

105TH CONGRESS
1ST SESSION

H. R. 274

To amend the Truth in Lending Act to require a credit card issuer to disclose, in any preapproved application, solicitation, or offer to open a credit card account under an open end consumer credit plan, each rate of interest that will actually apply to any credit extended under such plan, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 1997

Mr. SCHUMER 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 require a credit card issuer to disclose, in any preapproved application, solicitation, or offer to open a credit card account under an open end consumer credit plan, each rate of interest that will actually apply to any credit extended under such plan, 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 “Truth in Credit Card
5 Offers Act”.

1 **SEC. 2. TRUTH IN CREDIT CARD OFFERS.**

2 (a) DISCLOSURE OF ACTUAL APPLICABLE ANNUAL
3 PERCENTAGE RATE.—Section 127(c) of the Truth in
4 Lending Act (15 U.S.C. 1637(c)) is amended—

5 (1) by redesignating paragraph (5) as para-
6 graph (6); and

7 (2) by inserting after paragraph (4) the follow-
8 ing new paragraph:

9 “(5) PREAPPROVED CREDIT CARD SOLICITA-
10 TIONS.—

11 “(A) IN GENERAL.—If any application, so-
12 licitation, or offer to open a credit card account
13 under an open end consumer credit plan is des-
14 ignated or described as ‘preapproved’ or con-
15 tains similar terms which would lead a reason-
16 able person to conclude that the consumer’s ac-
17 ceptance of the terms of the account will result
18 in the issuance of a credit card, the application,
19 solicitation, or offer shall disclose each annual
20 percentage rate of interest that will actually
21 apply to any credit extended to such consumer
22 under such plan.

23 “(B) ALTERNATIVE FORM IN CASE OF IN-
24 DEXES.—If any annual percentage rate of in-
25 terest required to be disclosed under subpara-
26 graph (A) with respect to any consumer is to be

1 determined on the basis of an index or another
2 rate of interest, the disclosure under subpara-
3 graph (A) with respect to such annual percent-
4 age rate shall consist of a precise description
5 of—

6 “(i) the index or other rate of inter-
7 est; and

8 (ii) the manner in which the annual
9 percentage rate is to be determined on the
10 basis of such index or other rate of inter-
11 est.”.

12 (b) CONSPICUOUS DISCLOSURE OF ANNUAL PER-
13 CENTAGE RATE.—Section 122(c)(2) of the Truth in Lend-
14 ing Act (15 U.S.C. 1632(c)) is amended by adding at the
15 end the following new subparagraph:

16 “(D) CONSPICUOUS DISCLOSURE OF AN-
17 NUAL PERCENTAGE RATE.—The typeface used
18 to disclose the annual percentage rate shall be
19 twice as high as the typeface used for any other
20 item in the table.”.

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