Costello
Courtney
Cramer
Crenshaw
Crowley
Cuellar
Culberson
Cummings
Davis (AL)
Davis (CA)
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Davis (KY)
Davis, David
Davis, Tom
Deal (GA)
DeGette
Delahunt
DeLauro
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
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Donnelly
Doyle
Drake
Dreier
Duncan
Edwards (MD)
Edwards (TX)
Ehlers
Ellsworth
Emanuel
Emerson
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English (PA)
Eshoo
Etheridge
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Fallin
Farr
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Ferguson
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Forbes
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Foster
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Frank (MA)
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Garrett (NJ)
Gerlach
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Goodlatte
Granger
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Green, Al
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Grijalva
Gutierrez
Hall (NY)
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Hastings (FL)
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Herger
Herseth Sandlin
Higgins
Hill
Hinchey
Hinojosa
Hirono
Hobson
Hodes
Hoekstra
Holden
Holt
Honda
Hooley
Hoyer
Hunter
Inglis (SC)
Inslee
Israel
Issa
Jackson (IL)
Jefferson
Johnson (GA)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jordan
Kagen
Kanjorski
Keller
Kennedy
Kildee
Kilpatrick
Kind
King (IA)
King (NY)
Kingston
Kirk
Klein (FL)
Kline (MN)
Knollenberg
Kuhl (NY)
LaHood
Lamborn
Langevin
Larsen (WA)
Larson (CT)
Latham
LaTourette
Latta
Lee
Levin
Lewis (CA)
Lewis (KY)
Lipinski
LoBiondo
Loebsack
Lofgren, Zoe
Lowey
Lucas
Lungren, Daniel E.
Lynch
Mack
Mahoney (FL)
Maloney (NY)
Manzullo
Marchant
Markey
Marshall
Matheson
Matsui
McCarthy (CA)
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McCaul (TX)
McCotter
McCrery
McGovern
McHenry
McHugh
McIntyre
McKeon
McMorris Rodgers
McNerney
McNulty
Meek (FL)
Meeks (NY)
Mica
Michaud
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Mitchell
Moore (KS)
Moore (WI)
Moran (KS)
Moran (VA)
Murphy (CT)
Murphy, Patrick
Murphy, Tim
Murtha
Myrick
Nadler
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Neal (MA)
Nunes
Oberstar
Obey
Olver
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Pallone
Pascrell
Pastor
Paul
Payne
Pence
Perlmutter
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
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Pomeroy
Porter
Price (GA)
Price (NC)
Putnam
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Reichert
Renzi
Reynolds
Richardson
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roskam
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Ryan (OH)
Ryan (WI)
Salazar
Sali
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Saxton
Scalise
Schakowsky
Schiff
Schmidt
Schwartz
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Sestak
Shadegg
Shays
Shea-Porter
Sherman
Shimkus
Shuster
Simpson
Sires
Skelton
Slaughter
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Souder
Space
Speier
Spratt
Stark
Stearns
Sullivan
Sutton
Tanner
Tauscher
Taylor
Terry
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tiberi
Towns
Tsongas
Turner
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Walberg
Walden (OR)
Walsh (NY)
Walz (MN)
Wamp
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weller
Westmoreland
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Wilson (NM)
Wilson (OH)
Wilson (SC)
Wittman (VA)
Wolf
Woolsey
Wu
Yarmuth
Young (AK)
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Braley (IA)
Broun (GA)
Burton (IN)
Capuano
Cazayoux
Chandler
Childers
DeFazio
Doolittle
Ellison
Kaptur
Kucinich
Lewis (GA)
McCollum (MN)
McDermott
Melancon
Mollohan
Poe
Shuler
Stupak
Tancredo
Welch (VT)
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Cubin
Davis, Lincoln
Giffords
Gonzalez
Gordon
Hulshof
Jackson-Lee (TX)
Johnson (IL)
Lampson
Linder
Musgrave
Neugebauer
Pearce
Pryce (OH)
Reyes
Rush
Tierney

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Less than 2 minutes remain in this vote.

□ 1209

Mr. POE changed his vote from ''yea'' to ''nay.''

So (two-thirds being in the affirmative) the rules were suspended and the Senate joint resolution was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CREDIT CARDHOLDERS' BILL OF RIGHTS ACT OF 2008

Mrs. MALONEY of New York. Madam Speaker, pursuant to House Resolution 1476, I call up the bill (H.R. 5244) to amend the Truth in Lending Act to establish fair and transparent practices relating to the extension of credit under an open end consumer credit plan, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 5244

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Credit Cardholders' Bill of Rights Act of 2008''.

SEC. 2. CREDIT CARDS ON TERMS CONSUMERS CAN REPAY.

(a) UNIVERSAL DEFAULT ELIMINATED.—Chapter 2 of the Truth in Lending Act (15 U.S.C. 1631 et seq.) is amended by inserting after section 127A the following new section:

''§ 127B. Additional requirements for credit card accounts under an open end consumer credit plan

''(a) UNIVERSAL DEFAULT ELIMINATED FOR CREDIT ALREADY OUTSTANDING.—No creditor may use any adverse information concerning any consumer, including any information in any consumer report (as defined in section 603) or any change in the credit score of the consumer, as the basis for increasing any annual percentage rate of interest applicable to the outstanding balance on a credit card account of the consumer under an open end consumer credit plan at the time of any such increase, other than actions or omissions of the consumer that are directly related to such account.''.

(b) ANY-TIME ANY-REASON CHANGES IN TERMS ELIMINATED.—Section 127B of the Truth in Lending Act is amended by inserting after subsection (a) (as added by subsection (a)) the following new subsection:

''(b) ANY-TIME ANY-REASON CHANGES IN TERMS ELIMINATED.—

''(1) IN GENERAL.—No creditor may change any term of the contract or agreement applicable with respect to any credit card account of the consumer under an open end consumer credit plan until renewal of the contract or agreement except for the specific material reasons, and subject to specific limitations, that are contained in the contract or agreement with respect to such term at the time the account is opened.

''(2) EXCEPTION FOR INCREASES IN CREDIT LIMIT.—Paragraph (1) shall not apply with respect to any increase in the amount of credit authorized to be extended under an account described in such paragraph.''.

(c) ADVANCE NOTICE OF CREDIT CARD ACCOUNT RATE INCREASES AND RIGHT TO CANCEL ACCOUNT.—Section 127B of the Truth in Lending Act is amended by inserting after subsection (b) (as added by subsection (b)) the following new subsection:

''(c) ADVANCE NOTICE OF CREDIT CARD ACCOUNT RATE INCREASES AND RIGHT TO CANCEL ACCOUNT.—

''(1) ADVANCE NOTICE OF CREDIT CARD ACCOUNT RATE INCREASES REQUIRED.—In the case of any credit card account under an open end consumer credit plan, no increase in any annual percentage rate of interest, for any reason other than an increase due to the expiration of any introductory percentage rate of interest, or due solely to a change in another rate of interest to which such rate is indexed, may take effect before the end of the 45-day period beginning on the date notice of such increase is sent to the cardholder.

''(2) RIGHT TO CANCEL WITHOUT INCREASE IN APR ON OUTSTANDING BALANCE.—Any consumer who receives a notice from a creditor pursuant to paragraph (1) with respect to a credit card account under an open end consumer credit plan shall have the right—

''(A) to cancel the credit card, by mail, telephone, or electronic communication and without penalty or the imposition of any fee with respect to such cancellation, at any time during the period beginning on the date the consumer receives the notice pursuant to paragraph (1) and ending on the date the consumer receives the third periodic statement with respect to such account after the effective date of the increase; and

''(B) to pay any outstanding balance on the credit card account that accrued before the effective date of the increase at the annual percentage rate and repayment period in effect before the notice was received.

''(3) NOTICE REQUIREMENTS.—

''(A) INITIAL NOTICE REQUIREMENT.—The notice required under paragraph (1) with respect to an increase in any annual percentage rate of interest shall—

''(i) be made in a clear and conspicuous manner; and

''(ii) contain a brief statement of the right of the consumer to cancel the account and pay the balance at the annual percentage rate in effect before the increase in accordance with paragraph (2) and the mailing address, telephone number, and Internet address and Worldwide Web site at which the consumer may make any such cancellation.

''(B) SUBSEQUENT NOTICES REQUIRED IN PERIODIC STATEMENTS.—Each periodic statement provided to the consumer with respect to the credit card account after a notice is provided under paragraph (1) until the third periodic

statement with respect to such account after the effective date of the increase shall also contain the information required in such notice.

''(C) PRO FORMA NOTICES DO NOT MEET NOTICE REQUIREMENT.—A notice that terms may change, or will change, for any or no reason does not constitute a notice for purposes of this subsection.

''(4) PAYMENT OF POST-INCREASE EXTENSIONS OF CREDIT.—If any consumer obtains an extension of credit on a credit card account on or after the effective date of the increase in the annual percentage rate for which a notice was provided in accordance with paragraph (1) and subsequently cancels the account under paragraph (2), the outstanding balance of such credit that was extended on or after the effective date of the increase shall be subject to repayment at the increased rate in effect at the time of the extension of credit.''.

(d) CLERICAL AMENDMENT.—The table of sections for chapter 2 of the Truth in Lending Act (15 U.S.C. 1631 et seq.) is amended by inserting after the item relating to section 127A the following new item:

''127B. Additional requirements for credit card accounts under an open end consumer credit plan.''.

SEC. 3. CLEAR EXPLANATION OF ACCOUNT FEATURES, TERMS, AND PRICING REQUIRED AT RELEVANT TIMES.

(a) DOUBLE CYCLE BILLING PROHIBITED.—Section 127B of the Truth in Lending Act is amended by inserting after subsection (c) (as added by section 2(c)) the following new subsection:

''(d) DOUBLE CYCLE BILLING PROHIBITED.—If an open end consumer credit plan provides a time period within which a consumer may repay the credit extended without incurring an interest charge, and the consumer repays all or a portion of such credit that is subject to such time period within the specified time period, the creditor may not impose or collect an interest charge on the portion of the credit that was repaid within such specified time period.''.

(b) LIMITATIONS RELATING TO ACCOUNT BALANCES ATTRIBUTABLE ONLY TO ACCRUED INTEREST.—Section 127B is amended by inserting after subsection (d) (as added by subsection (a)) the following new subsection:

''(e) LIMITATIONS RELATING TO ACCOUNT BALANCES ATTRIBUTABLE ONLY TO ACCRUED INTEREST.—

''(1) IN GENERAL.—If the outstanding balance on a credit card account under an open end consumer credit plan represents an amount attributable only to accrued interest on previously repaid credit extended under the plan—

''(A) no fee may be imposed or collected in connection with such balance; and

''(B) any failure to make timely repayments of such balance shall not constitute a default on the account.

''(2) RULE OF CONSTRUCTION.—Paragraph (1) shall not be construed as affecting—

''(A) the consumer's obligation to pay any accrued interest on a credit card account under an open end consumer credit plan; or

''(B) the accrual of interest on the outstanding balance on any such account in accordance with the terms of the account and this title.''.

(c) PAYOFF BALANCE REQUIRED ON EACH PERIODIC STATEMENT OF ACCOUNT.—Section 127B of the Truth in Lending Act is amended by inserting after subsection (e) (as added by subsection (b)) the following new subsection:

''(f) EACH PERIODIC STATEMENT OF ACCOUNT REQUIRED TO PROVIDE NOTICE FOR OBTAINING PAYOFF BALANCE.—Each periodic statement provided by a creditor to a consumer with respect to a credit card account under an open end consumer credit plan shall contain the telephone number, Internet address, and Worldwide Web site at which the consumer may request the payoff balance on the account.''.

(d) CONSUMER RIGHT TO REJECT CARD BEFORE NOTICE IS PROVIDED OF OPEN ACCOUNT.—Section 127B of the Truth in Lending Act is amended by inserting after subsection (g) (as added by subsection (c)) the following new subsection:

''(g) CONSUMER RIGHT TO REJECT CARD BEFORE NOTICE OF NEW ACCOUNT IS PROVIDED TO CONSUMER REPORTING AGENCY.—A creditor may not furnish any information to a consumer reporting agency (as defined in section 603) concerning a newly opened credit card account under an open end consumer credit plan until the credit card has been used or activated by the consumer.''.

