit plan  
4 as late for any purpose, unless the creditor has adopted  
5 reasonable procedures designed to ensure that each peri-  
6 odic statement including the information required by sec-  
7 tion 127(b) is mailed or delivered to the consumer not  
8 later than 21 days before the payment due date.

9 “(b) GRACE PERIOD.—If an open end consumer cred-  
10 it plan provides a time period within which an obligor may  
11 repay any portion of the credit extended without incurring  
12 an additional finance charge, such additional finance  
13 charge may not be imposed with respect to such portion  
14 of the credit extended for the billing cycle of which such  
15 period is a part, unless a statement which includes the  
16 amount upon which the finance charge for the period is  
17 based was mailed or delivered to the consumer not later  
18 than 21 days before the date specified in the statement  
19 by which payment must be made in order to avoid imposi-  
20 tion of that finance charge.”.

21 (2) EFFECTIVE DATE.—Notwithstanding sec-  
22 tion 3, section 163 of the Truth in Lending Act, as  
23 amended by this subsection, shall become effective  
24 90 days after the date of enactment of this Act.

25 (c) CLERICAL AMENDMENTS.—The table of sections  
26 for chapter 4 of the Truth in Lending Act is amended—

1 (1) by striking the item relating to section 163  
2 and inserting the following:

“163. Timing of payments.”; and

3 (2) by striking the item relating to section 171  
4 and inserting the following:

“171. Universal defaults prohibited.

“172. Unilateral changes in credit card agreement prohibited.

“173. Applicability of State laws.”.

5 **SEC. 107. ENHANCED PENALTIES.**

6 Section 130(a)(2)(A) of the Truth in Lending Act  
7 (15 U.S.C. 1640(a)(2)(A)) is amended by striking “or (iii)  
8 in the” and inserting the following: “(iii) in the case of  
9 an individual action relating to an open end consumer  
10 credit plan that is not secured by real property or a dwell-  
11 ing, twice the amount of any finance charge in connection  
12 with the transaction, with a minimum of \$500 and a max-  
13 imum of \$5,000, or such higher amount as may be appro-  
14 priate in the case of an established pattern or practice of  
15 such failures; or (iv) in the”.

16 **SEC. 108. CLERICAL AMENDMENTS.**

17 Section 103(i) of the Truth in Lending Act (15  
18 U.S.C. 1602(i)) is amended—

19 (1) by striking “term” and all that follows  
20 through “means” and inserting the following:  
21 “terms ‘open end credit plan’ and ‘open end con-  
22 sumer credit plan’ mean”; and

1           (2) in the second sentence, by inserting “or  
2           open end consumer credit plan” after “credit plan”  
3           each place that term appears.

4                           **TITLE II—ENHANCED**  
5                           **CONSUMER DISCLOSURES**

6   **SEC. 201. PAYOFF TIMING DISCLOSURES.**

7           (a) IN GENERAL.—Section 127(b)(11) of the Truth  
8           in Lending Act (15 U.S.C. 1637(b)(11)) is amended to  
9           read as follows:

10                   “(11)(A) A written statement in the following  
11                   form: ‘Minimum Payment Warning: Making only the  
12                   minimum payment will increase the amount of inter-  
13                   est you pay and the time it takes to repay your bal-  
14                   ance.’, or such similar statement as is established by  
15                   the Board pursuant to consumer testing.

16                   “(B) Repayment information that would apply  
17                   to the outstanding balance of the consumer under  
18                   the credit plan, including—

19                           “(i) the number of months (rounded to the  
20                           nearest month) that it would take to pay the  
21                           entire amount of that balance, if the consumer  
22                           pays only the required minimum monthly pay-  
23                           ments and if no further advances are made;

24                           “(ii) the total cost to the consumer, includ-  
25                           ing interest and principal payments, of paying

1           that balance in full, if the consumer pays only  
2           the required minimum monthly payments and if  
3           no further advances are made;

4           “(iii) the monthly payment amount that  
5           would be required for the consumer to eliminate  
6           the outstanding balance in 36 months, if no  
7           further advances are made, and the total cost  
8           to the consumer, including interest and prin-  
9           cipal payments, of paying that balance in full if  
10          the consumer pays the balance over 36 months;  
11          and

12          “(iv) a toll-free telephone number at which  
13          the consumer may receive information about ac-  
14          cessing credit counseling and debt management  
15          services.

