

## [Committee Print]

[JULY 24, 2008]

[The Committee Print consists of an Amendment in the Nature of a Substitute to H.R. 5244]

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Credit Cardholders’  
3 Bill of Rights Act of 2008”.

4 **SEC. 2. CREDIT CARDS ON TERMS CONSUMERS CAN REPAY.**

5 (a) **RETROACTIVE RATE INCREASES AND UNIVERSAL**  
6 **DEFAULT LIMITED.**—Chapter 2 of the Truth in Lending  
7 Act (15 U.S.C. 1631 et seq.) is amended by inserting after  
8 section 127A the following new section:

9 **“§ 127B. Additional requirements for credit card ac-**  
10 **counts under an open end consumer**  
11 **credit plan**

12 **“(a) RETROACTIVE RATE INCREASES AND UNI-**  
13 **VERSAL DEFAULT LIMITED.**—

14 **“(1) IN GENERAL.**—Except as provided in sub-  
15 section (b), no creditor may increase any annual per-  
16 centage rate of interest applicable to the existing

1 balance on a credit card account of the consumer  
2 under an open end consumer credit plan.

3 “(2) EXISTING BALANCE DEFINED.—For pur-  
4 poses of this subsection and subsections (b) and (c),  
5 the term ‘existing balance’ means the amount owed  
6 on a consumer credit card account as of the end of  
7 the fourteenth day after the creditor provides notice  
8 of an increase in the annual percentage rate in ac-  
9 cordance with subsection (c).

10 “(3) TREATMENT OF EXISTING BALANCES FOL-  
11 LOWING RATE INCREASE.—If a creditor increases  
12 any annual percentage rate of interest applicable to  
13 credit card account of a consumer under an open  
14 end consumer credit plan and there is an existing  
15 balance in the account to which such increase may  
16 not apply, the creditor shall allow the consumer to  
17 repay the existing balance using a method provided  
18 by the creditor which is at least as beneficial to the  
19 consumer as 1 of the following methods:

20 “(A) An amortization period for the exist-  
21 ing balance of at least 5 years starting from the  
22 date on which the increased annual percentage  
23 rate went into effect.

24 “(B) The percentage of the existing bal-  
25 ance that was included in the required min-

1           imum periodic payment before the rate increase  
2           cannot be more than doubled.

3           “(4) LIMITATION ON CERTAIN FEES.—If—

4                 “(A) a creditor increases any annual per-  
5           centage rate of interest applicable on a credit  
6           card account of the consumer under an open  
7           end consumer credit plan; and

8                 “(B) the creditor is prohibited by this sec-  
9           tion from applying the increased rate to an ex-  
10          isting balance,

11          the creditor may not assess any fee or charge based  
12          solely on the existing balance.”.

13          (b) EXCEPTIONS TO THE AMENDMENT MADE BY  
14          SUBSECTION (a).—Section 127B of the Truth in Lending  
15          Act is amended by inserting after subsection (a) (as added  
16          by subsection (a)) the following new subsection:

17          “(b) EXCEPTIONS.—

18                 “(1) IN GENERAL.—A creditor may increase  
19           any annual percentage rate of interest applicable to  
20           the existing balance on a credit card account of the  
21           consumer under an open end consumer credit plan  
22           only under the following circumstances:

23                 “(A) CHANGE IN INDEX.—The increase is  
24           due solely to the operation of an index that is

1 not under the creditor's control and is available  
2 to the general public.

3 “(B) EXPIRATION OR LOSS OF PRO-  
4 MOTIONAL RATE.—The increase is due solely  
5 to—

6 “(i) the expiration of a promotional  
7 rate; or

8 “(ii) the loss of a promotional rate for  
9 a reason specified in the account agree-  
10 ment (e.g., late payment).

11 “(C) PAYMENT NOT RECEIVED DURING 30-  
12 DAY GRACE PERIOD AFTER DUE DATE.—The  
13 increase is due solely to the fact that the con-  
14 sumer's minimum payment has not been re-  
15 ceived within 30 days after the due date for  
16 such minimum payment.

