



PREVENTING ABUSIVE CREDIT CARD PRACTICES:

A Legislative History of the Credit CARD Act of 2009

The complete legislative history of the credit card reform that passed with an unprecedented level of bipartisan support!

Enacted in May 2009, with a level of bipartisan support that was unusual for the 111th Congress, the **Credit Card Accountability Responsibility and Disclosure Act of 2009**, also known as the Credit CARD Act, placed new restrictions on credit card companies and provided new protections for consumers. The strong support for the Act by both Democrats and Republicans was the result of widespread public anger over many of the practices of credit card companies.

This new act requires creditors to provide written notice 45 days prior to the effective date of:

- An increase in an annual percentage rate (APR)
- Any significant change in the terms of the cardholder agreement

This act also prevents credit card companies from increasing rates on existing balances except in certain well-defined circumstances, such as: (1) expiration of a promotion; (2) change in index not under the

creditor's control; (3) payment not received during 30-day grace period after due date; or (4) completion of a workout or temporary hardship agreement.

Also banned is the practice of charging interest on balances that have already been paid and increasing interest rates for cardholders in good standing for reasons that have nothing to do with the use of the card.

One section of the bill offers new protections for minors, barring credit card companies from issuing them cards unless a proper written application has been submitted. This must be cosigned by a parent, legal guardian, spouse or other person over the age of twenty-one who has the means to repay any debts incurred under the account. Also prohibited is the practice of offering tangible inducements to students at institutions of higher learning on or near the campus or at an institution-sponsored event.

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Enactment of the Credit CARD Act of 2009 law was praised by consumers and long-time critics of credit card practices. Sen. Mark Udall characterized the passage of the legislation as an instance where David prevailed against Goliath, adding that it was a “victory for consumers who play by the rules and who just want to see some fairness and common sense brought to the credit-card business.” In contrast, some critics warned that the new law would lead to tighter credit at a time when the economy is weak. The Act’s many supporters brushed aside such objections and warned that the credit card companies would be actively seeking to find loopholes in this new law.

Concerns that credit card companies would use the time between the new law’s enactment and its effective date to further victimize consumers led to the introduction on a bill called the Expedited CARD Reform for Consumers Act of 2009 in late September 2009. The bill, which would move up the effective date of all provisions in the CARD Act to December 1, 2010, passed the House, but has not yet been considered in the Senate.

This set contains the text of the Act, reports on the law, presidential materials, the various bill versions, hearings, congressional debate, and Congressional Budget Office reports.

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