(e) USE OF TERMS CLARIFIED.—Section 127B of the Truth in Lending Act is amended by inserting after subsection (g) (as added by subsection (d)) the following new subsection:

''(h) USE OF TERMS.—The following requirements shall apply with respect to the terms of any credit card account under any open end consumer credit plan:

''(1) 'FIXED' RATE.—The term 'fixed', when appearing in conjunction with a reference to the annual percentage rate or interest rate applicable with respect to such account, may only be used to refer to an annual percentage rate or interest rate that will not change or vary for any reason over the period clearly and conspicuously specified in the terms of the account.

''(2) PRIME RATE.—The term 'prime rate', when appearing in any agreement or contract for any such account, may only be used to refer to the bank prime rate published in the Federal Reserve Statistical Release on selected interest rates (daily or weekly), and commonly referred to as the H.15 release (or any successor publication).

''(3) DUE DATE.—

''(A) IN GENERAL.—Each periodic statement for any such account shall contain a date by which the next periodic payment on the account must be made to avoid a late fee or be considered a late payment, and any payment received by 5 P.M., Eastern Standard Time, on such date shall be treated as a timely payment for all purposes.

''(B) CERTAIN ELECTRONIC FUND TRANSFERS.—Any payment with respect to any such account made by a consumer on-line to the Web site of the credit card issuer or by telephone directly to the credit card issuer before 5 P.M., Eastern Standard Time, on any business day shall be credited to the consumer's account that business day.

''(C) PRESUMPTION OF TIMELY PAYMENT.—Any evidence provided by a consumer in the form of a receipt from the United States Postal Service or other common carrier indicating that a payment on a credit card account was sent to the issuer not less than 7 days before the due date contained in the periodic statement under subparagraph (A) for such payment shall create a presumption that such payment was made by the due date, which may be rebutted by the creditor for fraud or dishonesty on the part of the consumer with respect to the mailing date.''.

(f) PRO RATA PAYMENT ALLOCATIONS.—Section 127B of the Truth in Lending Act is amended by inserting after subsection (h) (as added by subsection (e)) the following new subsection:

''(i) PRO RATA PAYMENT ALLOCATIONS.—

''(1) IN GENERAL.—Except as permitted under paragraph (2), if the outstanding balance on a credit card account under an open end consumer credit plan accrues interest at 2 or more different annual percentage rates, the total amount of each periodic payment made on such account shall be allocated by the creditor between or among the outstanding balances at each such annual percentage rate in the same proportion as each such balance bears to the total outstanding balance on the account.

''(2) ALLOCATION TO HIGHER RATE.—Notwithstanding paragraph (1), a creditor may elect, in any case described in such paragraph, to allocate more than a pro rata share of any payment to a portion of the outstanding balance that bears a higher annual percentage rate than another portion of such outstanding balance.''.

(g) TIMELY PROVISION OF PERIODIC STATEMENTS.—Section 127B of the Truth in Lending Act is amended by inserting after subsection (i) (as added by subsection (f)) the following new subsection:

''(j) TIMELY PROVISION OF PERIODIC STATEMENTS.—Each periodic statement with respect to a credit card account under an open end consumer credit plan shall be sent by the creditor to the consumer not less than 25 calendar days before the due date identified in such statement for the next payment on the outstanding balance on such account.''.

SEC. 4. CONSUMER CHOICE WITH RESPECT TO OVER-THE-LIMIT TRANSACTIONS.

Section 127B of the Truth in Lending Act is amended by inserting after subsection (j) (as added by section 3(g)) the following new subsections:

''(k) OPT-OUT OF CREDITOR AUTHORIZATION OF OVER-THE-LIMIT TRANSACTIONS IF FEES ARE IMPOSED.—

''(1) IN GENERAL.—In the case of any credit card account under an open end consumer credit plan under which an over-the-limit-fee may be imposed by the creditor for any extension of credit in excess of the amount of credit authorized to be extended under such account, the consumer may elect to prohibit the creditor, with respect to such account, from completing any transaction involving the extension of credit, with respect to such account, in excess of the amount of credit authorized by notifying the creditor of such election in accordance with paragraph (2).

''(2) NOTIFICATION BY CONSUMER.—A consumer shall notify a creditor under paragraph (1)—

''(A) through the notification system maintained by the creditor under paragraph (4); or

''(B) by submitting to the creditor a signed notice of election, by mail or electronic communication, on a form issued by the creditor for purposes of this subparagraph.

''(3) EFFECTIVENESS OF ELECTION.—An election by a consumer under paragraph (1) shall be effective beginning 3 business days after the consumer notifies the creditor in accordance with paragraph (2) and shall remain effective until the consumer revokes the election.

''(4) NOTIFICATION SYSTEM.—Each creditor that maintains credit card accounts under an open end consumer credit plan shall establish and maintain a notification system, including a toll-free telephone number, Internet address, and Worldwide Web site, which permits any consumer whose credit card account is maintained by the creditor to notify the creditor of an election under this subsection in accordance with paragraph (2).

''(5) ANNUAL NOTICE TO CONSUMERS OF AVAILABILITY OF ELECTION.—In the case of any credit card account under an open end consumer credit plan, the creditor shall include a notice, in clear and conspicuous language, of the availability of an election by the consumer under this paragraph as a means of avoiding over-the limit fees and a higher amount of indebtedness, and the method for providing such notice—

''(A) in the periodic statement required under subsection (b) with respect to such account at least once each calendar year; and

''(B) in any such periodic statement which includes a notice of the imposition of an over-the-limit fee during the period covered by the statement.

''(6) NO FEES IF CONSUMER HAS MADE AN ELECTION.—If a consumer has made an election under paragraph (1), no over-the-limit fee may be imposed on the account for any reason that has caused the outstanding balance in the account to exceed the credit limit.

''(7) REGULATIONS.—

''(A) IN GENERAL.—The Board shall issue regulations allowing for the completion of over-the-limit transactions that for operational reasons exceed the credit limit by a de minimis amount, even where the cardholder has made an election under paragraph (1).

''(B) SUBJECT TO NO FEE LIMITATION.—The regulations prescribed under subparagraph (A) shall not allow for the imposition of any fee or any rate increase based on the permitted over-the-limit transactions.

''(1) OVER-THE-LIMIT FEE RESTRICTIONS.—With respect to a credit card account under an open end consumer credit plan, an over-the-limit fee may be imposed only once during a billing cycle if, on the last day of such billing cycle, the credit limit on the account is exceeded, and an over-the-limit fee, with respect to such excess credit, may be imposed only once in each of the 2 subsequent billing cycles, unless the consumer has obtained an additional extension of credit in excess of such credit limit during any such subsequent cycle or the consumer reduces the outstanding balance below the credit limit as of the end of such billing cycle.''.

SEC. 5. STRENGTHEN CREDIT CARD INFORMATION COLLECTION.

Section 136(b) of the Truth in Lending Act (15 U.S.C. 1646(b)) is amended—

(1) in paragraph (1)—

(A) by striking ''COLLECTION REQUIRED.—The Board shall'' and inserting ''COLLECTION REQUIRED.—

''(A) IN GENERAL.—The Board shall''.

(B) by adding at the end the following new subparagraph:

''(B) INFORMATION TO BE INCLUDED.—The information under subparagraph (A) shall include, as of a date designated by the Board—

''(i) a list of each type of transaction or event for which one or more of the card issuers has imposed a separate interest rate upon a cardholder, including purchases, cash advances, and balance transfers;

''(ii) for each type of transaction or event identified under clause (i)—

''(I) each distinct interest rate charged by the card issuer to a cardholder, as of the designated date; and

''(II) the number of cardholders to whom each such interest rate was applied during the calendar month immediately preceding the designated date, and the total amount of interest charged to such cardholders at each such rate during such month;

''(iii) a list of each type of fee that one or more of the card issuers has imposed upon a cardholder as of the designated date, including any fee imposed for obtaining a cash advance, making a late payment, exceeding the credit limit on an account, making a balance transfer, or exchanging United States dollars for foreign currency;

''(iv) for each type of fee identified under clause (iii), the number of cardholders upon whom the fee was imposed during the calendar month immediately preceding the designated date, and the total amount of fees imposed upon cardholders during such month;

''(v) the total number of cardholders that incurred any interest charge or any fee during the calendar month immediately preceding the designated date; and

''(vi) any other information related to interest rates, fees, or other charges that the Board deems of interest.''; and

(2) by adding at the end the following new paragraph:

''(5) REPORT TO CONGRESS.—The Board shall, on an annual basis, transmit to Congress and make public a report containing estimates by the Board of the approximate, relative percentage of income derived by the credit card operations of depository institutions from—

''(A) the imposition of interest rates on cardholders, including separate estimates for—

''(i) interest with an annual percentage rate of less than 25 percent; and

''(ii) interest with an annual percentage rate equal to or greater than 25 percent;

''(B) the imposition of fees on cardholders;

''(C) the imposition of fees on merchants; and

''(D) any other material source of income, while specifying the nature of that income.''.

SEC. 6. STANDARDS APPLICABLE TO INITIAL ISSUANCE OF SUBPRIME OR ''FEE HARVESTER'' CARDS.

Section 127B of the Truth in Lending Act is amended by inserting after subsection (l) (as added by section 4) the following new subsection:

''(m) STANDARDS APPLICABLE TO INITIAL ISSUANCE OF SUBPRIME OR 'FEE HARVESTER' CARDS.—In the case of any credit card account under an open end consumer credit plan the terms of which require the payment of fees (other than late fees or over-the-limit fees) by the consumer in the first year the account is opened in an amount in excess of 25 percent of the total amount of credit authorized under the account, the credit card may not be issued to the consumer and the opening of the account may not be reported to any consumer reporting agency (as defined in section 603) until the creditor receives payment in full of all such fees, and such payment may not be made from the credit made available by the card.''.

SEC. 7. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this Act shall apply to all credit card accounts under open end consumer credit plans as of the end of the 1-year period beginning on the date of the enactment of this Act.

(b) REGULATIONS.—The Board of Governors of the Federal Reserve System, in consultation with all Federal agencies referred to in any provision of section 108 of the Truth in Lending Act, shall prescribe regulations, in final form, implementing the amendments made by this Act before the end of the 6-month period beginning on the date of the enactment of this Act.

The SPEAKER pro tempore (Mrs. TAUSCHER). Pursuant to House Resolution 1476, the amendment in the nature of a substitute printed in the bill is adopted and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 5244

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Credit Cardholders' Bill of Rights Act of 2008''.

SEC. 2. CREDIT CARDS ON TERMS CONSUMERS CAN REPAY.

(a) RETROACTIVE RATE INCREASES AND UNIVERSAL DEFAULT LIMITED.—Chapter 2 of the Truth in Lending Act (15 U.S.C. 1631 et seq.) is amended by inserting after section 127A the following new section:

''§ 127B. Additional requirements for credit card accounts under an open end consumer credit plan

''(a) RETROACTIVE RATE INCREASES AND UNIVERSAL DEFAULT LIMITED.—

''(1) IN GENERAL.—Except as provided in subsection (b), no creditor may increase any annual percentage rate of interest applicable to the existing balance on a credit card account of the consumer under an open end consumer credit plan.

''(2) EXISTING BALANCE DEFINED.—For purposes of this subsection and subsections (b) and (c), the term 'existing balance' means the amount owed on a consumer credit card account as of the end of the fourteenth day after the creditor provides notice of an increase in the annual percentage rate in accordance with subsection (c).

''(3) TREATMENT OF EXISTING BALANCES FOLLOWING RATE INCREASE.—If a creditor increases any annual percentage rate of interest applicable to credit card account of a consumer under an open end consumer credit plan and there is an existing balance in the account to which such increase may not apply, the creditor shall allow the consumer to repay the existing balance using a method provided by the creditor which is at least as beneficial to the consumer as 1 of the following methods:

''(A) An amortization period for the existing balance of at least 5 years starting from the date on which the increased annual percentage rate went into effect.

''(B) The percentage of the existing balance that was included in the required minimum periodic payment before the rate increase cannot be more than doubled.

''(4) LIMITATION ON CERTAIN FEES.—If—

''(A) a creditor increases any annual percentage rate of interest applicable on a credit card account of the consumer under an open end consumer credit plan; and

''(B) the creditor is prohibited by this section from applying the increased rate to an existing balance,

the creditor may not assess any fee or charge based solely on the existing balance.''.