17 “(2) LIMITATION ON INCREASES DUE TO LOSS  
18 OF PROMOTIONAL RATE.—Notwithstanding para-  
19 graph (1)(B)(ii), the annual percentage rate in effect  
20 after the increase permitted under such subsection  
21 due to the loss of a promotional rate may not exceed  
22 the annual percentage rate that would have applied  
23 under the terms of the agreement after the expira-  
24 tion of the promotional rate.”.

1 (c) ADVANCE NOTICE OF RATE INCREASES.—Section  
2 127B of the Truth in Lending Act is amended by inserting  
3 after subsection (b) (as added by subsection (b)) the fol-  
4 lowing new subsection:

5 “(c) ADVANCE NOTICE OF RATE INCREASES.—In the  
6 case of any credit card account under an open end con-  
7 sumer credit plan, no increase in any annual percentage  
8 rate of interest may take effect unless the creditor pro-  
9 vides a written notice to the consumer at least 45 days  
10 before the increase takes effect which fully describes the  
11 changes in the annual percentage rate, in a complete and  
12 conspicuous manner, and the extent to which such in-  
13 crease would apply to an existing balance.”.

14 (d) CLERICAL AMENDMENT.—The table of sections  
15 for chapter 2 of the Truth in Lending Act (15 U.S.C.  
16 1631 et seq.) is amended by inserting after the item relat-  
17 ing to section 127A the following new item:

“127B. Additional requirements for credit card accounts under an open end con-  
sumer credit plan.”.

18 **SEC. 3. ADDITIONAL PROVISIONS REGARDING ACCOUNT**  
19 **FEATURES, TERMS, AND PRICING.**

20 (a) DOUBLE CYCLE BILLING PROHIBITED.—Section  
21 127B of the Truth in Lending Act is amended by inserting  
22 after subsection (c) (as added by section 2(c)) the fol-  
23 lowing new subsection:

24 “(d) DOUBLE CYCLE BILLING.—

1           “(1) IN GENERAL.—No finance charge may be  
2 imposed by a creditor with respect to any balance on  
3 a credit card account under an open end consumer  
4 credit plan that is based on balances for days in bill-  
5 ing cycles preceding the most recent billing cycle.

6           “(2) EXCEPTIONS.—Paragraph (1) shall not  
7 apply so as to prohibit a creditor from—

8                   “(A) charging a consumer for deferred in-  
9 terest even though that interest may have ac-  
10 crued over multiple billing cycles; or

11                   “(B) adjusting finance charges following  
12 resolution of a billing error dispute.”.

13           (b) LIMITATIONS RELATING TO ACCOUNT BALANCES  
14 ATTRIBUTABLE ONLY TO ACCRUED INTEREST.—Section  
15 127B is amended by inserting after subsection (d) (as  
16 added by subsection (a)) the following new subsection:

17           “(e) LIMITATIONS RELATING TO ACCOUNT BAL-  
18 ANCES ATTRIBUTABLE ONLY TO ACCRUED INTEREST.—

19                   “(1) IN GENERAL.—If the outstanding balance  
20 on a credit card account under an open end con-  
21 sumer credit plan represents an amount attributable  
22 only to accrued interest on previously repaid credit  
23 extended under the plan—

24                   “(A) no fee may be imposed or collected in  
25 connection with such balance; and

1           “(B) any failure to make timely repay-  
2           ments of such balance shall not constitute a de-  
3           fault on the account.

4           “(2) RULE OF CONSTRUCTION.—Paragraph (1)  
5           shall not be construed as affecting—

6           “(A) the consumer’s obligation to pay any  
7           accrued interest on a credit card account under  
8           an open end consumer credit plan; or

9           “(B) the accrual of interest on the out-  
10          standing balance on any such account in ac-  
11          cordance with the terms of the account and this  
12          title.”.

