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Thursday, April 30, 2009

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Rep. Doris Matsui Votes in Favor of Credit Cardholders' Bill of Rights Act of 2009

Bill Will Protect Consumers from Deceptive Credit Card Practices; Empower Credit Card Holders to Make Informed Decisions

WASHINGTON, D.C. – Today, Congresswoman Doris Matsui (CA-05) voted in favor of H.R. 627, the Credit Cardholders' Bill of Rights Act of 2009, which will mandate transparency of credit card terms, limit the ability for credit card companies to increase rates on previous purchases, and a series of additional provisions to further protect American consumers from predatory credit card practices.

The Credit Cardholders' Bill of Rights Act of 2009, which passed the House with a bi-partisan vote of 357-70, increases transparency and fairness in the credit market, and will empower consumers to better manage their accounts and avoid excessive and unnecessary costs.

"This bill will help restore fair competition to the credit industry and protect the millions of Americans from abusive credit card practices," stated Congresswoman Matsui. "The people of Sacramento work hard and play by the rules; they deserve fair treatment from their credit card companies."

During the current economic recession, many Americans have lost their jobs and their homes, and are facing rising costs in health care and living costs. This uncertainty has led millions of Americans to turn to credit cards to make ends meet. As a result, an estimated 145 million Americans are falling further and further into credit card debt. Our country's average credit card debt per household currently hovers at \$10,678 per household, and growing.

The hidden fees, interest rates, and other unfair credit card practices have made it literally impossible for consumers to pay or in some cases repay their debt. This accumulation of large amounts of debt have attributed to a 40 percent jump in personal bankruptcies and a drop of the US personal savings rate to 1% or less, compared to 7% in the early 1990s.

"The Credit Cardholders' Bill of Rights will empower consumers in Sacramento and across the

country to better manage their accounts, avoid excessive and unnecessary costs, and make informed decisions in their financial lives," said Rep. Matsui. "This legislation is a necessary step to protect consumers and restore the promise of a healthy financial future for all Americans."

Key Provisions of the Credit Cardholders' Bill of Rights Act of 2009:

- Protects Consumers from Arbitrary Interest Rate Increase - The Bill requires card companies to give consumers 45 days notice of any interest rate increase. It also prevents card companies from retroactively increasing interest rates on the existing balance of a cardholder unless the consumer is more than 30 days late;

- Protects Consumers from Misleading Terms - The bill prevents credit card companies from using the terms such as "fixed rate" and "prime rate" in a misleading or deceptive manner by establishing definitions for those terms;

- Protects Consumers from Excessive Fees - The bill limits the amount of "over-the-limit" fees card companies are allowed to charge to 3. Some card companies currently charge limitless fees for going over credit limits;

- Protects Vulnerable Consumers from Fee-Heavy Subprime Credit Cards - The bill prohibits subprime cards, whose total fixed fees over a year exceed 25 percent of the credit limit, from charging fees to the credit card. These cards are generally targeted to vulnerable consumers;

- Gives Congress Authority to Better Oversight the Credit Card Industry - The bill improves existing data collection on industry profits, as well as card fees and rates. It requires this information to be presented to Congress every year;

- Protects Deployed Service Members and Disabled Veterans – The bill restricts 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; and

- Protects Minors from Credit Cards - This bill prohibits credit card issuers from knowingly issuing a credit card to an individual under the age of 18.

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