

105TH CONGRESS
1ST SESSION

H. R. 2662

To amend the Truth in Lending Act to prevent credit card issuers from advertising and offering one type of credit card and then issuing another type of credit card without the informed consent of the consumer, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 9, 1997

Mr. MENENDEZ (for himself, Mr. STARK, Mrs. MALONEY of New York, Ms. KILPATRICK, Mr. GREEN, and Ms. LOFGREN) introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To amend the Truth in Lending Act to prevent credit card issuers from advertising and offering one type of credit card and then issuing another type of credit card without the informed consent of the consumer, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fair Credit Card Ap-
5 plication Act of 1997”.

1 **SEC. 2. FAIRNESS IN CREDIT AND CHARGE CARD APPLICA-**
2 **TIONS.**

3 (a) IN GENERAL.—Section 127(c)(1) of the Truth in
4 Lending Act (15 U.S.C. 1637(c)(1)) is amended by adding
5 at the end the following new subparagraphs:

6 “(C) ELECTION OF MINIMUM AMOUNT OF
7 CREDIT LIMIT.—If a credit card account estab-
8 lished pursuant to an application or solicitation
9 to which subparagraph (A) applies would be
10 subject to a maximum dollar amount limitation
11 on the amount of the credit which is authorized
12 to be extended with respect to such account
13 (hereafter in this subparagraph referred to as
14 the ‘credit limit’), the following provisions shall
15 apply:

16 “(i) The application or solicitation
17 shall disclose to the consumer that—

18 “(I) a credit limit will or may be
19 applicable with respect to such ac-
20 count; and

21 “(II) the consumer has the right
22 to state the lowest amount of the
23 credit limit which such consumer is
24 willing to accept if the credit card ac-
25 count is established.

1 “(ii) A completed application or solici-
2 tation submitted by a consumer may not
3 be processed by a credit card issuer unless
4 the application or solicitation contains—

5 “(I) an explicit statement by the
6 consumer, in the format prescribed by
7 the Board pursuant to section
8 122(c)(3), of the lowest amount of
9 any credit limit that the consumer is
10 willing to accept; or

11 “(II) an explicit positive state-
12 ment by the consumer that the
13 consumer has no preference with re-
14 gard to the amount of a credit limit.

15 “(iii) If a credit card issuer is unwill-
16 ing to open a credit card account with a
17 credit limit equal to or greater than an
18 amount indicated by the consumer as the
19 lowest amount the consumer is willing to
20 accept, the credit card issuer may not issue
21 a credit card on the basis of such applica-
22 tion or solicitation.

23 “(D) DIFFERENT TYPE, DESIGNATION, OR
24 BRAND OF CREDIT CARD.—If an application or
25 solicitation to which subparagraph (A) applies

1 may result in the issuance of a different type,
2 designation, or brand of credit card to a
3 consumer than the type, designation, or brand
4 of credit card to which such application or solie-
5 itation relates, the following provisions shall
6 apply:

7 “(i) The application or solicitation
8 shall disclose to the consumer that—

9 “(I) the submission of the appli-
10 cation or solicitation may result in the
11 issuance of a different type, designa-
12 tion, or brand of credit card to the
13 consumer than the type, designation,
14 or brand of credit card to which such
15 application or solicitation relates; and

16 “(II) the consumer has the right
17 to state whether or not the consumer
18 is willing to accept such other credit
19 card.

20 “(ii) The application or solicitation
21 shall contain (for each type, designation, or
22 brand of credit card which could be issued
23 on the basis of the submission of such ap-
24 plication or solicitation) all the information
25 and disclosures which would be required

1 under this subsection and subsection (e)
2 (in the format required under section
3 122(c)) if the application or disclosure re-
4 lates to such other type, designation, or
5 brand of credit card.

6 “(iii) A completed application or solici-
7 tation submitted by a consumer may not
8 be processed by a credit card issuer unless
9 the application or solicitation contains an
10 explicit statement by the consumer, in the
11 format prescribed by the Board pursuant
12 to section 122(c)(3), that the consumer is
13 or is not willing to accept a different type,
14 designation, or brand of credit card than
15 the type, designation, or brand of credit
16 card to which such application or sollicita-
17 tion relates.

18 “(iv) If a credit card issuer is unwill-
19 ing to issue a credit card of the type, des-
20 ignation, or brand of credit card to which
21 an application or solicitation relates and
22 the consumer has indicated that the
23 consumer is not willing to accept a dif-
24 ferent type, designation, or brand of credit
25 card, then the credit card issuer may not

1 issue a credit card on the basis of such ap-
2 plication or solicitation.”.