13          (c) ACCESS TO PAYOFF BALANCE INFORMATION.—  
14          Section 127B of the Truth in Lending Act is amended  
15          by inserting after subsection (e) (as added by subsection  
16          (b)) the following new subsection:

17          “(f) PAYOFF BALANCE INFORMATION.—Each peri-  
18          odic statement provided by a creditor to a consumer with  
19          respect to a credit card account under an open end con-  
20          sumer credit plan shall contain the telephone number,  
21          Internet address, and Worldwide Web site at which the  
22          consumer may request the payoff balance on the ac-  
23          count.”.

24          (d) CONSUMER RIGHT TO REJECT CARD BEFORE  
25          NOTICE IS PROVIDED OF OPEN ACCOUNT.—Section 127B

1 of the Truth in Lending Act is amended by inserting after  
2 subsection (g) (as added by subsection (c)) the following  
3 new subsection:

4 “(g) CONSUMER RIGHT TO REJECT CARD BEFORE  
5 NOTICE OF NEW ACCOUNT IS PROVIDED TO CONSUMER  
6 REPORTING AGENCY.—

7 “(1) IN GENERAL.—A creditor may not furnish  
8 any information to a consumer reporting agency (as  
9 defined in section 603) concerning the establishment  
10 of a newly opened credit card account under an open  
11 end consumer credit plan until the credit card has  
12 been used or activated by the consumer.

13 “(2) RULE OF CONSTRUCTION.—Paragraph (1)  
14 shall not be construed as prohibiting a creditor from  
15 furnishing information about any application for  
16 credit card account under an open end consumer  
17 credit plan or any inquiry about any such account  
18 to a consumer reporting agency (as so defined).”.

19 (e) USE OF TERMS CLARIFIED.—Section 127B of the  
20 Truth in Lending Act is amended by inserting after sub-  
21 section (g) (as added by subsection (d)) the following new  
22 subsection:

23 “(h) USE OF TERMS.—The following requirements  
24 shall apply with respect to the terms of any credit card  
25 account under any open end consumer credit plan:



1           “(1) ‘FIXED’ RATE.—The term ‘fixed’, when  
2           appearing in conjunction with a reference to the an-  
3           nual percentage rate or interest rate applicable with  
4           respect to such account, may only be used to refer  
5           to an annual percentage rate or interest rate that  
6           will not change or vary for any reason over the pe-  
7           riod clearly and conspicuously specified in the terms  
8           of the account.

9           “(2) PRIME RATE.—The term ‘prime rate’,  
10          when appearing in any agreement or contract for  
11          any such account, may only be used to refer to the  
12          bank prime rate published in the Federal Reserve  
13          Statistical Release on selected interest rates (daily or  
14          weekly), and commonly referred to as the H.15 re-  
15          lease (or any successor publication).

16          “(3) DUE DATE.—

17                 “(A) IN GENERAL.—Each periodic state-  
18                 ment for any such account shall contain a date  
19                 by which the next periodic payment on the ac-  
20                 count must be made to avoid a late fee or be  
21                 considered a late payment, and any payment re-  
22                 ceived by 5 P.M., local time at the location  
23                 specified by the creditor for the receipt of pay-  
24                 ment, on such date shall be treated as a timely  
25                 payment for all purposes.

1           “(B) CERTAIN ELECTRONIC FUND TRANS-  
2           FERS.—Any payment with respect to any such  
3           account made by a consumer on-line to the Web  
4           site of the credit card issuer or by telephone di-  
5           rectly to the credit card issuer before 5 P.M.,  
6           local time at the location specified by the cred-  
7           itor for the receipt of payment, on any business  
8           day shall be credited to the consumer’s account  
9           that business day.

10           “(C) PRESUMPTION OF TIMELY PAY-  
11           MENT.—Any evidence provided by a consumer  
12           in the form of a receipt from the United States  
13           Postal Service or other common carrier indi-  
14           cating that a payment on a credit card account  
15           was sent to the issuer not less than 7 days be-  
16           fore the due date contained in the periodic  
17           statement under subparagraph (A) for such  
18           payment shall create a presumption that such  
19           payment was made by the due date, which may  
20           be rebutted by the creditor for fraud or dishon-  
21           esty on the part of the consumer with respect  
22           to the mailing date.”.