(b) EXCEPTIONS TO THE AMENDMENT MADE BY SUBSECTION (a).—Section 127B of the Truth in Lending Act is amended by inserting after subsection (a) (as added by subsection (a)) the following new subsection:

''(b) EXCEPTIONS.—

''(1) IN GENERAL.—A creditor may increase any annual percentage rate of interest applicable to the existing balance on a credit card account of the consumer under an open end consumer credit plan only under the following circumstances:

''(A) CHANGE IN INDEX.—The increase is due solely to the operation of an index that is not under the creditor's control and is available to the general public.

''(B) EXPIRATION OR LOSS OF PROMOTIONAL RATE.—The increase is due solely to—

''(i) the expiration of a promotional rate; or

''(ii) the loss of a promotional rate for a reason specified in the account agreement (e.g., late payment).

''(C) PAYMENT NOT RECEIVED DURING 30-DAY GRACE PERIOD AFTER DUE DATE.—The increase is due solely to the fact that the consumer's minimum payment has not been received within 30 days after the due date for such minimum payment.

''(2) LIMITATION ON INCREASES DUE TO LOSS OF PROMOTIONAL RATE.—Notwithstanding paragraph (1)(B)(ii), the annual percentage rate in effect after the increase permitted under such subsection due to the loss of a promotional rate may not exceed the annual percentage rate that would have applied under the terms of the agreement after the expiration of the promotional rate.''.

(c) ADVANCE NOTICE OF RATE INCREASES.—Section 127B of the Truth in Lending Act is amended by inserting after subsection (b) (as added by subsection (b)) the following new subsection:

''(c) ADVANCE NOTICE OF RATE INCREASES.—In the case of any credit card account under an open end consumer credit plan, no increase in any annual percentage rate of interest may take effect unless the creditor provides a written notice to the consumer at least 45 days before the increase takes effect which fully describes the changes in the annual percentage rate, in a complete and conspicuous manner, and the extent to which such increase would apply to an existing balance.''.

(d) CLERICAL AMENDMENT.—The table of sections for chapter 2 of the Truth in Lending Act (15 U.S.C. 1631 et seq.) is amended by inserting after the item relating to section 127A the following new item:

''127B. Additional requirements for credit card accounts under an open end consumer credit plan.''.

SEC. 3. ADDITIONAL PROVISIONS REGARDING ACCOUNT FEATURES, TERMS, AND PRICING.

(a) DOUBLE CYCLE BILLING PROHIBITED.—Section 127B of the Truth in Lending Act is amended by inserting after subsection (c) (as added by section 2(c)) the following new subsection:

''(d) DOUBLE CYCLE BILLING.—

''(1) IN GENERAL.—No finance charge may be imposed by a creditor with respect to any balance on a credit card account under an open end consumer credit plan that is based on balances for days in billing cycles preceding the most recent billing cycle.

''(2) EXCEPTIONS.—Paragraph (1) shall not apply so as to prohibit a creditor from—

''(A) charging a consumer for deferred interest even though that interest may have accrued over multiple billing cycles; or

''(B) adjusting finance charges following resolution of a billing error dispute.''.

(b) LIMITATIONS RELATING TO ACCOUNT BALANCES ATTRIBUTABLE ONLY TO ACCRUED INTEREST.—Section 127B is amended by inserting after subsection (d) (as added by subsection (a)) the following new subsection:

''(e) LIMITATIONS RELATING TO ACCOUNT BALANCES ATTRIBUTABLE ONLY TO ACCRUED INTEREST.—

''(1) IN GENERAL.—If the outstanding balance on a credit card account under an open end consumer credit plan at the end of a billing period represents an amount attributable only to interest accrued during the preceding billing period on an outstanding balance that was fully repaid during the preceding billing period—

''(A) no fee may be imposed or collected in connection with such balance attributable only to interest before such end of the billing period; and

''(B) any failure to make timely repayments of the balance attributable only to interest before such end of the billing period shall not constitute a default on the account.

Such balance remains a legally binding debt obligation.

''(2) RULE OF CONSTRUCTION.—Paragraph (1) shall not be construed as affecting—

''(A) the consumer's obligation to pay any accrued interest on a credit card account under an open end consumer credit plan; or

''(B) the accrual of interest on the outstanding balance on any such account in accordance with the terms of the account and this title.''.

(c) ACCESS TO PAYOFF BALANCE INFORMATION.—Section 127B of the Truth in Lending Act is amended by inserting after subsection (e) (as added by subsection (b)) the following new subsection:

''(f) PAYOFF BALANCE INFORMATION.—Each periodic statement provided by a creditor to a consumer with respect to a credit card account under an open end consumer credit plan shall contain the telephone number, Internet address, and Worldwide Web site at which the consumer may request the payoff balance on the account.''.

(d) CONSUMER RIGHT TO REJECT CARD BEFORE NOTICE IS PROVIDED OF OPEN ACCOUNT.—Section 127B of the Truth in Lending Act is amended by inserting after subsection (g) (as added by subsection (c)) the following new subsection:

''(g) CONSUMER RIGHT TO REJECT CARD BEFORE NOTICE OF NEW ACCOUNT IS PROVIDED TO CONSUMER REPORTING AGENCY.—

''(1) IN GENERAL.—A creditor may not furnish any information to a consumer reporting agency (as defined in section 603) concerning the establishment of a newly opened credit card account under an open end consumer credit plan until the credit card has been used or activated by the consumer.

''(2) RULE OF CONSTRUCTION.—Paragraph (1) shall not be construed as prohibiting a creditor from furnishing information about any application for credit card account under an open end consumer credit plan or any inquiry about any such account to a consumer reporting agency (as so defined).''.

(e) USE OF TERMS CLARIFIED.—Section 127B of the Truth in Lending Act is amended by inserting after subsection (g) (as added by subsection (d)) the following new subsection:

''(h) USE OF TERMS.—The following requirements shall apply with respect to the terms of any credit card account under any open end consumer credit plan:

''(1) 'FIXED' RATE.—The term 'fixed', when appearing in conjunction with a reference to the annual percentage rate or interest rate applicable with respect to such account, may only be used to refer to an annual percentage rate or interest rate that will not change or vary for any reason over the period clearly and conspicuously specified in the terms of the account.

''(2) PRIME RATE.—The term 'prime rate', when appearing in any agreement or contract for any such account, may only be used to refer to the bank prime rate published in the Federal Reserve Statistical Release on selected interest rates (daily or weekly), and commonly referred to as the H.15 release (or any successor publication).

''(3) DUE DATE.—

''(A) IN GENERAL.—Each periodic statement for any such account shall contain a date by which the next periodic payment on the account must be made to avoid a late fee or be considered a late payment, and any payment received by 5 p.m., local time at the location specified by the creditor for the receipt of payment, on such date shall be treated as a timely payment for all purposes.

''(B) CERTAIN ELECTRONIC FUND TRANSFERS.—Any payment with respect to any such account made by a consumer on-line to the Web site of the credit card issuer or by telephone directly to the credit card issuer before 5 p.m., local time at the location specified by the creditor for the receipt of payment, on any business day shall be credited to the consumer's account that business day.

''(C) PRESUMPTION OF TIMELY PAYMENT.—Any evidence provided by a consumer in the form of a receipt from the United States Postal Service or other common carrier indicating that a payment on a credit card account was sent to the issuer not less than 7 days before the due date contained in the periodic statement under subparagraph (A) for such payment shall create a presumption that such payment was made by the due date, which may be rebutted by the creditor for fraud or dishonesty on the part of the consumer with respect to the mailing date.''.

(f) PRO RATA PAYMENT ALLOCATIONS.—Section 127B of the Truth in Lending Act is amended by inserting after subsection (h) (as added by subsection (e)) the following new subsection:

''(i) PRO RATA PAYMENT ALLOCATIONS.—

''(1) IN GENERAL.—Except as permitted under paragraph (2), if the outstanding balance on a credit card account under an open end consumer credit plan accrues interest at 2 or more different annual percentage rates, the total amount of each periodic payment made on such account shall be allocated by the creditor between or among the outstanding balances at each such annual percentage rate in the same proportion as each such balance bears to the total outstanding balance on the account.

''(2) ALLOCATION TO HIGHER RATE.—Notwithstanding paragraph (1), a creditor may elect, in any case described in such paragraph, to allocate more than a pro rata share of any payment to a portion of the outstanding balance that bears a higher annual percentage rate than another portion of such outstanding balance.

''(3) SPECIAL RULES FOR ACCOUNTS WITH PROMOTIONAL RATE BALANCES OR DEFERRED INTEREST BALANCES.—

''(A) IN GENERAL.—Notwithstanding paragraph (1) or (2), in the case of a credit card account under an open end consumer credit plan the current terms of which allow the consumer to receive the benefit of a promotional rate or deferred interest plan, amounts paid in excess of the required minimum payment shall be allocated to the promotional rate balance or the deferred interest balance only if other balances have been fully paid.

''(B) EXCEPTION FOR DEFERRED INTEREST BALANCES.—Notwithstanding subparagraph (A), a creditor may allocate the entire amount paid by the consumer in excess of the required minimum periodic payment to a balance on which interest is deferred during the 2 billing cycles immediately preceding the expiration of the period during which interest is deferred.

''(4) PROHIBITION ON RESTRICTED GRACE PERIODS UNDER CERTAIN CIRCUMSTANCES.—If, with respect to any credit card account under an open end consumer credit, a creditor offers a time period in which to repay credit extended without incurring finance charges to cardholders who pay the balance in full, the creditor may not deny a consumer who takes advantage of a promotional rate balance or deferred interest rate balance offer with respect to such an account any such time period for repaying credit without incurring finance charges.''.

(g) TIMELY PROVISION OF PERIODIC STATEMENTS.—Section 127B of the Truth in Lending Act is amended by inserting after subsection (i) (as added by subsection (f)) the following new subsection:

''(j) TIMELY PROVISION OF PERIODIC STATEMENTS.—Each periodic statement with respect to a credit card account under an open end consumer credit plan shall be sent by the creditor to the consumer not less than 25 calendar days before the due date identified in such statement for the next payment on the outstanding balance on such account, and section 163(a) shall be applied with respect to any such account by substituting '25' for 'fourteen'.''.

SEC. 4. CONSUMER CHOICE WITH RESPECT TO OVER-THE-LIMIT TRANSACTIONS.

Section 127B of the Truth in Lending Act is amended by inserting after subsection (j) (as added by section 3(g)) the following new subsections:

''(k) OPT-OUT OF CREDITOR AUTHORIZATION OF OVER-THE-LIMIT TRANSACTIONS IF FEES ARE IMPOSED.—

''(1) IN GENERAL.—In the case of any credit card account under an open end consumer credit plan under which an over-the-limit-fee may be imposed by the creditor for any extension of credit in excess of the amount of credit authorized to be extended under such account, the consumer may elect to prohibit the creditor, with respect to such account, from completing any transaction involving the extension of credit, with respect to such account, in excess of the amount of credit authorized by notifying the creditor of such election in accordance with paragraph (2).

''(2) NOTIFICATION BY CONSUMER.—A consumer shall notify a creditor under paragraph (1)—

''(A) through the notification system maintained by the creditor under paragraph (4); or

''(B) by submitting to the creditor a signed notice of election, by mail or electronic communication, on a form issued by the creditor for purposes of this subparagraph.

''(3) EFFECTIVENESS OF ELECTION.—An election by a consumer under paragraph (1) shall be effective beginning 3 business days after the creditor receives notice from the consumer in accordance with paragraph (2) and shall remain effective until the consumer revokes the election.

''(4) NOTIFICATION SYSTEM.—Each creditor that maintains credit card accounts under an open end consumer credit plan shall establish and maintain a notification system, including a toll-free telephone number, Internet address, and Worldwide Web site, which permits any consumer whose credit card account is maintained by the creditor to notify the creditor of an election under this subsection in accordance with paragraph (2).

''(5) ANNUAL NOTICE TO CONSUMERS OF AVAILABILITY OF ELECTION.—In the case of any credit card account under an open end consumer credit plan, the creditor shall include a notice, in clear and conspicuous language, of the availability of an election by the consumer under this paragraph as a means of avoiding over-the limit fees and a higher amount of indebtedness, and the method for providing such notice—

''(A) in the periodic statement required under subsection (b) with respect to such account at least once each calendar year; and

''(B) in any such periodic statement which includes a notice of the imposition of an over-the-limit fee during the period covered by the statement.

''(6) NO FEES IF CONSUMER HAS MADE AN ELECTION.—If a consumer has made an election under paragraph (1), no over-the-limit fee may be imposed on the account for any reason that has caused the outstanding balance in the account to exceed the credit limit.