16          “(C)(i) Subject to clause (ii), in making the dis-  
17          closures under subparagraph (B), the creditor shall  
18          apply the interest rate or rates in effect on the date  
19          on which the disclosure is made until the date on  
20          which the balance would be paid in full.

21          “(ii) If the interest rate in effect on the date on  
22          which the disclosure is made is a temporary rate  
23          that will change under a contractual provision apply-  
24          ing an index or formula for subsequent interest rate  
25          adjustment, the creditor shall apply the interest rate

1 in effect on the date on which the disclosure is made  
2 for as long as that interest rate will apply under  
3 that contractual provision, and then apply an inter-  
4 est rate based on the index or formula in effect on  
5 the applicable billing date.

6 “(D) All of the information described in sub-  
7 paragraph (B) shall—

8 “(i) be disclosed in the form and manner  
9 which the Board shall prescribe, by regulation,  
10 and in a manner that avoids duplication; and

11 “(ii) be placed in a conspicuous and promi-  
12 nent location on the billing statement.

13 “(E) In the regulations prescribed under sub-  
14 paragraph (D), the Board shall require that the dis-  
15 closure of such information shall be in the form of  
16 a table that—

17 “(i) contains clear and concise headings for  
18 each item of such information; and

19 “(ii) provides a clear and concise form  
20 stating each item of information required to be  
21 disclosed under each such heading.

22 “(F) In prescribing the form of the table under  
23 subparagraph (E), the Board shall require that—

24 “(i) all of the information in the table, and  
25 not just a reference to the table, be placed on

1 the billing statement, as required by this para-  
2 graph; and

3 “(ii) the items required to be included in  
4 the table shall be listed in the order in which  
5 such items are set forth in subparagraph (B).

6 “(G) In prescribing the form of the table under  
7 subparagraph (D), the Board shall employ termi-  
8 nology which is different than the terminology which  
9 is employed in subparagraph (B), if such termi-  
10 nology is more easily understood and conveys sub-  
11 stantially the same meaning.”.

12 (b) CIVIL LIABILITY.—Section 130(a) of the Truth  
13 in Lending Act (15 U.S.C. 1640(a)) is amended, in the  
14 undesignated paragraph following paragraph (4), by strik-  
15 ing the second sentence and inserting the following: “In  
16 connection with the disclosures referred to in subsections  
17 (a) and (b) of section 127, a creditor shall have a liability  
18 determined under paragraph (2) only for failing to comply  
19 with the requirements of section 125, 127(a), or any of  
20 paragraphs (4) through (13) of section 127(b), or for fail-  
21 ing to comply with disclosure requirements under State  
22 law for any term or item that the Board has determined  
23 to be substantially the same in meaning under section  
24 111(a)(2) as any of the terms or items referred to in sec-

1 tion 127(a), or any of paragraphs (4) through (13) of sec-  
2 tion 127(b).”.

3 (c) GUIDELINES REQUIRED.—

4 (1) IN GENERAL.—Not later than 6 months  
5 after the date of enactment of this Act, the Sec-  
6 retary of the Treasury (in this section referred to as  
7 the “Secretary”) through the Office of Finance Edu-  
8 cation, in consultation with the Board, shall, by rule,  
9 regulation, or order, issue guidelines for the estab-  
10 lishment and maintenance by creditors of a toll-free  
11 telephone number for purposes of the disclosures re-  
12 quired under section 127(b)(11)(B)(iv) of the Truth  
13 in Lending Act, as added by this section.

14 (2) APPROVED AGENCIES.—Guidelines issued  
15 under this subsection shall ensure that referrals pro-  
16 vided by the toll-free number referred to in para-  
17 graph (1) include only those agencies certified by the  
18 Secretary as meeting the criteria under this section.