23           (f) PRO RATA PAYMENT ALLOCATIONS.—Section  
24           127B of the Truth in Lending Act is amended by inserting

1 after subsection (h) (as added by subsection (e)) the fol-  
2 lowing new subsection:

3 “(i) PRO RATA PAYMENT ALLOCATIONS.—

4 “(1) IN GENERAL.—Except as permitted under  
5 paragraph (2), if the outstanding balance on a credit  
6 card account under an open end consumer credit  
7 plan accrues interest at 2 or more different annual  
8 percentage rates, the total amount of each periodic  
9 payment made on such account shall be allocated by  
10 the creditor between or among the outstanding bal-  
11 ances at each such annual percentage rate in the  
12 same proportion as each such balance bears to the  
13 total outstanding balance on the account.

14 “(2) ALLOCATION TO HIGHER RATE.—Notwith-  
15 standing paragraph (1), a creditor may elect, in any  
16 case described in such paragraph, to allocate more  
17 than a pro rata share of any payment to a portion  
18 of the outstanding balance that bears a higher an-  
19 nual percentage rate than another portion of such  
20 outstanding balance.

21 “(3) SPECIAL RULES FOR ACCOUNTS WITH  
22 PROMOTIONAL RATE BALANCES OR DEFERRED IN-  
23 TEREST BALANCES.—

24 “(A) IN GENERAL.—Notwithstanding para-  
25 graph (1) or (2), in the case of a credit card

1 account under an open end consumer credit  
2 plan the current terms of which allow the con-  
3 sumer to receive the benefit of a promotional  
4 rate or deferred interest plan, amounts paid in  
5 excess of the required minimum payment shall  
6 be allocated to the promotional rate balance or  
7 the deferred interest balance only if other bal-  
8 ances have been fully paid.

9 “(B) EXCEPTION FOR DEFERRED INTER-  
10 EST BALANCES.—Notwithstanding subpara-  
11 graph (A), a creditor may allocate the entire  
12 amount paid by the consumer in excess of the  
13 required minimum periodic payment to a bal-  
14 ance on which interest is deferred during the 2  
15 billing cycles immediately preceding the expira-  
16 tion of the period during which interest is de-  
17 ferred.

18 “(4) PROHIBITION ON RESTRICTED GRACE PE-  
19 RIODS UNDER CERTAIN CIRCUMSTANCES.—If, with  
20 respect to any credit card account under an open  
21 end consumer credit, a creditor offers a time period  
22 in which to repay credit extended without incurring  
23 finance charges to cardholders who pay the balance  
24 in full, the creditor may not deny a consumer who  
25 takes advantage of a promotional rate balance or de-

1       ferred interest rate balance offer with respect to  
2       such an account any such time period for repaying  
3       credit without incurring finance charges.”.

4       (g) **TIMELY PROVISION OF PERIODIC STATE-**  
5 **MENTS.**—Section 127B of the Truth in Lending Act is  
6 amended by inserting after subsection (i) (as added by  
7 subsection (f)) the following new subsection:

8       “(j) **TIMELY PROVISION OF PERIODIC STATE-**  
9 **MENTS.**—Each periodic statement with respect to a credit  
10 card account under an open end consumer credit plan  
11 shall be sent by the creditor to the consumer not less than  
12 25 calendar days before the due date identified in such  
13 statement for the next payment on the outstanding bal-  
14 ance on such account, and section 163(a) shall be applied  
15 with respect to any such account by substituting ‘25’ for  
16 ‘fourteen’.”.