''(7) REGULATIONS.—

''(A) IN GENERAL.—The Board shall issue regulations allowing for the completion of over-the-limit transactions that for operational reasons exceed the credit limit by a de minimis amount, even where the cardholder has made an election under paragraph (1).

''(B) SUBJECT TO NO FEE LIMITATION.—The regulations prescribed under subparagraph (A) shall not allow for the imposition of any fee or any rate increase based on the permitted over-the-limit transactions.

''(l) OVER-THE-LIMIT FEE RESTRICTIONS.—With respect to a credit card account under an open end consumer credit plan, an over-the-limit fee may be imposed only once during a billing cycle if, on the last day of such billing cycle, the credit limit on the account is exceeded, and an over-the-limit fee, with respect to such excess credit, may be imposed only once in each of the 2 subsequent billing cycles, unless the consumer has obtained an additional extension of credit in excess of such credit limit during any such subsequent cycle or the consumer reduces the outstanding balance below the credit limit as of the end of such billing cycle.

''(m) OVER-THE-LIMIT FEES PROHIBITED IN CONJUNCTION WITH CERTAIN CREDIT HOLDS.—Notwithstanding subsection (l), an over-the-limit fee may not be imposed if the credit limit was exceeded due to a hold unless the actual amount of the transaction for which the hold was placed would have resulted in the consumer exceeding the credit limit.''.

SEC. 5. STRENGTHEN CREDIT CARD INFORMATION COLLECTION.

Section 136(b) of the Truth in Lending Act (15 U.S.C. 1646(b)) is amended—

(1) in paragraph (1)—

(A) by striking ''COLLECTION REQUIRED.—The Board shall'' and inserting ''COLLECTION REQUIRED.—

''(A) IN GENERAL.—The Board shall''.

(B) by adding at the end the following new subparagraph:

''(B) INFORMATION TO BE INCLUDED.—The information under subparagraph (A) shall include, for the relevant semiannual period, the following information with respect each creditor in connection with any consumer credit card account:

''(i) A list of each type of transaction or event during the semiannual period for which 1 or more creditors has imposed a separate interest rate upon a consumer credit card accountholder, including purchases, cash advances, and balance transfers.

''(ii) For each type of transaction or event identified under clause (i)—

''(I) each distinct interest rate charged by the card issuer to a consumer credit card accountholder during the semiannual period ; and

''(II) the number of cardholders to whom each such interest rate was applied during the last calendar month of the semiannual period, and the total amount of interest charged to such accountholders at each such rate during such month.

''(iii) A list of each type of fee that 1 or more of the creditors has imposed upon a consumer credit card accountholder during the semiannual period, including any fee imposed for obtaining a cash advance, making a late payment, exceeding the credit limit on an account, making a balance transfer, or exchanging United States dollars for foreign currency.

''(iv) For each type of fee identified under clause (iii), the number of accountholders upon whom the fee was imposed during each calendar month of the semiannual period, and the total amount of fees imposed upon cardholders during such month.

''(v) The total number of consumer credit card accountholders that incurred any finance charge or any other fee during the semiannual period.

''(vi) The total number of consumer credit card accounts maintained by each creditor as of the end of the semiannual period.

''(vii) The total number and value of cash advances made during the semiannual period under a consumer credit card account.

''(viii) The total number and value of purchases involving or constituting consumer credit card transactions during the semiannual period.

''(ix) The total number and amount of repayments on outstanding balances on consumer credit card accounts in each month of the semiannual period.

''(x) The percentage of all consumer credit card accountholders (with respect to any creditor) who—

''(I) incurred a finance charge in each month of the semiannual period on any portion of an outstanding balance on which a finance charge had not previously been incurred; and

''(II) incurred any such finance charge at any time during the semiannual period.

''(xi) The total number and amount of balances accruing finance charges during the semiannual period.

''(xii) The total number and amount of the outstanding balances on consumer credit card accounts as of the end of such semiannual period.

''(xiii) Total credit limits in effect on consumer credit card accounts as of the end of such semiannual period and the amount by which such credit limits exceed the credit limits in effect as of the beginning of such period.

''(xiv) Any other information related to interest rates, fees, or other charges that the Board deems of interest.''; and

(2) by adding at the end the following new paragraph:

''(5) REPORT TO CONGRESS.—The Board shall, on an annual basis, transmit to Congress and make public a report containing estimates by the Board of the approximate, relative percentage of income derived by the credit card operations of depository institutions from—

''(A) the imposition of interest rates on cardholders, including separate estimates for—

''(i) interest with an annual percentage rate of less than 25 percent; and

''(ii) interest with an annual percentage rate equal to or greater than 25 percent;

''(B) the imposition of fees on cardholders;

''(C) the imposition of fees on merchants; and

''(D) any other material source of income, while specifying the nature of that income.''.

SEC. 6. STANDARDS APPLICABLE TO INITIAL ISSUANCE OF SUBPRIME OR "FEE HARVESTER" CARDS.

Section 127B of the Truth in Lending Act is amended by inserting after subsection (m) (as added by section 4) the following new subsection:

''(n) STANDARDS APPLICABLE TO INITIAL ISSUANCE OF SUBPRIME OR 'FEE HARVESTER' CARDS.—

''(1) IN GENERAL.—In the case of any credit card account under an open end consumer credit plan the terms of which require the payment of fees (other than late fees or over-the-limit fees) by the consumer in the first year the account is opened in an amount in excess of 25 percent of the total amount of credit authorized under the account, no payment of any fees (other than late fees or over-the-limit fees) may be made from the credit made available by the card.

''(2) RULE OF CONSTRUCTION.—No provision of this subsection may be construed as authorizing any imposition or payment of advance fees otherwise prohibited by any provision of law.''.

SEC. 7. EXTENSIONS OF CREDIT TO UNDERAGE CONSUMERS.

Section 127(c) of the Truth in Lending Act (15 U.S.C. 1637(c)) is amended by adding at the end the following new paragraph:

''(8) EXTENSIONS OF CREDIT TO UNDERAGE CONSUMERS.—

''(A) IN GENERAL.—No credit card may be knowingly issued to, or open end credit plan established on behalf of, a consumer who has not attained the age of 18, unless the consumer is emancipated under applicable State law.

''(B) RULE OF CONSTRUCTION.—For the purposes of determining the age of an applicant, the submission of a signed application by a consumer stating that the consumer is over 18 shall be considered sufficient proof of age.''.

SEC. 8. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this Act shall apply to all credit card accounts under open end consumer credit plans as of the end of the 1-year period beginning on the date of the enactment of this Act.

(b) REGULATIONS.—The Board of Governors of the Federal Reserve System, in consultation with the Comptroller of the Currency, the Director of the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, the National Credit Union Administration Board, and the Federal Trade Commission, shall prescribe regulations, in final form, implementing the amendments made by this Act before the end of the 6-month period beginning on the date of the enactment of this Act, except that it is the sense of the Congress that no provision of this Act should impede the promulgation of regulations in final form under laws in effect on the day before such date of enactment and that such regulations should be prescribed in final form on or before December 31, 2008, and should apply to credit card transactions under any open end consumer credit plan after the end of the 30-day period beginning on the date such regulations are prescribed in final form.

The SPEAKER pro tempore. The gentlewoman from New York (Mrs. MALONEY) and the gentleman from California (Mr. CAMPBELL) each will control 30 minutes.

The Chair recognizes the gentlewoman from New York.

GENERAL LEAVE

Mrs. MALONEY of New York. Madam Speaker, I ask unanimous consent that

all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 5244 and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Mrs. MALONEY of New York. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I rise in support of H.R. 5244, the Credit Cardholders' Bill of Rights. I introduced this bill, together with Chairman FRANK. This important legislation has 155 cosponsors. A dozen national consumer groups have not only endorsed this legislation, but have made it one of their top priorities. The AFL–CIO and especially the SEIU have strongly supported the bill. Major civil rights groups saw this bill as necessary to stop abuses to their constituents.

Over 50 newspapers from all over the Nation published editorials and op-eds in support of credit card reform, from California to Florida and even my own hometown paper, The New York Times.

The Federal Reserve, whose first priority is protecting the safety and soundness of our financial institutions and our economy, has called the credit card practices addressed in this bill ''anticompetitive for markets and unfair and deceptive to consumers.'' Some 56,000 Americans wrote in in support of the proposed Federal rule, more than any in the history of the Fed, commenting in support of this bill.

Rarely do we get an opportunity to vote for legislation with such deep and widespread support. In the midst of the financial turmoil in our markets, Congress has been asked to provide $700 billion for Wall Street. Now we have a chance with this bill to do something for Main Street.

Credit cards are an essential part of our economy, but for too long card issuers have been allowed to do whatever they want, any time, for any reason. A deal is a deal, but what sort of a deal is it when one side gets to make all the decisions? This bill will get credit card practices back to basic principles of contractual fairness.

□ 1215

No other industry is allowed to raise the price of a product after the consumer has bought it.

Also, the credit card bill of rights bans ''any time any reason'' rate increases on existing card balances. It bans double cycle billing which charges interest on debt already paid.

It gives consumers 45 days notice of any rate increases so cardholders can decide whether to pay off their balances and shop for another card. The bill makes sure that consumers who borrow high rate balances such as emergency cash advances can pay them off by requiring issuers to credit some part of the payments to the high rate balances.

The bill stops due date gimmicks that trick cardholders into paying late and racking up unjustified fees. It prevents subprime cards from trapping the most vulnerable cardholders in a cycle of debt, and it prohibits issuing cards to vulnerable minors.

The bill will demonstrate, once and for all, that Congress is protecting working Americans, as well as large institutions, from the current financial storm. Unfair credit card debt is as toxic to ordinary citizens as subprime debt obligations are to investment banks.

This is an issue that cuts across social and economic groups. Everyone has a credit card, and too many have a credit card story of getting hit with an unfair or deceptive practice.

I expect opponents of reform will argue that we should wait for the Federal Reserve to act or, as they put it, Congress should defer to the Fed; but this Congress and this majority cannot abdicate our responsibilities. This country cannot afford to wait for this administration and its regulators any longer. We need to take action now on this critical issue.

I urge my colleagues to support this bill. Enough is enough. It is time to help consumers.

Madam Speaker, I reserve the balance of my time.

Mr. CAMPBELL of California. Madam Speaker, I yield myself such time as I may consume.

There is already existing law on this subject. This is clearly a critical subject. There has been discussion about unfair and deceptive practices, and I don't think there is any disagreement that unfair and deceptive practices exist in the credit card industry. The question is, how do we deal with it and what do we do with it?

Right now there is existing law. The existing law says that the Federal Reserve is supposed to crack down through regulation on ''unfair and deceptive acts or practices.''

To that end, the Federal Reserve in May issued proposed regulations to do exactly that, to try to stop those things that they determined were, at that time, unfair and deceptive. As the lady from New York correctly pointed out, there have been tens of thousands of responses and input to the Federal Reserve on their proposed regulations. The Federal Reserve has said that they will make those regulations final prior to the end of the year, which by the way, is more likely to be sooner than this legislation could possibly pass both Houses and perhaps be signed by the President.

I don't know why at this point we would want to interfere with this process, which appears to be working well. Clearly it is working well because the proposed bill is pretty much identical to the proposed regulations that the Fed put out in May.

Now the Fed may make some changes to those regulations based on the tens of thousands of responses that they got, which is how that process works. For us to come in and intercede in that process and overrule that process is, first of all, wrong; and, second of all, sets a bad precedent.

The reason that we often, in this situation and other situations in Congress, allow the definitions of these sorts of things to be done by regulators is that things change quickly. Congress doesn't act quickly.

Next year, there could be new deceptive practices. There could be some things out there this year that are in the proposed regulations that have been determined to actually not be deceptive or perhaps to interfere with the marketplace. By doing this, we are stepping in, and we are defining what these things are, and that is not something I believe we should be doing when the existing law is in process and appears to be functioning correctly.

Second of all, it is well known the major issue that we will be dealing with this week is the financial crisis in which the country finds itself gripped. This is clearly a very, very serious financial crisis and a very serious issue.

What are the ramifications? What are the manifestations of this financial crisis? Right now, credit is contracting. Currently, it is happening in the corporate and business markets, but it is also already extending, and has been, to home loans, car loans and, yes, credit cards.

We are in a financial crisis in which the availability of credit to Americans everywhere, in all forms, is becoming more difficult to get and more expensive. Clearly, the solutions to this crisis go way beyond the scope of this bill that we have before us today. But one thing we don't want to do is to further constrict credit markets that are already constricting and further increase the interest rates to consumers that are already going up.

