

Thursday, April 30, 2009

| House Meets At... | Votes Predicted At... |
|--|-----------------------------|
| 10:00 a.m. For Legislative Business Five "One-minutes" Per Side | Last vote: 4:00 – 5:00 p.m. |

ANY ANTICIPATED MEMBER ABSENCES FOR VOTES TODAY SHOULD BE REPORTED IMMEDIATELY TO THE OFFICE OF THE MAJORITY WHIP AT 226-3210.

Floor Schedule and Procedure

- **H. Res. 379 – Rule providing for consideration of H.R. 627 – Credit Cardholders’ Bill of Rights Act of 2009 (Rep. Perlmutter – Rules)**: The structured rule provides that no general debate shall be in order pursuant to the rule. The rule further provides that the amendments made in order may be offered only in the order printed in the report from the Committee on Rules accompanying the resolution (*a list of the amendments is also located in the “Bill Summary & Key Issues” section of today’s Daily WhipLine*). These amendments may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent. The rule also provides for one motion to recommit the bill with or without instructions. Debate on the rule will be managed by Rep. Perlmutter, and consideration will proceed as follows:
 - One hour of debate on the rule.
 - Possible vote on a Democratic Motion ordering the previous question. **Democrats are urged to VOTE YES.**
 - Vote on adoption of the rule. **Democrats are urged to VOTE YES.**
- **Complete consideration of H.R. 627 – Credit Cardholders’ Bill of Rights Act of 2009 (Rep. Maloney – Financial Services)**: Pursuant to the rule, consideration of the bill will continue as follows:
 - Debate and possible votes on amendments.
 - Possible debate and vote on Republican motion to recommit the bill.
 - Vote on passage of the bill. **Democrats are urged to VOTE YES.**

Bill Summary & Key Issues

H.R. 627 – the Credit Cardholders’ Bill of Rights Act of 2009

The “Credit Cardholders’ Bill of Rights,” provides crucial protections against unfair, but unfortunately common, credit card practices.

Ends Unfair, Arbitrary Interest Rate Increases.

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

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

Lets Consumers Set Hard Credit Limits, Stops Excessive “Over-the-Limit” Fees.

Requires companies to let consumers set their own fixed credit limit.

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

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

Ends Unfair Penalties for Cardholders Who Pay on Time.

Ends unfair “double cycle” billing – card companies couldn’t charge interest on debt consumers have already paid on time.

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

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

Requires Fair Allocation of Consumer Payments.

Many companies credit payments to a cardholder’s lowest interest rate balances first, making it impossible for the consumer to pay off high-rate debt. The bill bans this practice, requiring payments made in excess of the minimum to be allocated proportionally or to the balance with the highest interest rate.

Protects Cardholders from Due Date Gimmicks.

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

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

Prevents Companies from Using Misleading Terms and Damaging Consumers' Credit Ratings.

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

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

Protects Vulnerable Consumers From High-Fee Subprime Credit Cards.

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

Bars Issuing Credit Cards to Vulnerable Minors

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

Requires Better Data Collection from Credit Card Industry

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

Swift Implementation of 45-Day Notice Requirement

Requires card companies to send out 45-day notice of interest rate increases 90-days after the bill is signed into law.

Amendments to H.R. 627 – the Credit Cardholders' Bill of Rights Act of 2009

1. **Gutierrez (IL)**, Would allow issuers to charge consumers for expedited payments by telephone when consumers request such an expedited payment, and would make technical corrections; would require that all credit card offers notify prospective applicants that excessive credit applications can adversely affect their credit rating; would direct the Board of Governors of the Federal Reserve to suggest appropriate guidelines for creditors to supply cardholders with information regarding the availability of legitimate and accredited credit counseling services; would require all written information, provisions, and terms in or on any application, solicitation, contract, or agreement for any credit card account under an open end consumer credit to appear in no less than 12 point font; and would require that stores who are self-issuers of credit cards display a large visible sign at counters with the same information that is required to be disclosed on the application itself. (20 minutes)
2. **Frank (MA)**, Would require the Federal Reserve 1) to review the consumer credit card market, including through solicitation of public comment, and report to Congress every two years; 2) publish a summary of this review in the Federal Register, along with proposed regulatory changes (or an explanation for why no such changes are proposed). The amendment also requires the Federal banking agencies and the FTC to submit to the Federal Reserve, for inclusion

in the Federal Reserve's annual report to Congress, information about the agencies' supervisory and enforcement activities related to credit card issuers' compliance with consumer protection laws.
(10 minutes)