19 (3) CRITERIA.—The Secretary shall only certify  
20 a nonprofit budget and credit counseling agency for  
21 purposes of this subsection that—

22 (A) demonstrates that it will provide quali-  
23 fied counselors, maintain adequate provision for  
24 safekeeping and payment of client funds, pro-  
25 vide adequate counseling with respect to client

1 credit problems, and deal responsibly and effec-  
2 tively with other matters relating to the quality,  
3 effectiveness, and financial security of the serv-  
4 ices it provides; and

5 (B) at a minimum—

6 (i) is registered as a nonprofit entity  
7 under section 501(c) of the Internal Rev-  
8 enue Code of 1986;

9 (ii) has a board of directors, the ma-  
10 jority of the members of which—

11 (I) are not employed by such  
12 agency; and

13 (II) will not directly or indirectly  
14 benefit financially from the outcome  
15 of the counseling services provided by  
16 such agency;

17 (iii) if a fee is charged for counseling  
18 services, charges a reasonable and fair fee,  
19 and provides services without regard to  
20 ability to pay the fee;

21 (iv) provides for safekeeping and pay-  
22 ment of client funds, including an annual  
23 audit of the trust accounts and appropriate  
24 employee bonding;

1 (v) provides full disclosures to clients,  
2 including funding sources, counselor quali-  
3 fications, possible impact on credit reports,  
4 any costs of such program that will be paid  
5 by the client, and how such costs will be  
6 paid;

7 (vi) provides adequate counseling with  
8 respect to the credit problems of the client,  
9 including an analysis of the current finan-  
10 cial condition of the client, factors that  
11 caused such financial condition, and how  
12 such client can develop a plan to respond  
13 to the problems without incurring negative  
14 amortization of debt;

15 (vii) provides trained counselors  
16 who—

17 (I) receive no commissions or bo-  
18 nuses based on the outcome of the  
19 counseling services provided;

20 (II) have adequate experience;  
21 and

22 (III) have been adequately  
23 trained to provide counseling services  
24 to individuals in financial difficulty,

1 including the matters described in  
2 clause (vi);

3 (viii) demonstrates adequate experi-  
4 ence and background in providing credit  
5 counseling;

6 (ix) has adequate financial resources  
7 to provide continuing support services for  
8 budgeting plans over the life of any repay-  
9 ment plan; and

10 (x) is accredited by an independent,  
11 nationally recognized accrediting organiza-  
12 tion.

13 **SEC. 202. REQUIREMENTS RELATING TO LATE PAYMENT**  
14 **DEADLINES AND PENALTIES.**

15 Section 127(b)(12) of the Truth in Lending Act (15  
16 U.S.C. 1637(b)(12)) is amended to read as follows:

17 “(12) REQUIREMENTS RELATING TO LATE PAY-  
18 MENT DEADLINES AND PENALTIES.—

19 “(A) LATE PAYMENT DEADLINE REQUIRED  
20 TO BE DISCLOSED.—In the case of a credit card  
21 account under an open end consumer credit  
22 plan under which a late fee or charge may be  
23 imposed due to the failure of the obligor to  
24 make payment on or before the due date for  
25 such payment, the periodic statement required

1 under subsection (b) with respect to the account  
2 shall include, in a conspicuous location on the  
3 billing statement, the date on which the pay-  
4 ment is due or, if different, the date on which  
5 a late payment fee will be charged, together  
6 with the amount of the fee or charge to be im-  
7 posed if payment is made after that date.

8 “(B) DISCLOSURE OF INCREASE IN INTER-  
9 EST RATES FOR LATE PAYMENTS.—If 1 or  
10 more late payments under an open end con-  
11 sumer credit plan may result in an increase in  
12 the annual percentage rate applicable to the ac-  
13 count, the statement required under subsection  
14 (b) with respect to the account shall include  
15 conspicuous notice of such fact, together with  
16 the applicable penalty annual percentage rate,  
17 in close proximity to the disclosure required  
18 under subparagraph (A) of the date on which  
19 payment is due under the terms of the account.

20 “(C) PAYMENTS AT LOCAL BRANCHES.—If  
21 the creditor, in the case of a credit card account  
22 referred to in subparagraph (A), is a financial  
23 institution which maintains branches or offices  
24 at which payments on any such account are ac-  
25 cepted from the obligor in person, the date on

1           which the obligor makes a payment on the ac-  
2           count at such branch or office shall be consid-  
3           ered to be the date on which the payment is  
4           made for purposes of determining whether a  
5           late fee or charge may be imposed due to the  
6           failure of the obligor to make payment on or  
7           before the due date for such payment.”.