This bill, by stepping in directly in this way and interfering with the process that the Federal Reserve has in place, has the potential to do that. I would say that before people vote on this bill, I think they need to consider carefully that if it becomes more difficult for people to get credit in the future, if in the next weeks or months it becomes harder to even get a credit card or the interest rates thereon go up, do you want to be a part of pushing that credit out and pushing those rates up, or do you want to be a part of looking at the solution to those issues?

Let's remember that many of the credit card issuing companies are those companies that are on Wall Street and that are in trouble. They are not making any money right now.

Now we are not here, and the purpose of credit cards is not to ensure that they make money through their credit cards, that is not where I am going. That is the market at work. That is their problem; that is their issue. But the fact is that when companies don't make money on something, they do less of it or they charge more for it, and that is where we appear to be headed now.

I strongly urge my colleagues to oppose this bill and suggest that you consider that if this bill does not pass, that still unfair and deceptive practices will be reined in by the Federal Reserve's regulations before the end of the year in a rational manner and hopefully we will then proceed to deal with, later this week, the issue of trying to make sure that credit and credit cards will be available.

Madam Speaker, I reserve the balance of my time.

Mrs. MALONEY of New York. I would say to my good friend on the other side of the aisle, doing nothing and hoping that the Fed will act is an abdication of our responsibility, and that is not the way of this Congress. The Fed has called it unfair and deceptive practices, they have called it anticompetitive, and we should act to correct these abuses.

Madam Speaker, I yield 2 minutes to my friend and colleague, KEITH ELLISON, the gentleman from Minnesota, who is cochair of the Consumer Justice Caucus and has had a leadership role in passing this bill.

Mr. ELLISON. Let me thank the gentlelady from New York, who has done absolutely heroic work on this bill, and let me echo her words: no more abdication from Congress. We are a coequal branch of Congress, and it is time for us to do our job.

Americans all over this country want to know what does the Congress care about the debt that they are drowning in because of these credit card practices. If the Fed says they are deceptive practices, who are we to just let them go on and step back and say, well, somebody else will do it.

No, it is time for the Congress to do something about it now. To do otherwise is to abdicate our responsibility. Nobody at the Fed holds an election certificate. All of us do. It is time to take this thing by the charge.

The fact is, about $8,000 worth of credit card debt is what Americans are holding on average for people who have a revolving balance. That is a burden that people cannot sustain. The fact is, we would not be in this situation if we had the active regulation that Americans expect from their government.

We have seen now nearly 30 years of stagnating wages. Americans have had flat wages, on average, if you look at folks who are working hard every day to put food on the table. Because the wages have been flat, we haven't had the savings to buy the things that we need.

What has been happening is people have gone to their credit cards, and as we have gone to the credit cards, the credit card companies, some of them, have been using unfair, deceptive practices that have got to be brought to a stop now. If the Fed says they are wrong, they are wrong.

We shouldn't have to wait on them to tell us what to do. We should do our job.

I just want to thank Chairwoman MALONEY and Chairman FRANK for bringing this bill to the floor now. I hope this bill can be wrapped into the rescue that is being contemplated for the financial meltdown that is going on now.

This is what we should be doing, and it needs to go into effect now. We need to deal with the credit crisis now, and credit cards must be a part of it.

Mr. CAMPBELL of California. Madam Speaker, I yield myself 30 seconds. I would say, if the Fed is so unable to deal with this problem, then why does this bill basically parrot exactly what the Fed did in May?

Madam Speaker, I would like to yield 4 minutes to my friend and colleague, and a member of the Financial Services Committee, the gentleman from Delaware (Mr. CASTLE).

Mr. CASTLE. I thank the gentleman from California for yielding.

Let me first pay a compliment to the sponsor of the legislation. I worked with her through a number of the hearings on this situation with credit card companies. I think she heightened the awareness to do something about this. Maybe that's, in part, why the Federal Reserve has started to move forward. I think she deserves a great deal of credit for that.

Madam Speaker, I do not, however, support this legislation at this time for a lot of the reasons that have already been stated.

The Federal Reserve, as we all know, regulates in this area. This is not one of those unregulated banking areas. They have issued a rule on unfair and deceptive practices. They have received, as the gentlewoman has properly pointed out, over 50,000 comments concerning that. Those comments have come both in opposition to their rule and in support of it, and they are now going through all of that.

We anticipate that by the end of the year they will issue their final, what is known as UDAP, rules on this particular subject, dealing with these deceptive practices, which will guide the consumers, which will guide the credit card companies, in which a great deal of expertise and time has been put in. I am certain that a number of provisions that are in this legislation will be included in whatever the Fed people issue, but there also may be different ways of looking at problems, there may be different nuances. Frankly, I trust their expertise to be able to do that.

Plus, we have the ability as Congress, or at least the next Congress does, to come back and incorporate into law anything we feel should happen. I think by doing what we are doing now by trying to pass legislation at this point, regardless of whether it could pass in the Senate or not in the next few days, we are, indeed, taking the responsibility of doing something that the Fed is well prepared to handle. I think we should leave it to them to do that.

For that reason, I believe that this legislation should not have come up. I prefer not to oppose it, but in the circumstances that we are dealing with, I feel that we need to oppose it.

There are a few points here. There is a lot of competition out there and people can go from one credit card company to another. I do not necessarily think that we are abrogating our responsibility, as has been stated on the floor here, by not supporting this legislation at this time. As a matter of fact, I think we are doing the right thing as far as consumers, credit card companies and the economy is concerned.

I am also concerned about who is going to pay all of this. If some of these steps are taken and all of a sudden there are losses as far as the credit card industry is concerned, does that mean fees go up? Other people who were paying lower interest rates are going to pay higher interest rates? Will they charge more at the beginning? Various steps that I don't know if I have the economic sophistication to explain, but I have a gut reaction that the bottom line is that somebody is going to pay for it. They always do in some way or another, and that could be many consumers who are presently being responsible in terms of how they are handling their debt circumstances.

□ 1230

So for all of these reasons, it is my judgment that this is legislation better not done at this time. Could it come back in the spring in the form of incorporating what the Fed has done or incorporating and polishing what the Federal Reserve issues in their rules, yes, that would be something that we should do. I think we all agree there should be steps taken in this situation.

But I trust those who have received all of these comments and looked at all of this and have all of the expertise to make the decisions. I would hope that Members of Congress would withhold voting for this at this time and see what the Federal Reserve is going to issue.

I would just add, the statement was made by the sponsor, I believe, that hoping that the Fed will act is an abrogation of our responsibility. The Fed has acted. They have issued a rule. They are getting comments. They are going to issue a final rule. I don't think there is any doubt in anyone's mind that the Fed has acted in this circumstance, so I urge defeat of this legislation if it is going to move forward.

Mrs. MALONEY of New York. I yield such time as he may consume to the Chair of the Committee on Financial Services, BARNEY FRANK, and congratulate him on his hard work on this piece of legislation and so many other areas.

Mr. FRANK of Massachusetts. I thank the gentlewoman who has been the spark plug here. I think it is an important day, that we are dealing in a rational way with credit card legislation.

I appreciate the reasonable tone of my friend from Delaware. We disagree some. I don't think anyone could reasonably characterize this as some assault on the free enterprise system. It

understands the importance of credit cards and tries to work within that framework.

It is important to note that what this bill does is essentially protect consumers against retroactive unfairness. When it comes to rate setting, this bill, to the disappointment of some, doesn't limit future rates. As far as the future is concerned, if proper notice is given, this bill is not restrictive. It does deal essentially with retroactivity and with honoring the consumers' wishes.

The thing I want to address is one thing which seems to be a little upside down, and that is we should defer to the Federal Reserve. I want to say to some of my Republican friends, that sounds a little odd to me after hearing for years that the people must be allowed to decide, that we shouldn't defer to unelected bureaucrats. The notion that we, the elected Representatives, should defer to the Federal Reserve not on monetary policy but on a public policy matter involving what institutes fairness with credit cards, it is not an argument that I have often heard on that side.

Now I understand there is nothing in the Constitution or the rules of the House that requires consistency, but I would hope we would at least note there is an element of convenience in the invocation of this argument at this point, let's defer to the Federal Reserve. No, let's exercise the powers given to us under the Constitution. And there has been a lot of talk about the Federal Reserve doing too much. Well, I think sometimes they have to act because we don't. But here we are willing to do it.

But again, I want to stress the reasonableness of these proposals. They deal with retroactivity and unfair billing practices. If a credit card company follows the rules set here, they are not prohibited or restricted going forward with setting whatever conditions they think ought to be set. That, I think, is the essence of fairness, and I hope the bill is passed. I again congratulate the gentlewoman from New York for taking the lead.

Mr. CAMPBELL of California. How much time remains?

The SPEAKER pro tempore. The gentleman from California has 19 minutes and the gentlewoman from New York has 20 minutes.

Mr. CAMPBELL of California. Madam Speaker, I yield myself 2 minutes to respond to the chairman of the Financial Services Committee.

I would argue that this bill already defers to the Federal Reserve because it basically parroted the proposed regulations that the Federal Reserve put out in May. So this bill basically says okay, we are going to take what you guys proposed and we are going to make it law, not regulation which can be changed, not making any changes based on the 50,000 or 40,000, we are going to make it law.

Second, on this side we are not deferring to the Federal Reserve; we are deferring to existing law. And the will of the people based on existing law was that it is best that these sorts of determinations and definitions, which is what is unfair and what is deceptive, be handled on a regulatory basis, than that it is that Congress come back every year or 2 years or 6 years or whatever and try and determine what is new out there in the marketplace that is now determined to be unfair.

I reserve the balance of my time.

Mrs. MALONEY of New York. Madam Speaker, I thank the gentleman for his comments, but I introduced my bill in February after many legislative hearings and meetings that involved Members on the other side of the aisle, stakeholders, consumers, and everyone concerned about this problem. We drafted and put in our bill in February. In May, the Federal Reserve came back with recommendations that mirrored our bill almost completely.

I would like to point out to him that the Federal Reserve is not in the Constitution, and we didn't leave it up to the regulators in the foreclosure crisis. We passed a bill to help homeowners stay in their homes. As we have seen Wall Street under attack, we are not leaving things up to the regulators. We passed legislation giving new direction to the Treasury to help the GSEs, investment banks, and insurers. So you are very selective on your comments that we should step back and let the Fed do everything.

I now recognize an outstanding member of our committee, the gentleman from Texas (Mr. HINOJOSA) who is co-chair of the Literacy Caucus on the Financial Services Committee.

Mr. HINOJOSA. Madam Speaker, I rise in strong support of H.R. 5422. I want to commend Chairwoman MALONEY for introducing H.R. 5422, the Credit Cardholders' Bill of Rights Act. I am proud to be a cosponsor of this legislation which is supported by many organizations, including the National Council of La Raza, LULAC, MALDEF, and many others.

As chairman of the Subcommittee on Higher Education, I am concerned that thousands of students each year do not enroll in higher education institutions because of financial barriers. I am equally concerned about the amount of debt that students are incurring while attending institutions of higher education.

I have been working diligently with our Democratic leaders to make college more affordable and accessible. We are tackling that issue as well as trying to ensure that students graduate with the least amount of debt possible.

I am interested in the relationship between institutions of higher education and credit card companies. Many receive revenue from credit card deals. I want to know the nature of the deals, how much the credit card companies make from those deals, how they market those credit cards to students, and whether the institutions approach the credit card companies or vice versa. We need to address this issue and find out how widespread the practice is and whether it is national in scope.

This legislation will eliminate unfair and arbitrary interest rate increases, end unfair penalties to cardholders who pay on time, and require the fair allocation of consumer payments. Moreover, it will help college students reduce their debt.

Madam Speaker, I want to take this opportunity to again thank Chairwoman MALONEY for introducing the Credit Cardholders' Bill of Rights legislation, and I support it.

Mr. CAMPBELL of California. Madam Speaker, I reserve the balance of my time.

Mrs. MALONEY of New York. Madam Speaker, I recognize the gentleman from North Carolina, WALTER JONES, for 1 minute, an outstanding member of the Committee on Financial Services.

Mr. JONES. Mrs. MALONEY, thank you for your hard work on this important legislation.

I stand here with great pride and respect that I support this legislation. Approximately 145 million Americans, about half the population, own credit cards. Americans in the year 2001 paid $50 billion in finance charges; $50 billion.