3 (b) DISCLOSURES IN TELEPHONE SOLICITATIONS.—
4 Section 127(c)(2) of the Truth in Lending Act (15 U.S.C.
5 1637(c)(2)) is amended by adding at the end the following
6 new subparagraph:

7 “(C) ADDITIONAL DISCLOSURES AND
8 CONSUMER RESPONSES.—

9 “(i) IN GENERAL.—In the case of a
10 telephone solicitation to open a credit card
11 account for any person under an open end
12 consumer credit plan, the person making
13 the solicitation shall orally disclose, to the
14 extent applicable, the information de-
15 scribed in paragraph (1)(C)(i) and clauses
16 (i) and (ii) of paragraph (1)(D) with re-
17 gard to such solicitation.

18 “(ii) CONSUMER RESPONSES.—If a
19 person making a telephone solicitation de-
20 scribed in clause (i) is required to orally
21 disclose information pursuant to such
22 clause, clauses (ii) and (iii) of paragraph
23 (1)(C) and clauses (iii) and (iv) of para-
24 graph (1)(D), as the case may be, shall
25 apply with regard to such solicitation.”.

1 (c) DISCLOSURES IN APPLICATIONS AND SOLICITA-
2 TIONS BY OTHER MEANS.—Section 127(c)(3) of the
3 Truth in Lending Act (15 U.S.C. 1637(c)(3)) is amend-
4 ed—

5 (1) in subparagraph (A)—

6 (A) by inserting “, including publications
7 or websites on the worldwide web or other dis-
8 tribution networks,” after “publications”; and

9 (B) by inserting “and the requirements of
10 subparagraph (F)” before the period at the
11 end; and

12 (2) by adding at the end the following new sub-
13 paragraph:

14 “(F) ADDITIONAL DISCLOSURES AND
15 CONSUMER RESPONSES.—

16 “(i) IN GENERAL.—An application or
17 solicitation described in subparagraph (A)
18 meets the requirements of this subpara-
19 graph if the application or solicitation con-
20 tains, to the extent applicable, the informa-
21 tion described in paragraph (1)(C)(i) and
22 clauses (i) and (ii) of paragraph (1)(D)
23 with regard to such application or sollicita-
24 tion.

1 “(ii) CONSUMER RESPONSES.—If an
2 application or solicitation described in sub-
3 paragraph (A) is required to contain infor-
4 mation pursuant to clause (i) of this sub-
5 paragraph, clauses (ii) and (iii) of para-
6 graph (1)(C) and clauses (iii) and (iv) of
7 paragraph (1)(D), as the case may be,
8 shall apply with regard to such application
9 or solicitation.”.

10 (d) DISCLOSURES IN APPLICATIONS AND SOLICITA-
11 TIONS FOR CHARGE CARDS.—Section 127(c)(4) of the
12 Truth in Lending Act (15 U.S.C. 1637(c)(4)) is amended
13 by adding at the end the following new subparagraph:

14 “(F) FULL DISCLOSURE REQUIRE-
15 MENTS.—In the case of any application or solici-
16 tation for a charge card to which subparagraph
17 (A), (C), or (D) applies, the requirements of
18 paragraph (1)(D) shall apply to such applica-
19 tion or solicitation in the same manner and to
20 the same extent that such subparagraphs of
21 paragraph (1) apply to credit card applications
22 and solicitations.”.

23 (e) FORMAT OF DISCLOSURES.—

24 (1) IN GENERAL.—Section 122(c)(1) of the
25 Truth in Lending Act (15 U.S.C. 1632(c)) is

1 amended in the matter preceding subparagraph
2 (A)—

3 (A) by inserting “(1)(C)(i), (1)(D)(i),
4 (3)(F),” after “(1)(A),”;

5 (B) by striking “and” after “(4)(A),”; and

6 (C) by inserting “, and (4)(F)” after
7 “(4)(C)(i)(I)”.

8 (2) REQUIREMENTS RELATING TO FORMAT FOR
9 DISCLOSURES OF CONSUMER OPTIONS AND
10 CONSUMER RESPONSES.—Section 122(c) of the
11 Truth in Lending Act (15 U.S.C. 1632(c)) is
12 amended by adding at the end the following new
13 paragraph:

14 “(3) FORMAT FOR DISCLOSURE OF CONSUMER
15 OPTIONS AND CONSUMER RESPONSES.—In the regu-
16 lations prescribed under paragraph (1), the Board
17 shall prescribe the format for any consumer response
18 pursuant to—

19 “(A) subparagraph (C)(ii) or (D)(iii) of
20 paragraph (1) of section 127(c), in connection
21 with any application or solicitation to which
22 paragraph (1), (2), or (3) of such section ap-
23 plies; or

24 “(B) subparagraph (F) of section
25 127(c)(4), in connection with any application or

1 solicitation to which subparagraph (A), (C), or
2 (D) of such section applies.”.

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