17 **SEC. 4. CONSUMER CHOICE WITH RESPECT TO OVER-THE-**  
18 **LIMIT TRANSACTIONS.**

19       Section 127B of the Truth in Lending Act is amend-  
20 ed by inserting after subsection (j) (as added by section  
21 3(g)) the following new subsections:

22       “(k) **OPT-OUT OF CREDITOR AUTHORIZATION OF**  
23 **OVER-THE-LIMIT TRANSACTIONS IF FEES ARE IM-**  
24 **POSED.**—

1           “(1) IN GENERAL.—In the case of any credit  
2           card account under an open end consumer credit  
3           plan under which an over-the-limit-fee may be im-  
4           posed by the creditor for any extension of credit in  
5           excess of the amount of credit authorized to be ex-  
6           tended under such account, the consumer may elect  
7           to prohibit the creditor, with respect to such ac-  
8           count, from completing any transaction involving the  
9           extension of credit, with respect to such account, in  
10          excess of the amount of credit authorized by noti-  
11          fying the creditor of such election in accordance with  
12          paragraph (2).

13           “(2) NOTIFICATION BY CONSUMER.—A con-  
14          sumer shall notify a creditor under paragraph (1)—

15                   “(A) through the notification system main-  
16                   tained by the creditor under paragraph (4); or

17                   “(B) by submitting to the creditor a signed  
18                   notice of election, by mail or electronic commu-  
19                   nication, on a form issued by the creditor for  
20                   purposes of this subparagraph.

21           “(3) EFFECTIVENESS OF ELECTION.—An elec-  
22          tion by a consumer under paragraph (1) shall be ef-  
23          fective beginning 3 business days after the creditor  
24          receives notice from the consumer in accordance

1 with paragraph (2) and shall remain effective until  
2 the consumer revokes the election.

3 “(4) NOTIFICATION SYSTEM.—Each creditor  
4 that maintains credit card accounts under an open  
5 end consumer credit plan shall establish and main-  
6 tain a notification system, including a toll-free tele-  
7 phone number, Internet address, and Worldwide  
8 Web site, which permits any consumer whose credit  
9 card account is maintained by the creditor to notify  
10 the creditor of an election under this subsection in  
11 accordance with paragraph (2).

12 “(5) ANNUAL NOTICE TO CONSUMERS OF  
13 AVAILABILITY OF ELECTION.—In the case of any  
14 credit card account under an open end consumer  
15 credit plan, the creditor shall include a notice, in  
16 clear and conspicuous language, of the availability of  
17 an election by the consumer under this paragraph as  
18 a means of avoiding over-the limit fees and a higher  
19 amount of indebtedness, and the method for pro-  
20 viding such notice—

21 “(A) in the periodic statement required  
22 under subsection (b) with respect to such ac-  
23 count at least once each calendar year; and

24 “(B) in any such periodic statement which  
25 includes a notice of the imposition of an over-

1 the-limit fee during the period covered by the  
2 statement.

3 “(6) NO FEES IF CONSUMER HAS MADE AN  
4 ELECTION.—If a consumer has made an election  
5 under paragraph (1), no over-the-limit fee may be  
6 imposed on the account for any reason that has  
7 caused the outstanding balance in the account to ex-  
8 ceed the credit limit.

9 “(7) REGULATIONS.—

10 “(A) IN GENERAL.—The Board shall issue  
11 regulations allowing for the completion of over-  
12 the-limit transactions that for operational rea-  
13 sons exceed the credit limit by a de minimis  
14 amount, even where the cardholder has made  
15 an election under paragraph (1).

16 “(B) SUBJECT TO NO FEE LIMITATION.—  
17 The regulations prescribed under subparagraph  
18 (A) shall not allow for the imposition of any fee  
19 or any rate increase based on the permitted  
20 over-the-limit transactions.

21 “(1) OVER-THE-LIMIT FEE RESTRICTIONS.—With re-  
22 spect to a credit card account under an open end consumer  
23 credit plan, an over-the-limit fee may be imposed only once  
24 during a billing cycle if, on the last day of such billing  
25 cycle, the credit limit on the account is exceeded, and an



1 over-the-limit fee, with respect to such excess credit, may  
2 be imposed only once in each of the 2 subsequent billing  
3 cycles, unless the consumer has obtained an additional ex-  
4 tension of credit in excess of such credit limit during any  
5 such subsequent cycle or the consumer reduces the out-  
6 standing balance below the credit limit as of the end of  
7 such billing cycle.