A GAO study on credit cards found there are many new types of fees, new types of fees on cards, and they have risen much faster than inflation. The GAO also found that fees and penalties are buried in statements making it hard to understand when they will be levied on cardholders.

Madam Speaker, I don't know how anyone could be opposed to the American people fully understanding the charges on their credit card bills, and that is exactly why I stand here today in strong support and I ask my colleagues on the Republican side to join in supporting this bill.

Mr. CAMPBELL of California. Madam Speaker, I continue to reserve the balance of my time.

Mrs. MALONEY of New York. Madam Speaker, I recognize the gentleman from North Carolina (Mr. PRICE) for 3 minutes.

Mr. PRICE of North Carolina. Madam Speaker, I rise to engage in a colloquy with the Chair of the subcommittee. I thank her for bringing this bill to the floor and her hard work in protecting the interests of credit card holders.

As the House considers this bill, I want to make this body aware of a related bill I have introduced, along with a number of cosponsors, the Credit Card Repayment Act, H.R. 1510, which would require lenders to give cardholders more information on their monthly statements. For example, how long would it take the consumer to pay off their entire balance making only the minimum monthly payment, and how much would they pay over that time, including principal and interest?

The bill has been endorsed by the Center for Responsible Lending, the

Consumer Federation of America, Consumer Action, and the National Council of La Raza. The bill is not part of the legislation we are considering today, but these kinds of disclosure requirements complement the bill currently on the floor, and they can be a valuable part of our efforts to help protect consumers. I ask the chairwoman to work with me to incorporate these provisions into the legislation as it moves forward.

I would appreciate the chairwoman's response, but I first yield to the gentlewoman from New York (Mrs. LOWEY).

Mrs. LOWEY. And I want to thank the gentlewoman from New York and the gentleman from North Carolina. While most credit card holders know it is difficult to pay off the balance while only making the minimum payment, they do not know the actual cost. Consumers have a right to know the true cost of making minimum payments, and I look forward to working with my colleagues to implement these important changes.

Mr. PRICE of North Carolina. I am happy to yield to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. I thank my friend, the gentleman from North Carolina. I am embarrassed to admit that I have been periodically suggesting this provision since I was on the Banking Committee 18 years ago. It is a deceptive billing practice, and all we are asking is that the consumer know how much they will wind up paying and how long it will take them to pay it. And if they knew they would be paying much more than the original purchase, and they will be paying it for the rest of their lives, they might do the right thing. It would be the right thing for the committee to pass this kind of legislation at the next opportunity.

Mr. PRICE of North Carolina. I yield to the chairwoman of the subcommittee.

Mrs. MALONEY of New York. I thank the gentleman for his comments. I have been a supporter of transparency and fairness for consumers in the financial services area since I came to Congress. I believe consumers should have complete information so they can decide how to manage their money more efficiently and better.

I commend the gentleman from North Carolina for his efforts to provide consumers with robust information, and I would be happy to work with him on including these provisions.

Mr. PRICE of North Carolina. I thank the gentlewoman.

Mr. CAMPBELL of California. Madam Speaker, I yield myself 2 minutes just for a brief response.

In listening to the arguments on the other side, it sounds as though they are debating for changing certain things in credit cards as though we are debating against that. We are not.

What we are here saying is simply that this kind of thing is better done by regulation than it is by proscriptive statute, which is what this bill would do. And actually, it would be more effective in protecting the consumers if there is a regular regulatory process and review and so forth, not just this year but ongoing forward, than if Congress keeps stepping in and interfering with and, in fact, probably slowing down that particular regulatory review and process.

That is what we are talking about here, in addition to the fact that the other very important thing to keep in mind is that we have the availability of this credit going forward given the current crisis in which we find ourselves.

I reserve the balance of my time.

Mrs. MALONEY of New York. Madam Speaker, in response to my good friend's comments, the bill is very close to the rule, and opponents of the bill also oppose the rule. Industry opposes my bill and has filed arguments opposing the rule. The OCC opposes the bill and also opposes the Fed rule. The Federal Reserve and two other regulators support the substance of the bill. The administration opposes provisions of my bill that are identical to the Fed rule.

So it would be one thing if you supported the regulations you so passionately argue we should be waiting for; it is another thing to argue that we should wait for something that those who oppose protecting consumers, giving them information and providing fairness in the contractual agreement between credit card issuers and consumers.

I now yield 2 minutes to my good friend from the great State of Colorado, MARK UDALL, who has been a leader in this debate and has had constituents who have come before the committee to testify. We thank him for his leadership.

(Mr. UDALL of Colorado asked and was given permission to revise and extend his remarks.)

□ 1245

Mr. UDALL of Colorado. I thank the chairwoman for yielding me time, and I rise in strong support of this legislation. The bill's purpose is to require more fair play for people with credit cards.

For many Americans, consumer credit is more than a convenience. They rely on it for everyday needs. And for them it's a necessity. But they aren't always treated fairly by the companies that issue the credit cards that they use.

As the chairwoman pointed out, I've heard from many people in my State of Colorado asking me to help level the playing field. They work to do the right thing and pay their bills on time, and they deserve to be treated in good faith by the credit card companies.

That's the reason I've been working to make some commonsense changes in the rules for credit cards over these last two Congresses. I introduced a bill in 2006, and then reintroduced it again this year. And I'm proud that it won the support of an array of consumer groups, as well as 39 cosponsors from congressional districts across the country.

Most of the provisions in my bill have been included in this bill, H.R. 5244, the Credit Cardholders Bill of Rights. This is a good, solid bill that will bring real reform without arbitrary rate caps or price controls that could backfire and make credit less available.

Now later this week we'll be debating on how to respond to the problems in the credit markets. This debate will focus on a financial market crisis that's brought on, in part, by the reckless practices of lenders who thought the use of complicated financial engineering would make risky loans safe.

Across the country, people worry that we will be too concerned about rescuing the reckless and not concerned enough about fairness for hard working Americans who may be called upon to pay the tab. So it's appropriate, as we prepare for that debate, that we start by acting and bringing greater fairness to the millions of Americans who need and use credit cards.

I urge passage of the bill. I thank the chairwoman again for her leadership on this important measure.

Madam Speaker, as a proud cosponsor of this legislation, I rise in strong support of it as a way to add some common-sense rules to the laws governing issuance of credit cards.

Later this week, we will be debating how to respond to problems in the credit markets. As we all know, that debate will focus on a financial-market crisis brought on, in large part, by reckless practices of lenders who thought the use of complicated financial "engineering" would make risky loans safe.

Understandably, many in Colorado and across the country are concerned that Congress may be too concerned about rescuing those who took excessive risks and not concerned enough about fairness for hard-working American taxpayers who will be called on to pay the tab.

So it is appropriate, as we prepare for that debate, that we start by acting to bring greater fairness to the millions of Americans who need and use credit cards. I have heard from constituents across Colorado, asking me to help even the playing field on this issue.

They benefit from the widespread availability of consumer credit, and their use of that credit has been important to our economy. In fact, for many Americans, consumer credit is more than a convenience. It is something that many people need to use to pay for their everyday needs. For them, it is a necessity.

Of course, another word for credit is debt—and credit card debt has increased considerably in recent years. Overall, during the last decade, total credit-card debt rose by about 70 percent, and this clearly has an effect on consumers.

Some polls have reported that about 70 percent of surveyed families said the quality of their lives is adversely affected by the extent of their debts, and young people are more worried about going deeply into debt than about a terrorist attack.

Some have argued that much of this debt was caused by recklessness and an erosion

of financial responsibility. That was one of the main arguments advanced in support of the recent changes in the bankruptcy laws.

But while there was something to that argument, it was not the whole story and it put too much emphasis on borrowers alone. Instead of just focusing on borrowers, Congress should also do more to promote responsibility by those who provide the credit—and one place to start is with credit card companies.

That's the reason I have been working to make some common-sense changes in the rules for credit card companies.

I first introduced a bill to do that back in 2006, and reintroduced it again last year with our colleague, the gentleman from Missouri, Mr. CLEAVER. I'm proud it won the support of an array of consumer groups as well as 39 cosponsors from Congressional Districts across the country.

Now, I have joined as an original cosponsor of H.R. 5244, the Credit Cardholders' Bill of Rights, which includes many provisions based on my bill.

It includes protection against arbitrary interest rate increases. It will prevent cardholders who pay on time from being unfairly penalized. It will bar excessive fees and will require more fairness in the way payments are handled. And it would prohibit the use of "universal default" clauses—provisions that allow card issuers to impose a new, higher interest rate on a credit card account if there has been any change for the worse in the cardholder's credit score—even if the change is unrelated to the credit card account.

In short, H.R. 5244 is a good, solid bill that will bring real reform without arbitrary rate caps or price controls that could backfire and make credit less available.

It deserves passage today and prompt enactment into law.

Mr. CAMPBELL of California. I reserve the balance of my time.

Mrs. MALONEY of New York. Madam Speaker, I yield 2 minutes to LORETTA SANCHEZ, who has been involved in the drafting and the movement of this bill. I congratulate her on her leadership.

Ms. LORETTA SANCHEZ of California. Madam Speaker, I want to thank Mrs. MALONEY of New York for coming up with this, for working with so many of us, because we have heard from so many of the people we represent asking for just some better and fairer types of practices for credit cards. I rise today as a cosponsor of this bill.

While the economic crisis on Wall Street is on the front page of every newspaper, many American families are actually dealing with their own crisis at home, and that is this crisis of how they get credit and how they manage credit.

Credit card debt in the United States has reached a record high, nearly $1 trillion, and unfortunately, many Americans are subjected to these excessive credit card fees and unfair interest rate increases with no warning, among other misleading and questionable tactics.

This legislation today would end practices that would require credit card companies to provide 45 days' notice before interest rate increases, and mailing billing statements 25 calendar days before the due date, instead of only 14.

In addition, this bill would prohibit double cycling billing so that companies cannot charge consumers interest on debt that they actually have already paid on time.

This legislation provides consumers with needed protections, while allowing credit card companies to balance the financial risk of the consumers they lend to. I think that's what's important, that the credit card companies also have to take responsibility for the type of credit risk that they're taking on.

We're talking so much today about credit risks. Well, this is one of the areas that is incredibly important. This has been going on for too long. Credit card companies just give credit to anybody, and they're really not taking the responsibility of what type of risk is there.

We have to protect the access to credit, but we also have to take into account and protect Americans against some of these bad practices.

Mr. CAMPBELL of California. I continue to reserve the balance of my time.

Mrs. MALONEY of New York. May I inquire as to how much time remains.

The SPEAKER pro tempore. The gentlewoman from New York has 8 minutes remaining. The gentleman from California has 15½ minutes remaining.

Mrs. MALONEY of New York. I yield 1 minute to KEITH ELLISON, Congressman ELLISON from Minnesota.

Mr. ELLISON. Madam Speaker, the gentleman from California has made the point that if this bill passes, that interest rates will go up and that credit availability will decline. Is the Congressman saying that credit card companies will retaliate against consumers with higher rates if Congress proscribes practices that even the Fed considers deceptive?

Mr. CAMPBELL of California. Will the gentleman yield?

Mr. ELLISON. I yield to the gentleman from California.

Mr. CAMPBELL of California. Yes. What I said was that they may. And it would not be a retaliatory basis. It would be because the credit markets are currently in great turmoil. And because they are in great turmoil already, credit is restricting and the rates are going up. That is happening not just with credit card debt, but with car loan debt.

Mr. ELLISON. Reclaiming my time, so for practices the Fed says are deceptive, if they are proscribed, you believe that is something that the credit card companies will react with interest rate increases on consumers for?

Mr. CAMPBELL of California. No. What I am saying is that we should, as I've said——

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. CAMPBELL of California. Madam Speaker, I yield myself a minute just to respond to that, that what we have here is that the unfair and deceptive practices should stop. The Federal Reserve is probably going to do that. But by stepping in now, they will be considering all of the responses they got, and by the way, the lady from New York mentioned about the credit card companies are against the Federal Reserve proposal. I'm sure they are. But the Federal Reserve will make the decision they believe is right based on the statute which says they are supposed to crack down on those unfair and deceptive practices. And they will do that.

But what we don't want to do is send more messages to the marketplace now that we are stepping in to do things that may include some things that aren't unfair and deceptive, or that may mess with the financial markets because they are very, very fragile at the moment.

I reserve the balance of my time.

