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Congresswoman Matsui Votes to End Abusive Credit Card Practices

House Passes Legislation to Enact Tough, Timely Protections To Go Into Effect Immediately

WASHINGTON, DC – Today, Congresswoman Doris O. Matsui (D – Sacramento) joined her colleagues in the House of Representatives to pass H.R. 3639, the Expedited CARD Reform for Consumers Act of 2009, of which she is a co-sponsor. This sensible, consumer-oriented legislation works to ensure that Americans are protected from harmful lending practices as soon as possible. With passage, this legislation moves the effective date for credit card protections Rep. Matsui supported earlier this year from February 22, 2010 to the day which follows President Obama's signature.

“Many credit card companies have taken outrageous steps to collect what little they can squeeze out of card holders before regulations were set to go into effect,” said Matsui. “With this legislation, we are sending a clear message that this kind of abusive behavior will not be accepted.”

Earlier this year, the House and Senate passed the Credit Card Accountability Responsibility and Disclosure (CARD) Act of 2009 which was signed into law by President Obama on May 22, 2009. Building on common sense measures to protect American families, the law enacted tough new protections including banning unfair rate increases, abusive fees or penalties, and strengthening enforcement capabilities. By moving up the start date of much of the Credit CARD Act, Congress is limiting the credit card companies' ability to continue this egregious behavior before the full law takes effect. Moreover, the Credit CARD Act empowers consumers by equipping them with the tools they need to manage their own credit.

“While Sacramento small businesses have been forced with the dual challenges of slim profits and tight credit, credit card companies have taken advantage of the implementation period to amplify their profits” added Congresswoman Matsui. “Sacramento families have enough struggles balancing their checkbooks in this economic recession; having to battle with deceptive credit card companies practices should be the farthest thing from their mind.”

EXPEDITED EFFECTIVE DATES AND KEY PROVISIONS OF THE CARD ACT

Became Effective on August 20, 2009:

- Provide increased written notice to consumers of any increases in the interest rate or otherwise makes a significant change to the terms of a credit card account;
- Inform consumers of their right to cancel the card before the rate hike goes into effect;
- Send statements to consumers 21 days before the due date of any payments.

Will Become Effective Upon Receiving President's Signature (Formerly Scheduled for February 22, 2010):

- Prohibits arbitrary interest rate increases and universal default on existing balances;
- Prohibits issuers from charging over-limit fees unless the cardholder elects to allow the issuer to complete over-limit transactions, and also limits over-limit fees on electing cardholders;
- Requires payments in excess of the minimum to be applied first to the credit card balance with the highest rate of interest;
- Prohibits issuers from setting early morning deadlines for credit card payments;
- Prohibits interest charges on debt paid on time (double-cycle billing ban);
- Requires issuers extending credit to young consumers under the age of 21 to obtain an application that contains: the signature of a parent, guardian, or other individual 21 years or older who will take responsibility for the debt; or proof that the applicant has an independent means of repaying any credit extended;
- Protects recipients of gift cards by requiring all gift cards to have at least a five-year life span, and eliminates the practice of declining values and hidden fees for those cards not used within a reasonable period of time.

Will Become Effective Upon Receiving President's Signature (Formerly Scheduled for August 22, 2010):

- Requires penalty fees to be reasonable and proportional to the omission or violation;
- Requires that creditors periodically review all interest rate increases since January 2009 and reduce rates when a review indicates that a reduction is warranted.
- Amends the Electronic Fund Transfer Act to limit dormancy, inactivity, and service fees associated with gift cards.

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