8 “(m) OVER-THE-LIMIT FEES PROHIBITED IN CON-  
9 JUNCTION WITH CERTAIN CREDIT HOLDS.—Notwith-  
10 standing subsection (l), an over-the-limit fee may not be  
11 imposed if the credit limit was exceeded due to a hold un-  
12 less the actual amount of the transaction for which the  
13 hold was placed would have resulted in the consumer ex-  
14 ceeding the credit limit.”

15 **SEC. 5. STRENGTHEN CREDIT CARD INFORMATION COL-**  
16 **LECTION.**

17 Section 136(b) of the Truth in Lending Act (15  
18 U.S.C. 1646(b)) is amended—

19 (1) in paragraph (1)—

20 (A) by striking “COLLECTION RE-  
21 QUIRED.—The Board shall” and inserting

22 “COLLECTION REQUIRED.—

23 “(A) IN GENERAL.—The Board shall”.

24 (B) by adding at the end the following new  
25 subparagraph:

1                   “(B) INFORMATION TO BE INCLUDED.—

2                   The information under subparagraph (A) shall  
3                   include, for the relevant semiannual period, the  
4                   following information with respect each creditor  
5                   in connection with any consumer credit card ac-  
6                   count:

7                   “(i) A list of each type of transaction  
8                   or event during the semiannual period for  
9                   which 1 or more creditors has imposed a  
10                  separate interest rate upon a consumer  
11                  credit card accountholder, including pur-  
12                  chases, cash advances, and balance trans-  
13                  fers.

14                  “(ii) For each type of transaction or  
15                  event identified under clause (i)—

16                   “(I) each distinct interest rate  
17                   charged by the card issuer to a con-  
18                   sumer credit card accountholder dur-  
19                   ing the semiannual period ; and

20                   “(II) the number of cardholders  
21                   to whom each such interest rate was  
22                   applied during the last calendar  
23                   month of the semiannual period, and  
24                   the total amount of interest charged

1 to such accountholders at each such  
2 rate during such month.

3 “(iii) A list of each type of fee that 1  
4 or more of the creditors has imposed upon  
5 a consumer credit card accountholder dur-  
6 ing the semiannual period, including any  
7 fee imposed for obtaining a cash advance,  
8 making a late payment, exceeding the cred-  
9 it limit on an account, making a balance  
10 transfer, or exchanging United States dol-  
11 lars for foreign currency.

12 “(iv) For each type of fee identified  
13 under clause (iii), the number of  
14 accountholders upon whom the fee was im-  
15 posed during each calendar month of the  
16 semiannual period, and the total amount of  
17 fees imposed upon cardholders during such  
18 month.

19 “(v) The total number of consumer  
20 credit card accountholders that incurred  
21 any finance charge or any other fee during  
22 the semiannual period.

23 “(vi) The total number of consumer  
24 credit card accounts maintained by each

1 creditor as of the end of the semiannual  
2 period.

3 “(vii) The total number and value of  
4 cash advances made during the semiannual  
5 period under a consumer credit card ac-  
6 count.

7 “(viii) The total number and value of  
8 purchases involving or constituting con-  
9 sumer credit card transactions during the  
10 semiannual period.

11 “(ix) The total number and amount of  
12 repayments on outstanding balances on  
13 consumer credit card accounts in each  
14 month of the semiannual period.

15 “(x) The percentage of all consumer  
16 credit card accountholders (with respect to  
17 any creditor) who—

18 “(I) incurred a finance charge in  
19 each month of the semiannual period  
20 on any portion of an outstanding bal-  
21 ance on which a finance charge had  
22 not previously been incurred; and

23 “(II) incurred any such finance  
24 charge at any time during the semi-  
25 annual period.

