

110TH CONGRESS  
1ST SESSION

# H. R. 1510

To require enhanced disclosure to consumers regarding the consequences of making only minimum required payments in the repayment of credit card debt, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 13, 2007

Mr. PRICE of North Carolina (for himself, Mr. MORAN of Virginia, Mr. GRIJALVA, Mr. FATTAH, Mr. RYAN of Ohio, Mr. CONYERS, Ms. SCHWARTZ, Mr. ETHERIDGE, and Mr. UDALL of Colorado) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To require enhanced disclosure to consumers regarding the consequences of making only minimum required payments in the repayment of credit card debt, 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 “Credit Card Repay-  
5 ment Act of 2007”.

1 **SEC. 2. ENHANCED CONSUMER DISCLOSURES REGARDING**  
2 **MINIMUM PAYMENTS.**

3 Section 127(b) of the Truth in Lending Act (15  
4 U.S.C. 1637(b)) is amended by adding at the end the fol-  
5 lowing new paragraph:

6 “(13) MINIMUM PAYMENTS.—

7 “(A) IN GENERAL.—Information regarding  
8 repayment of the outstanding balance of the  
9 consumer under the account, appearing in con-  
10 spicuous type on the front of the first page of  
11 each such billing statement, and accompanied  
12 by an appropriate explanation, containing—

13 “(i) the words ‘Minimum Payment  
14 Warning: Making only the minimum pay-  
15 ment will increase the amount of interest  
16 that you pay and the time it will take to  
17 repay your outstanding balance.’;

18 “(ii) the number of years and months  
19 (rounded to the nearest month) that it  
20 would take for the consumer to pay the en-  
21 tire amount of that balance, if the con-  
22 sumer pays only the required minimum  
23 monthly payments;

24 “(iii) the total cost to the consumer,  
25 shown as the sum of all principal and in-  
26 terest payments, and a breakdown of the

1 total costs in interest and principal, of pay-  
2 ing that balance in full if the consumer  
3 pays only the required minimum monthly  
4 payments, and if no further advances are  
5 made;

6 “(iv) the monthly payment amount  
7 that would be required for the consumer to  
8 eliminate the outstanding balance in 36  
9 months if no further advances are made;  
10 and

11 “(v) a toll-free telephone number at  
12 which the consumer may receive informa-  
13 tion about accessing credit counseling and  
14 debt management services.

15 “(B) APPLICABLE RATES.—

16 “(i) IN GENERAL.—Subject to clause  
17 (ii), in making the disclosures under sub-  
18 paragraph (A) the creditor shall apply the  
19 interest rate in effect on the date on which  
20 the disclosure is made.

21 “(ii) TEMPORARY RATES.—If the in-  
22 terest rate in effect on the date on which  
23 the disclosure is made is a temporary rate  
24 that will change under a contractual provi-  
25 sion specifying a subsequent interest rate

1 or applying an index or formula for subse-  
2 quent interest rate adjustment, the cred-  
3 itor shall apply the interest rate in effect  
4 on the date on which the disclosure is  
5 made for as long as that interest rate will  
6 apply under that contractual provision, and  
7 then shall apply the adjusted interest rate,  
8 as specified in the contract.

9 “(iii) INDEXED RATES.—If the con-  
10 tract applies a formula that uses an index  
11 that varies over time, the value of such  
12 index on the date on which the disclosure  
13 is made shall be used in the application of  
14 the formula.

15 “(C) ADJUSTMENTS AND TOLERANCES.—In  
16 prescribing regulations to carry out this paragraph,  
17 the Board shall take into account the Board’s au-  
18 thority under this title to provide adjustments and  
19 tolerances so as to prevent any injustice when a vio-  
20 lation of the guidelines is not intentional and results  
21 from a bona fide error notwithstanding the mainte-  
22 nance of procedures reasonably adapted to avoid any  
23 such error.”.

1 **SEC. 3. ACCESS TO CREDIT COUNSELING AND DEBT MAN-**  
2 **AGEMENT INFORMATION.**

3 (a) GUIDELINES REQUIRED.—

4 (1) IN GENERAL.—Not later than 1 year after  
5 the date of the enactment of this Act, the Board of  
6 Governors of the Federal Reserve System and the  
7 Federal Trade Commission (hereafter in this section  
8 referred to as the “Board” and the “Commission”,  
9 respectively) shall jointly, by rule, regulation, or  
10 order, issue guidelines for the establishment and  
11 maintenance by creditors of a toll-free telephone  
12 number for purposes of the disclosures required  
13 under section 127(b)(13) of the Truth in Lending  
14 Act, as added by this Act.

15 (2) APPROVED AGENCIES.—Guidelines issued  
16 under this subsection shall ensure that referrals pro-  
17 vided by the toll-free number include only those  
18 agencies approved by the Board and the Commission  
19 as meeting the criteria under this section.

20 (b) CRITERIA.—The Board and the Commission shall  
21 only approve a nonprofit budget and credit counseling  
22 agency for purposes of this section that—

23 (1) demonstrates that it will provide qualified  
24 counselors, maintain adequate provision for safe-  
25 keeping and payment of client funds, provide ade-  
26 quate counseling with respect to client credit prob-

1 lems, and deal responsibly and effectively with other  
2 matters relating to the quality, effectiveness, and fi-  
3 nancial security of the services it provides;

4 (2) at a minimum—

5 (A) is registered as a nonprofit entity  
6 under section 501(c) of the Internal Revenue  
7 Code of 1986;

8 (B) has a board of directors, the majority  
9 of the members of which—

10 (i) are not employed by such agency;

11 and

12 (ii) will not directly or indirectly ben-  
13 efit financially from the outcome of the  
14 counseling services provided by such agen-  
15 cy;

16 (C) if a fee is charged for counseling serv-  
17 ices, charges a reasonable and fair fee, and pro-  
18 vides services without regard to ability to pay  
19 the fee;

20 (D) provides for safekeeping and payment  
21 of client funds, including an annual audit of the  
22 trust accounts and appropriate employee bond-  
23 ing;

24 (E) provides full disclosures to clients, in-  
25 cluding funding sources, counselor qualifica-

1 tions, possible impact on credit reports, any  
2 costs of such program that will be paid by the  
3 client, and how such costs will be paid;

4 (F) provides adequate counseling with re-  
5 spect to the credit problems of the client, in-  
6 cluding an analysis of the current financial con-  
7 dition of the client, factors that caused such fi-  
8 nancial condition, and how such client can de-  
9 velop a plan to respond to the problems without  
10 incurring negative amortization of debt;

11 (G) provides trained counselors who—

12 (i) receive no commissions or bonuses  
13 based on the outcome of the counseling  
14 services provided;

15 (ii) have adequate experience; and

16 (iii) have been adequately trained to  
17 provide counseling services to individuals  
18 in financial difficulty, including the mat-  
19 ters described in subparagraph (F);

20 (H) demonstrates adequate experience and  
21 background in providing credit counseling;

22 (I) has adequate financial resources to pro-  
23 vide continuing support services for budgeting  
24 plans over the life of any repayment plan; and

1                   (J) is accredited by an independent, na-  
2                   tionally recognized accrediting organization.

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