8   **SEC. 203. RENEWAL DISCLOSURES.**

9           Section 127(d) of the Truth in Lending Act (15  
10   U.S.C. 1637(d)) is amended—

11           (1) by striking paragraph (2);

12           (2) by redesignating paragraph (3) as para-  
13   graph (2); and

14           (3) in paragraph (1), by striking “Except as  
15   provided in paragraph (2), a card issuer” and insert-  
16   ing the following: “A card issuer that has changed  
17   or amended any term of the account since the last  
18   renewal that has not been previously disclosed or”.

19   **SEC. 204. INTERNET POSTING OF CREDIT CARD AGREE-**  
20                                   **MENTS.**

21           (a) IN GENERAL.—Section 122 of the Truth and  
22   Lending Act (15 U.S.C. 1632) is amended by adding at  
23   the end the following new subsection:

24           “(d) ADDITIONAL ELECTRONIC DISCLOSURES.—

1           “(1) POSTING AGREEMENTS.—Each creditor  
2 shall establish and maintain an Internet site on  
3 which the creditor shall post the written agreement  
4 between the creditor and the consumer for each  
5 credit card account under an open-end consumer  
6 credit plan.

7           “(2) CREDITOR TO PROVIDE CONTRACTS TO  
8 THE BOARD.—Each creditor shall provide to the  
9 Board, in electronic format, the consumer credit  
10 card agreements that it publishes on its Internet  
11 site.

12           “(3) RECORD REPOSITORY.—The Board shall  
13 establish and maintain on its publicly available  
14 Internet site a central repository of the consumer  
15 credit card agreements received from creditors pur-  
16 suant to this subsection, and such agreements shall  
17 be easily accessible and retrievable by the public.

18           “(4) EXCEPTION.—This subsection shall not  
19 apply to individually negotiated changes to contrac-  
20 tual terms, such as individually modified workouts  
21 or renegotiations of amounts owed by a consumer  
22 under an open end consumer credit plan.

23           “(5) REGULATIONS.—The Board, in consulta-  
24 tion with the other Federal banking agencies (as  
25 that term is defined in section 603) and the Federal

1 Trade Commission, may promulgate regulations to  
2 implement this subsection, including specifying the  
3 format for posting the agreements on the Internet  
4 sites of creditors and establishing exceptions to  
5 paragraphs (1) and (2), in any case in which the ad-  
6 ministrative burden outweighs the benefit of in-  
7 creased transparency, such as where a credit card  
8 plan has a de minimis number of consumer account  
9 holders.”.

10 **TITLE III—PROTECTION OF**  
11 **YOUNG CONSUMERS**

12 **SEC. 301. EXTENSIONS OF CREDIT TO UNDERAGE CON-**  
13 **SUMERS.**

14 Section 127(c) of the Truth in Lending Act (15  
15 U.S.C. 1637(c)) is amended by adding at the end the fol-  
16 lowing:

17 “(8) APPLICATIONS FROM UNDERAGE CON-  
18 SUMERS.—

19 “(A) PROHIBITION ON ISSUANCE.—No  
20 credit card may be issued to, or open end con-  
21 sumer credit plan established by or on behalf  
22 of, a consumer who has not attained the age of  
23 21, unless the consumer has submitted a writ-  
24 ten application to the card issuer that meets the  
25 requirements of subparagraph (B).

1           “(B) APPLICATION REQUIREMENTS.—An  
2 application to open a credit card account by a  
3 consumer who has not attained the age of 21  
4 as of the date of submission of the application  
5 shall require—

6                   “(i) the signature of a cosigner, in-  
7 cluding the parent, legal guardian, spouse,  
8 or any other individual who has attained  
9 the age of 21 having a means to repay  
10 debts incurred by the consumer in connec-  
11 tion with the account, indicating joint li-  
12 ability for debts incurred by the consumer  
13 in connection with the account before the  
14 consumer has attained the age of 21; or

15                   “(ii) submission by the consumer of  
16 financial information, including through an  
17 application, indicating an independent  
18 means of repaying any obligation arising  
19 from the proposed extension of credit in  
20 connection with the account.