1                   “(xi) The total number and amount of  
2                   balances accruing finance charges during  
3                   the semiannual period.

4                   “(xii) The total number and amount  
5                   of the outstanding balances on consumer  
6                   credit card accounts as of the end of such  
7                   semiannual period.

8                   “(xiii) Total credit limits in effect on  
9                   consumer credit card accounts as of the  
10                  end of such semiannual period and the  
11                  amount by which such credit limits exceed  
12                  the credit limits in effect as of the begin-  
13                  ning of such period.

14                  “(xiv) Any other information related  
15                  to interest rates, fees, or other charges  
16                  that the Board deems of interest.”; and

17                  (2) by adding at the end the following new  
18                  paragraph:

19                  “(5) REPORT TO CONGRESS.—The Board shall,  
20                  on an annual basis, transmit to Congress and make  
21                  public a report containing estimates by the Board of  
22                  the approximate, relative percentage of income de-  
23                  rived by the credit card operations of depository in-  
24                  stitutions from—

1           “(A) the imposition of interest rates on  
2           cardholders, including separate estimates for—

3                   “(i) interest with an annual percent-  
4                   age rate of less than 25 percent; and

5                   “(ii) interest with an annual percent-  
6                   age rate equal to or greater than 25 per-  
7                   cent;

8           “(B) the imposition of fees on cardholders;

9           “(C) the imposition of fees on merchants;

10           and

11                   “(D) any other material source of income,  
12           while specifying the nature of that income.”.

13   **SEC. 6. STANDARDS APPLICABLE TO INITIAL ISSUANCE OF**  
14                   **SUBPRIME OR “FEE HARVESTER” CARDS.**

15           Section 127B of the Truth in Lending Act is amend-  
16   ed by inserting after subsection (m) (as added by section  
17   4) the following new subsection:

18           “(n) STANDARDS APPLICABLE TO INITIAL ISSUANCE  
19   OF SUBPRIME OR ‘FEE HARVESTER’ CARDS.—In the case  
20   of any credit card account under an open end consumer  
21   credit plan the terms of which require the payment of fees  
22   (other than late fees or over-the-limit fees) by the con-  
23   sumer in the first year the account is opened in an amount  
24   in excess of 25 percent of the total amount of credit au-  
25   thorized under the account, the credit card may not be

1 issued to the consumer and the opening of the account  
2 may not be reported to any consumer reporting agency  
3 (as defined in section 603) until the creditor receives pay-  
4 ment in full of all such fees, and such payment may not  
5 be made from the credit made available by the card.”.

6 **SEC. 7. EXTENSIONS OF CREDIT TO UNDERAGE CON-**  
7 **SUMERS.**

8 Section 127(c) of the Truth in Lending Act (15  
9 U.S.C. 1637(c)) is amended by adding at the end the fol-  
10 lowing new paragraph:

11 “(8) EXTENSIONS OF CREDIT TO UNDERAGE  
12 CONSUMERS.—No credit card may be issued to, or  
13 open end credit plan established on behalf of, a con-  
14 sumer who has not attained the age of 18, unless  
15 the consumer is emancipated under applicable State  
16 law.”.

17 **SEC. 8. EFFECTIVE DATE.**

18 (a) IN GENERAL.—The amendments made by this  
19 Act shall apply to all credit card accounts under open end  
20 consumer credit plans as of the end of the 1-year period  
21 beginning on the date of the enactment of this Act.

22 (b) REGULATIONS.—The Board of Governors of the  
23 Federal Reserve System, in consultation with the Comp-  
24 troller of the Currency, the Director of the Office of Thrift  
25 Supervision, the Federal Deposit Insurance Corporation,

1 the National Credit Union Administration Board, and the  
2 Federal Trade Commission, shall prescribe regulations, in  
3 final form, implementing the amendments made by this  
4 Act before the end of the 6-month period beginning on  
5 the date of the enactment of this Act.