Mrs. MALONEY of New York. In response to my good friend and colleague, there is no evidence to support that claim. The argument that this will raise the cost of credit and restrict access to credit is an assertion that has absolutely no basis in fact. We asked the industry, at our six hearings, for some evidence to support this claim, and they had none.

The Federal Reserve and the General Accounting Office have said in reports that there is no evidence to support the argument that these abuses have lowered rates or increased access to credit. And these reports are on my Web site and also on the industry's Web site.

Getting rid of anticompetitive practices will increase access to credit. The Federal Reserve has called these practices anticompetitive. Getting rid of them will not hurt the market. Getting rid of these practices will help competition and increase, not decrease, access to credit.

As I mentioned earlier, we had a roundtable where many of the issuers participated, and some of them voluntarily started following the proposals, voluntarily. And they tried to move to the higher goal standards, and they were turning their backs on these unfair and deceptive practices. But they found that they were losing profit and market share. So we need to level the playing field not only for consumers, but for the industry itself.

I would now like to yield 2 minutes to my distinguished colleague from Connecticut, CHRISTOPHER SHAYS, who is a member of the Financial Services Committee.

Mr. SHAYS. Thank you, Madam Speaker, and to my colleague, CAROLYN MALONEY, for introducing this bill and encouraging me to cosponsor it. I'm grateful I did, and I'm here to encourage its passage.

I rise in support of the Credit Cardholders Bill of Rights.

Loose mortgage underwriting standards and interest rate resets have helped cause the housing market to deteriorate. This could have been avoided

had we acted earlier by establishing reasonable safeguards.

With this legislation, we are acting responsibly, in my judgment, to address a credit problem. In an effort to make credit easily available, credit has been overextended, and many consumers can't afford significant interest rate increases.

Consumers need fair, accurate, and transparent information to make informed choices regarding their credit card company or bank. This legislation gives consumers several long overdue protections, which include preventing sudden interest rate increases on existing loans, stopping the practice of universal default, and ensuring consumers have time to pay their bills.

I hope we synchronize our efforts with the Federal Reserve to set some reasonable limits on consumer credit to protect our economy.

Mr. CAMPBELL of California. I reserve the balance of my time.

Mrs. MALONEY of New York. I yield 1 minute to my colleague, Congressman ELLISON.

Mr. ELLISON. Madam Speaker, thank you again for allowing me to address this final point.

This issue that I put to our colleague and friend, Mr. CAMPBELL, regarding whether or not deceptive practices, practices that have been deemed to be deceptive by the Fed and that are proscribed in this legislation today, whether these things will result in rate increases or lack of availability.

In fact, they will do the opposite, Madam Speaker. They will provide transparency, they'll provide fair rules, and most importantly, they will help to keep good lenders good.

If you have a good lender, a good credit card company who is playing fair and acting ethically, and yet their competitors are allowed to engage in universal default and things like this, the net result will be that they will be at a competitive disadvantage when they don't do these unethical practices, things that the Fed has deemed to be unfair. So it's very important that we keep a nice level playing field and maintain the high standards in the industry.

This is actually a bill that will help the credit card industry because it will send a signal that the rules are fair, even, and ethics are the priority.

Mr. CAMPBELL of California. Madam Speaker, I would like to point out that Fed Governor Randy Kroszner, in testimony, said that he did believe that the regulations promulgated by the Fed would, in fact, raise interest rates for some and restrict credit for some, talking about his own proposed regulations. So there is at least some authoritative belief that that will happen.

I would now like to yield 4 minutes to a member of the Financial Services Committee, the gentlewoman from Minnesota (Mrs. BACHMANN).

Mrs. BACHMANN. I thank the gentleman from California for his leadership, for what he's doing on this bill. He's a remarkable talent, and we're well served by Mr. CAMPBELL.

Madam Speaker, I rise in opposition to this bill that's before this body. Given the current instability in our credit markets and, Madam Speaker, given the pressing need for this United States Congress to focus on the financial services bailout that is now before us, this bill is simply not what the United States Congress should be debating today. In fact, this bill is just another example of how this Congress far too often charges ahead without full contemplation of the consequences of its actions.

In today's global marketplace, Madam Speaker, consumers are paying for products and services more and more with credit and debit cards, rather than with cash payments. It's a completely different way today that we have of doing business. In fact, electronic payments now account for more than half of all consumer purchases here in the United States.

With the increasing role that credit cards play in the everyday lives of most Americans, it's both timely, and appropriate that we update and improve standards to protect those American consumers from unfair and deceptive credit card practices.

I also believe, Madam Speaker, that it's imperative that we improve access to useful, understandable and complete disclosure about the terms and conditions that govern credit card use here in our country.

□ 1300

The Federal Reserve Board has made a proposal. They proposed a rule known as Regulation Z which prescribes uniform methods for computing the cost of credit for disclosing credit terms and for resolving errors on certain types of credit accounts. This proposed rule is virtually identical to H.R. 5244, the Credit Card Holder's Bill of Rights Act of 2008.

While both Regulation Z and this bill are offered with the best of intentions, both could have very serious unintended consequences, and they could pose potentially significant, unnecessary costs on consumers and the United States economy. Goodness knows we don't need that right now.

Madam Speaker, Congress should absolutely allow the Federal Reserve Board's rulemaking process to play out before we rush to codify this proposed rule into law. The public comment periods, the public notice both serve a very important role that I think we all agree that will ensure that this government carefully considers every angle before we jump to regulatory change.

I'm very actually sorry to see the House Financial Service Committee hastily move to implement H.R. 5244 before the rulemaking process even had time to play out. It seems like that's the game now in Washington, DC: rush to judgment. Quick, hasty moves before the public even has time to weigh in. That's not democracy at its best, Madam Speaker, because this action shut out the comments of consumers. It shut out nonprofit organizations. It shut out industry representatives. It's certainly not in the best interests of credit card holders.

We all know that when Congress moves too quickly and bypasses important parts of the process, that it often does more harm than good. Take a look at this week. Take a look at what we're about to do: put the American consumer on the hook for almost another trillion dollars in bad debt.

This Congress has a responsibility to the people that we serve and to businesses to analyze this proposal's overall effectiveness and the effect on the cost of credit and market liquidity. Let's remember, the underlying, underpinning of this current crisis is the lack of liquidity. In other words, money into the marketplace. And that's very true today.

Ironically, the premise of this new $700 billion bailout is to restore that form of liquidity.

The SPEAKER pro tempore. The time of the gentlewoman has expired.

Mr. CAMPBELL of California. I would like to yield the lady 1 more minute.

Mrs. BACHMANN. Why would Congress dismiss outside input from the experts? Are we so smart that we don't need that outside input? I think experience proves otherwise, Madam Speaker. Should we not hear from those who are impacted most from these stressful times? We are imprudent, to say the least, if we do not allow for that comment.

I could not support this bill, Madam Speaker, when it moved out of committee because it was imprudent to jump ahead; and given this new instability that's broke out in the last 2 weeks, I absolutely in good conscience cannot support this measure now. Congress should exercise prudence—wouldn't that be a novel idea?—and allow the Federal Reserve Board to finalize this proposal before we codify it with a vote of Congress.

I want to thank you, Madam Speaker. I want to thank the gentleman for his absolutely supreme work that he's doing on this bill.

Mrs. MALONEY of New York. In response to my good friend on the other side of the aisle, this has not been a rush to judgment. Democrats have been working on this bill for well over 2 years. My subcommittee has held 6 hearings, numerous meetings, roundtable discussions with consumers and issuers. The gentlelady claims that Reg Z is the bill. Reg Z is not at all the same as this bill. Reg Z from the Federal Reserve deals just with disclosure, and the Federal Reserve has said disclosure is not enough. They have called the practices unfair, deceptive, and anti-competitive, and have come forward with recommendations that, in many ways, resemble the bill that is before us today.

I reserve the balance of my time.

Mr. CAMPBELL of California. Madam Speaker, may I inquire as to how much time is remaining on both sides?

The SPEAKER pro tempore. The gentleman from California has 10 minutes remaining. The gentlewoman from New York has 2 minutes remaining.

Mr. CAMPBELL of California. Madam Speaker, I would like to yield 5 minutes to the gentleman from Texas (Mr. HENSARLING), also a member of the Financial Services Committee.

Mr. HENSARLING. I thank the gentleman for yielding. I thank him for his leadership.

I certainly understand the intent and the purpose of the gentlelady's bill, and her intent is good. Unfortunately, I believe the policy is bad.

It is entitled the Credit Card Bill of Rights Act. I fear, if enacted, it will prove to be a ''credit card bill of wrongs'' for credit card holders all over America. I view it as a most decisively anti-consumer piece of legislation.

Madam Speaker, I believe that this piece of legislation helps turn back the clock to a different era in America where there is little competition for credit cards, where a third fewer Americans had access to credit cards which so many now view as a necessity of everyday economic life. Those people in this previous era who did have credit cards universally paid a high, high interest rate.

I believe this bill also represents another assault on our personal economic freedoms and will exacerbate the credit crunch that we see today. Why would we want to bring a bill to the floor that could make credit even less accessible and more expensive at a time when Americans are struggling to pay their bills?

This bill ultimately would limit the ability in some instances to charge interest; it would limit the ability in some respects to change terms; limit the ability to impose certain late fees; limit the ability to impose over-the-limit fees. Essentially, it erodes what we call risk-based pricing.

And what has risk-based pricing and competition brought us? Number one, what we have seen is where interest rates used to be in the 20 percent range, they have now fallen below the 15 percent range. We have seen a virtual disappearance in our entire economy of the dreaded annual fees, which typically most cards had charged anywhere from $20 to $50. We have seen a flowering, a myriad of benefits that are now available from product protection to free plane tickets because of the competition, and an unprecedented surge in credit card use from under 300 million a day to almost 700.

Credit cards are just an absolutely vital tool for the small business in America, which is the job engine in our Nation. Madam Speaker, I hear from a lot of hardworking small business people in my district, the Fifth Congressional District of Texas that I am proud to represent. I hear from the Mayhall family that runs a small business in Athens, Texas. They write, ''Dear Congressman. I run a small business, and I do not have very good credit. I have four credit cards which have very low limits. I try not to use them very often, but sometimes the cash flow isn't there, and I have to have something for my business. Without access to this credit, I would not be able to purchase the items for my business when I need it.

''Please do not make it more difficult for me to run my business. I have enough problems.''

I don't want to tell the Mayhall family of Athens, Texas, that maybe their small business just won't have access to one of those credit cards any more. I don't want to have to tell them that they may have to pay more. That simply isn't right.

Now I don't come here today to defend credit card companies and all of their practices. There is one certain credit card company that my wife and I just refuse to do business with. We don't like them. We've changed our main credit cards several times because we didn't like some of the provisions. But we had that choice, Madam Speaker. We had that choice in a competitive economy.

We should also mention a phrase that is rarely used in the Halls of Congress, and that is ''individual responsibility.'' We all bear some individual responsibility for knowing what is in our credit card bills.

Now listen. If we don't know what the terms are, either, one, we've been misled by a credit card company—and, Madam Speaker, it happens. There are some misleading and fraudulent practices, and they need to be cracked down on. That's why we have the Truth in Lending Act, that's why we have the Unfair and Deceptive Practices Act, that's why we have the Fair Debt Collections Practices Act, the Fair Credit Billing Act, and others.

Another reason that we don't know the terms, Madam Speaker, is because we didn't read them, in which case we have ourselves to blame. Another reason that people don't know their terms is because they're incomprehensible. We can't understand them because of too many crazy government mandates that give us voluminous disclosure written in legalese as opposed to effective disclosure written in English.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. CAMPBELL of California. I yield the gentleman 1 more minute.

Mr. HENSARLING. Madam Speaker, again, don't take my word for it, but the nonpartisan Congressional Research Service has written that if restrictive proposals like these were to become law, ''credit card issuers could also respond in a variety of ways. They may increase loan rates across the board on all borrowers, making it more expensive for both good and delinquent borrowers to use revolving credit. Issuers may also increase minimum monthly payments, reduce credit limits, or reduce the number of credit cards issued to people with impaired credit.''

Madam Speaker, we have seen a similar piece of legislation across the pond in the U.K. Britain decided that credit card default fees were too high. They ordered credit card issuers to cut them or face legal action, and guess what happened? Two of the three biggest issuers imposed annual fees on their credit card holders, 19 have raised interest rates, and we have seen studies that 60 percent of new credit applicants are being rejected. I don't want to repeat that experience in the United States of America in the midst of a credit crunch.