21           “(C) SAFE HARBOR.—The Board shall  
22 promulgate regulations providing standards  
23 that, if met, would satisfy the requirements of  
24 subparagraph (B)(ii).”.

1 **SEC. 302. PROTECTION OF YOUNG CONSUMERS FROM**  
2 **PRESCREENED CREDIT OFFERS.**

3 Section 604(e)(1)(B) of the Fair Credit Reporting  
4 Act (15 U.S.C. 1681b(c)(1)(B)) is amended—

5 (1) in clause (ii), by striking “and” at the end;

6 and

7 (2) in clause (iii), by striking the period at the  
8 end and inserting the following: “; and

9 “(iv) the consumer report does not contain  
10 a date of birth that shows that the consumer  
11 has not attained the age of 21, or, if the date  
12 of birth on the consumer report shows that the  
13 consumer has not attained the age of 21, such  
14 consumer consents to the consumer reporting  
15 agency to such furnishing.”.

16 **SEC. 303. ISSUANCE OF CREDIT CARDS TO CERTAIN COL-**  
17 **LEGE STUDENTS.**

18 Section 127 of the Truth in Lending Act (15 U.S.C.  
19 1637) is amended by adding at the end the following new  
20 subsection:

21 “(p) PARENTAL APPROVAL REQUIRED TO INCREASE  
22 CREDIT LINES FOR ACCOUNTS FOR WHICH PARENT IS  
23 JOINTLY LIABLE.—No increase may be made in the  
24 amount of credit authorized to be extended under a credit  
25 card account for which a parent, legal guardian, or spouse  
26 of the consumer, or any other individual has assumed joint

1 liability for debts incurred by the consumer in connection  
2 with the account before the consumer attains the age of  
3 21, unless that parent, guardian, or spouse approves in  
4 writing, and assumes joint liability for, such increase.”.

## 5 **TITLE IV—GIFT CARDS**

### 6 **SEC. 401. GENERAL-USE PREPAID CARDS, GIFT CERTIFI-** 7 **CATES, AND STORE GIFT CARDS.**

8 The Electronic Fund Transfer Act (15 U.S.C. 1693  
9 et seq.) is amended—

10 (1) by redesignating sections 915 through 921  
11 as sections 916 through 922, respectively; and

12 (2) by inserting after section 914 the following:

### 13 **“SEC. 915. GENERAL-USE PREPAID CARDS, GIFT CERTIFI-** 14 **CATES, AND STORE GIFT CARDS.**

15 “(a) DEFINITIONS.—In this section, the following  
16 definitions shall apply:

17 “(1) DORMANCY FEE; INACTIVITY CHARGE OR  
18 FEE.—The terms ‘dormancy fee’ and ‘inactivity  
19 charge or fee’ mean a fee, charge, or penalty for  
20 non-use or inactivity of a gift certificate, store gift  
21 card, or general-use prepaid card.

22 “(2) GENERAL USE PREPAID CARD, GIFT CER-  
23 TIFICATE, AND STORE GIFT CARD.—

24 “(A) GENERAL-USE PREPAID CARD.—The  
25 term ‘general-use prepaid card’ means a card or

1 other payment code or device issued by any per-  
2 son that is—

3 “(i) redeemable at multiple, unaffili-  
4 ated merchants or service providers, or  
5 automated teller machines;

6 “(ii) issued in a requested amount,  
7 whether or not that amount may, at the  
8 option of the issuer, be increased in value  
9 or reloaded if requested by the holder;

10 “(iii) purchased or loaded on a pre-  
11 paid basis; and

12 “(iv) honored, upon presentation, by  
13 merchants for goods or services, or at  
14 automated teller machines.

15 “(B) GIFT CERTIFICATE.—The term ‘gift  
16 certificate’ means an electronic promise that  
17 is—

18 “(i) redeemable at a single merchant  
19 or an affiliated group of merchants that  
20 share the same name, mark, or logo;

21 “(ii) issued in a specified amount that  
22 may not be increased or reloaded;

23 “(iii) purchased on a prepaid basis in  
24 exchange for payment; and



1                   “(ii) reloadable and not marketed or  
2                   labeled as a gift card or gift certificate;

3                   “(iii) a loyalty, award, or promotional  
4                   gift card, as defined by the Board;

5                   “(iv) not marketed to the general pub-  
6                   lic; or

7                   “(v) issued in paper form only (in-  
8                   cluding for tickets and events).