3. **Slaughter (NY)/Duncan (TN)/Hastings, Alcee (FL)/Johnson (GA)/Christensen (VI)**, Would set underwriting standards for students' credit cards, including limiting credit lines to the greater of 20 percent of a student's annual income or \$500, without a co-signer and requiring creditors to obtain a proof of income, income history, and credit history from college students before approving credit applications.
(10 minutes)
4. **Gutierrez (IL)/Peters, Gary (MI)/Edwards, Donna (MD)**, Would require credit card issuers to allocate payments in excess of the minimum payment to the portion of the remaining balance with the highest outstanding APR first, and then to any remaining balances in descending order, eliminating the pro rata option.
(10 minutes)
5. **Pingree, Chellie (ME)**, Would require the Chair of the Federal Reserve to submit a report on the level of implementation of this bill every 90 days until the Chair can report full industry implementation.
(10 minutes)
6. **Polis (CO)**, Would clarify that minors are allowed to have a credit card in their name on their parent or legal guardian's account.
(10 minutes)
7. **Jones (NC)**, Would require the Federal Reserve Board, in consultation with the Federal Trade Commission and other agencies, to establish regulations that would allow estate administrators to resolve outstanding credit balances in a timely manner.
(10 minutes)
8. **Maloney (NY)/Watson (CA)**, Would require credit cardholders to opt-into receiving over-the-limit protection on their credit card in order for a credit card company to charge an over-the-limit fee. Allows for transactions that go over the limit to be completed for operational reasons as long as they are of a de minimis amount, but the credit card company is not allowed to charge a fee.
(10 minutes)
9. **Hensarling (TX)**, Would allow issuers to raise rates on existing balances if they provide consumers clear notification 90 days in advance, provided that the issuer has previously specified this ability to consumers in their contract and at least once every year thereafter.
(10 minutes)
10. **Hensarling (TX)**, Would allow creditors to use retroactive rate increases, universal default, and 'double cycle billing' practices as long

as they offer at least one card option that does not have those billing features to all of their existing customers.

(10 minutes)

11. **Minnick (ID)** Would provide that the amount of a balance as of the 7-day mark, instead of the 14-day mark, following a notice of a rate increase would be protected from the rate increase.
(10 minutes)
12. **12. Price, David (NC)/Miller, Brad (NC)/Moran, James (VA)/Quigley (IL)/Lowey (NY)/Stupak (MI)/Sutton (OH)**, Would require credit card issuers to provide enhanced disclosure to consumers regarding minimum payments, including a written Minimum Payment Warning statement on all monthly statements as well as information regarding the monthly payment amount and total cost that would be required for the consumer to eliminate the outstanding balance in 12, 24 and 36
Would require credit card issuers to provide a toll-free telephone number at which the consumer may receive information about accessing credit counseling and debt management services.
(10 minutes)
13. **Davis, Susan (CA)/Carney (PA)**, Would require card issuers to notify cardholders 30 days before closing their accounts, the reason for the account closure, options to keep the account open, programs available to repay the balance, and the resulting impact on their credit score.
(10 minutes)
14. **Perriello (VA)**, Would require a 6-month period for a promotional rate for credit cards before the standard rate may be increased.
(10 minutes)
15. **Schauer (MI)**, Would require creditors to post their credit card written agreements on their websites, and requires the Board to compile and report those agreements on its website.
(10 minutes)
16. **Teague, Harry (NM)/Nye (VA)/Bocchieri (OH)/Kissell, Larry (NC)**, Would restrict credit card issuers from making adverse reports to credit rating agencies regarding deployed military service members and disabled veterans during the first two years of their disability.
(10 minutes)
17. **Schock (IL)**, Would allow consumers who have not activated an issued credit card within 45 days, to contact the issuing institution to cancel the card and have it removed from their credit report entirely. If after 45 days the card has not been activated it is automatically removed from any such report.
(10 minutes)

Quote of the Day

“Don’t compromise yourself. You are all you’ve got.”

— Janis Joplin

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