9                   “(3) SERVICE FEE.—

10                   “(A) IN GENERAL.—The term ‘service fee’  
11                   means a periodic fee, charge, or penalty for  
12                   holding or use of a gift certificate, store gift  
13                   card, or general-use prepaid card.

14                   “(B) EXCLUSION.—With respect to a gen-  
15                   eral-use prepaid card, the term ‘service fee’  
16                   does not include a one-time initial issuance fee.

17                   “(b) PROHIBITION ON IMPOSITION OF FEES OR  
18                   CHARGES.—

19                   “(1) IN GENERAL.—Except as provided under  
20                   paragraphs (2) through (4), it shall be unlawful for  
21                   any person to impose a dormancy fee, an inactivity  
22                   charge or fee, or a service fee with respect to a gift  
23                   certificate, store gift card, or general-use prepaid  
24                   card.

1           “(2) EXCEPTIONS.—A dormancy fee, inactivity  
2 charge or fee, or service fee may be charged with re-  
3 spect to a gift certificate, store gift card, or general-  
4 use prepaid card, if—

5           “(A) there has been no activity with re-  
6 spect to the certificate or card in the 12-month  
7 period ending on the date on which the charge  
8 or fee is imposed;

9           “(B) the disclosure requirements of para-  
10 graph (3) have been met;

11           “(C) not more than one fee may be  
12 charged in any given month; and

13           “(D) any additional requirements that the  
14 Board may establish through rulemaking under  
15 subsection (d) have been met.

16           “(3) DISCLOSURE REQUIREMENTS.—The disclo-  
17 sure requirements of this paragraph are met if—

18           “(A) the gift certificate, store gift card, or  
19 general-use prepaid card clearly and conspicu-  
20 ously states—

21           “(i) that a dormancy fee, inactivity  
22 charge or fee, or service fee may be  
23 charged;

24           “(ii) the amount of such fee or  
25 charge;

1                   “(iii) how often such fee or charge  
2                   may be assessed; and

3                   “(iv) that such fee or charge may be  
4                   assessed for inactivity; and

5                   “(B) the issuer of such certificate or card  
6                   informs the purchaser of such charge or fee be-  
7                   fore such certificate or card is purchased, re-  
8                   gardless of whether the certificate or card is  
9                   purchased in person, over the Internet, or by  
10                  telephone.

11                  “(4) EXCLUSION.—The prohibition under para-  
12                  graph (1) shall not apply to any gift certificate—

13                         “(A) that is distributed pursuant to an  
14                         award, loyalty, or promotional program, as de-  
15                         fined by the Board; and

16                         “(B) with respect to which, there is no  
17                         money or other value exchanged.

18                  “(c) PROHIBITION ON SALE OF GIFT CARDS WITH  
19                  EXPIRATION DATES.—

20                         “(1) IN GENERAL.—Except as provided under  
21                         paragraph (2), it shall be unlawful for any person to  
22                         sell or issue a gift certificate, store gift card, or gen-  
23                         eral-use prepaid card that is subject to an expiration  
24                         date.

1           “(2) EXCEPTIONS.—A gift certificate, store gift  
2 card, or general-use prepaid card may contain an ex-  
3 piration date if—

4           “(A) the expiration date is not earlier than  
5 5 years after the date on which the gift certifi-  
6 cate was issued, or the date on which card  
7 funds were last loaded to a store gift card or  
8 general-use prepaid card; and

9           “(B) the terms of expiration are promi-  
10 nently disclosed in all capital letters that are  
11 presented in at least 10-point type.

12       “(d) ADDITIONAL RULEMAKING.—

13           “(1) IN GENERAL.—The Board shall prescribe  
14 regulations to carry out this section, in addition to  
15 any other rules or regulations required by this title,  
16 including such additional requirements as appro-  
17 priate relating to the amount of dormancy fees, inac-  
18 tivity charges or fees, or service fees that may be as-  
19 sessed and the amount of remaining value of gift  
20 certificate, store gift card, or general-use prepaid  
21 card below which such charges or fees may be as-  
22 sessed.

23           “(2) CONSULTATION.—In prescribing regula-  
24 tions under this subsection, the Board shall consult  
25 with the Federal Trade Commission.

1           “(3) TIMING; EFFECTIVE DATE.—The regula-  
2           tions required by this subsection shall be issued in  
3           final form not later than 9 months after the date of  
4           enactment of the Credit CARD Act of 2009.”.

5   **SEC. 402. RELATION TO STATE LAWS.**

6           Section 920 of the Electronic Fund Transfer Act (as  
7           redesignated by this title) is amended by inserting “dor-  
8           mancy fees, inactivity charges or fees, service fees, or expi-  
9           ration dates of gift certificates, store gift cards, or gen-  
10          eral-use prepaid cards,” after “electronic fund transfers,”.

11   **SEC. 403. EFFECTIVE DATE.**

12          This title and the amendments made by this title  
13          shall become effective 15 months after the date of enact-  
14          ment of this Act.

15                   **TITLE V—MISCELLANEOUS**  
16                   **PROVISIONS**

17   **SEC. 501. STUDY AND REPORT ON INTERCHANGE FEES.**

18          (a) STUDY REQUIRED.—The Comptroller General of  
19          the United States (in this section referred to as the  
20          “Comptroller”) shall conduct a study on use of credit by  
21          consumers, interchange fees, and their effects on con-  
22          sumers and merchants.

23          (b) SUBJECTS FOR REVIEW.—In conducting the  
24          study required by this section, the Comptroller shall re-  
25          view—

1           (1) the extent to which interchange fees are re-  
2           quired to be disclosed to consumers and merchants,  
3           whether merchants are restricted from disclosing  
4           interchange or merchant discount fees, and how  
5           such fees are overseen by the Federal banking agen-  
6           cies or other regulators;

7           (2) the ways in which the interchange system  
8           affects the ability of merchants of varying size to ne-  
9           gotiate pricing with card associations and banks;

10          (3) the costs and factors incorporated into  
11          interchange fees, such as advertising, bonus miles,  
12          and rewards, how such costs and factors vary among  
13          cards;

14          (4) the consequences of the undisclosed nature  
15          of interchange fees on merchants and consumers  
16          with regard to prices charged for goods and services;

17          (5) how merchant discount fees compare to the  
18          credit losses and other costs that merchants incur to  
19          operate their own credit networks or store cards;

20          (6) the extent to which the rules of payment  
21          card networks and their policies regarding inter-  
22          change fees are accessible to merchants;

23          (7) other jurisdictions where the central bank  
24          has regulated interchange fees and the impact on re-  
25          tail prices to consumers in such jurisdictions;



1           (2) the effectiveness of disclosures of terms,  
2           fees, and other expenses of credit card plans;

3           (3) the adequacy of protections against unfair  
4           or deceptive acts or practices relating to credit card  
5           plans;

6           (4) the cost and availability of credit, particu-  
7           larly with respect to non-prime borrowers;

8           (5) the safety and soundness of credit card  
9           issuers;

10          (6) the use of risk-based pricing; and

11          (7) credit card product innovation.

12          (b) SOLICITATION OF PUBLIC COMMENT.—In con-  
13          ducting the review required by subsection (a), the Board  
14          shall solicit comment from consumers, credit card issuers,  
15          and other interested parties, such as through hearings or  
16          written comments.

17          (c) REGULATIONS.—Following the review required by  
18          subsection (a), the Board shall publish notice in the Fed-  
19          eral Register that—

20                 (1) summarizes the review, the comments re-  
21                 ceived from the public solicitation, and other evi-  
22                 dence gathered by the Board, such as through con-  
23                 sumer testing or other research, and

1           (2) proposes new or revised regulations or inter-  
2           pretations to update or revise disclosures and protec-  
3           tions for consumer credit cards, as appropriate; or  
4           (3) states the reasons for any determination of  
5           the Board that new or revised regulations are not  
6           proposed under paragraph (2).