We should reject this legislation.

Mrs. MALONEY of New York. Madam Speaker, I have no further speakers. Does the gentleman from California have any further speakers?

Mr. CAMPBELL of California. I have one more speaker, a repeat speaker, and then I am prepared to close after that.

I would like to yield 2 minutes to the gentleman from Delaware (Mr. CASTLE).

Mr. CASTLE. I again thank the gentleman from California for yielding.

I would like to take up a couple of points that the sponsor of the bill raised.

One is the credit card companies in general oppose what is happening at the Federal Reserve and thereby also oppose her legislation which is here. That may be accurate to a degree, but there are a couple of factors in this. One is that many of the better credit card companies—''better'' being the ones that are paying attention to the practices—have already made a number of the changes proposed both by the Federal Reserve and what is in this legislation.

Secondly, I certainly support the concepts of this legislation as well as support what has been recommended in the unfair and deceptive practices rule which hopefully will get even better with the 50,000-plus comments that will come out here again in the fall. I think that's a matter of good consumer adjustment that needed to be made.

I also hope that consumers in general will understand the significance of understanding what they're dealing with. What bothers me sometimes is people don't understand all of their practices, but we need to make sure it's clear before them. And so I, and I think many others on this side and even some of the better credit card companies, would be very supportive of a lot of these changes which are being made.

The other thing that concerns me somewhat is the statement that there is no evidence that this legislation may raise the cost of credit. That may be a correct statement. But I think it is also correct to say there is no evidence that it will not raise the cost of credit. I think that's a logical conclusion. If

you take away money in one way or another, they're going to have to make up for it, and they're probably going to do that by looking at fees charged, interest rates, or whatever it may be.

My bottom line is you are probably going to see increases if indeed the changes as proposed in this legislation are made.

Again, I would urge the bill to be withdrawn. I don't expect it today, but I would urge the bill to be withdrawn so we can allow the Federal Reserve to make its opinions known and then proceed from there.

The SPEAKER pro tempore. The time of the gentleman has expired.

The gentleman from California is recognized for 2 minutes.

Mr. CAMPBELL of California. Madam Speaker, for the reasons we have articulated, this is not the way to do this, nor is it the time to do it. This bill is very well intentioned, and I applaud my colleague from New York for her commitment to this issue and, frankly, for her tenacity with this issue.

But this bill, make no mistake, will not help consumers. It will hurt consumers. Unfair and deceptive practices will be dealt with on a regulatory basis as they should be by the Federal Reserve. And then hopefully this Congress will act this week in a bipartisan and reasoned manner to try and deal with the financial crisis so that credit availability for people is continued and assured. And then we can deal with this continuing issue, and it will be a continuing issue without the current environment of the potential shutdown of credit to availability. It is not the way. It is not the time to do this.

I urge a ''no'' vote.

I yield back the balance of my time.

The SPEAKER pro tempore. The gentlewoman from New York is recognized for 2 minutes.

□ 1315

Mrs. MALONEY of New York. Madam Speaker, I would like to respond to my good friend and colleague on the other side of the aisle, Mr. CASTLE, for whom I have great respect, and we have worked together productively in many ways. If you support these reforms, as you have so stated, then you should vote for them, and you should not vote for delay and weakening by waiting for some action that may happen in the future. If you support these reforms that have been called unfair and deceptive, then I hope you will join us in a bipartisan effort to correct the system.

Now many of my colleagues on the other side of the aisle have said that we should not act. But how in the world can we not act now? We are providing a $700 billion rescue for banks. How can we not provide basic fairness to consumers and some help and rescue to Main Street?

These practices have been called by the Fed unfair and deceptive and anticompetitive. We are helping consumers and the market by getting rid of them. The current situation makes it more urgent that we do so, not less.

Many, many people worked long and hard on this bill, and I would like to first and foremost thank the chairman of this committee, BARNEY FRANK, for his consistent support and input; the 155 cosponsors of this legislation; other members of the Financial Services Committee that took a leadership role, KEITH ELLISON, EMANUEL CLEAVER, LINCOLN DAVIS; also MARK UDALL, PETER WELCH, and LOUISE SLAUGHTER for their leadership on the issue; WALTER JONES and CHRIS SHAYS who were supportive from the beginning; the many consumer groups without whom we could not have gotten the broad base of support for this legislation; the labor unions, the AFL–CIO, especially the SCIU, which made this a top priority, civil rights groups; and certainly, the staff: my own staff, Eleni Constantine and Edward Mills, who have poured their heart and intelligence into this effort for 2 years; and the staff of the full committee, Michael Beresik, Patience Singleton, Charles Yi and Rick Maurano. Thank you for your efforts.

I urge very, very strong support for this long overdue reform.

Mr. LANGEVIN. Madam Speaker, I rise in strong support of H.R. 5244, the Credit Cardholders' Bill of Rights Act. As a cosponsor of this legislation, I believe it is a sensible approach to reforming major credit card abuses and improving consumer protections for cardholders.

Credit cards have become an integral part of the American economy, offering consumers instant access to a convenient, flexible source of financing. Unfortunately, more and more Americans are turning to their credit cards to help pay medical and utility bills, buy groceries, and make ends meet in this troubled economy. Credit card debt now consumes a sizeable portion of the average family's income. To make matters worse, the playing field between card companies and consumers has become very one-sided in recent years. A credit card agreement is a contract between a card company and a cardholder, but these companies have taken advantage of their customers with deceptive billing practices and hidden fees. Meanwhile, money that families are forced to devote to these unfair rates and charges is money that is not being spent on goods and services that could help bolster our struggling economy.

Cardholders deserve more bargaining power, and the Credit Cardholders' Bill of Rights Act helps level the playing field. Cardholders are entitled to accurate information and the right to make decisions about their own credit. This bill will ban interest rate increases on an existing balance unless the borrower is 30 days overdue and require card companies to give cardholders notification 45 days before any interest rate increase. This legislation also protects vulnerable consumers from fee-heavy subprime cards and prohibits issuing cards to minors. H.R. 5244 would also ban ''universal default'', where a card company raises the interest rate on one card if the cardholder misses a payment on a separate credit card or their credit score lowers. All of the provisions in this bill are the result of careful study and analysis over the past year, and I believe this deliberative approach has produced a very balanced and moderate bill.

Madam Speaker, instead of looking the other way while Americans fall deeper into debt, Congress must protect their financial interests and put an end to the tricks and traps made by credit card companies that undermine a competitive market. The balanced reforms in the Credit Cardholders' Bill of Rights will help do just that, while also helping to foster fair competition and the values of the free market. I encourage all my colleagues to vote for H.R. 5244.

Mr. DINGELL. Madam Speaker, I am proud to be an original cosponsor of the Credit Cardholders' Bill of Rights Act of 2008, which will ban some of the worst credit card industry practices, provide important protections for consumers, and implement important reforms that will benefit working families.

The events of the past week have highlighted the problems caused by a lack of transparency and regulatory oversight in the financial industry. The same problems that have caused the current crisis on Wall Street also plague the credit card industry. Millions of Americans are struggling with the increased costs of groceries, gasoline, healthcare expenses, and other essential goods and services, while at the same time the average American worker has actually experienced a decline in real wages since President Bush took office. Many of these families are stretched thin, and have had to use credit cards to finance unforeseen expenses such as car repairs, or emergency room bills. Far too often these families are being forced to pay unfair late fees and arbitrary rate increases, or are being taken advantage of by high-fee subprime lenders.

The legislation before us today requires nothing more from the credit card companies than to treat customers who pay their bills on time fairly. Sadly, the credit card industry has increasingly resorted to unfair practices to exact late fees and higher interest charges from credit cardholders. In fact penalties have increased by more than 50 percent during the Bush Administration, and now make up more than half of the industry's $40 billion profits.

For example, this legislation will end the practice known as ''universal default,'' where a credit card company uses information about a cardholder's financial status, such as a change in his or her credit rating, to raise the cardholder's interest rate even though the cardholder has not defaulted or made any late payments to the credit card company. The bill will also ban what is known as ''double cycle billing,'' which is the collection of interest on amounts already paid. H.R. 5244 will also offer cardholders the right to cancel a card when faced with a rate increase so long as he or she agrees to pay off the existing balance at the rate they agreed to when they borrowed it.

This legislation is an important step towards reining in some of the worst excesses of the Bush administration's hands-off approach to the financial industry. I encourage my colleagues to support H.R. 5244, and protect consumers from further abuse against the most unscrupulous credit card industry practices.

Mr. BLUMENAUER. Madam Speaker, I opposed the 2005 Bankruptcy Act in part because of its egregious support for abusive credit card practices. H.R. 5244 works to

knock down some of those supports. This bill represents one step toward fixing some of the worst aspects of that bankruptcy bill and one step towards resolving the challenges facing our nation's consumers and I support it.

It is outrageous that as the financial crisis has spread, credit card companies have imposed higher delinquency fees. Double-cycle billing, unfair penalties, and arbitrary rate increases likely are also part of the credit card industry's response.

This bill would put a stop to many of the most egregious practices by credit card companies. This bill ends ''double-cycle billing,'' where consumers pay interest and fees even where they have paid their obligation fully and on time. This bill also requires that cards allocate consumer payments proportionally to debt carrying different interest rates—rather than allocating the payment to the debt carrying the lowest interest rate.

In short, I support this bill because it provides added protections for consumers, and I will continue to work to end abusive credit card and bankruptcy practices.

Ms. HERSETH SANDLIN. Madam Speaker, the House is considering today the Credit Cardholders' Bill of Rights. I believe it is critically important to ensure fairness and transparency for consumers engaged in credit card transactions, and I support many of the commonsense provisions included in this bill designed to prevent unfair and deceptive practices.

However, while ensuring basic consumer protections, we should also consider the full implications of potential new regulation for consumers. I have joined with the other members of the South Dakota delegation in expressing our concerns on this subject to the regulatory agencies that are already fully engaged in crafting new credit card regulations addressing many of the same issues addressed in this legislation.

We are concerned that, if enacted, this legislation would prohibit issuers of nonprime credit cards from charging deposits or fees to the card for the issuance of credit. Although well intentioned, this provision could have the unintended consequence of unnecessarily limiting credit for many of the more than 70 million consumers who are considered nonprime, and for whom subprime credit cards may be the only available source of credit. In a time of economic instability and decreasing credit availability, it is essential to consider the full potential impact of limiting access to credit.

Furthermore, the Federal Reserve Board of Governors and other agencies with significant expertise in this area are already working to implement new credit card regulations targeting many of the same practices this legislation seeks to address. These regulations are expected to be finalized before the end of this year and will reflect over 50,000 comment letters received by these agencies from consumers and representatives of the financial service industry. It should also be recognized that many issuers of credit cards have already initiated good faith steps to impose greater fairness, transparency and consumer protections in their industry.

For these reasons, while I fully support the goal of ensuring fairness in the credit card industry and protecting consumers from unfair and deceptive practices, I cannot support today's bill, which I believe should be improved before being passed by the House. As the legislative and regulatory processes progress, I will continue to work to ensure Congress fully considers the potential effect of these provisions on millions of consumers.

Mr. BACA. Madam Speaker, I rise as a proud cosponsor of the H.R. 5244, Credit Card Holder's Bill of Rights.

Access to fair and affordable credit cards is important for families entering the financial market for the first time, as well as those that rely on cards in times of financial emergency.

Credit card reform is vital to the Latino community.

Like most Americans, Latino families rely on credit to help them manage their monthly finances and purchase assets that will move them firmly into the middle-class.

Currently, 22 percent of Latinos do not have enough credit information available to generate a credit score, and more than one-third do not maintain traditional banking or savings accounts.

Because creditors generally rely on automated data mining, the fact that Latinos and immigrants are less likely to have robust credit files leaves them at a disadvantage.

As a result, issuers do not solicit our communities with their best priced credit cards. Instead, they offer high fee cards, with higher rates, and engage in other practices that regularly trap families in cycles of debt.

The Latino community is often targeted by ''affinity'' cards, cards that claim to be looking out for Latinos, but end up taking their money as an advanced loan scam, leaving consumers with no credit history and more fees than the card is worth.

Shopping for safe credit cards has become impossible, with mail solicitation rates rising 30 percent since 2006.

According to a Federal Trade Commission survey, 14.3 percent of Hispanics are victims of credit fraud, compared to 6.4 percent of non-Hispanic Whites.

Therefore, Latinos are hard hit by unfair credit card industry practices. Hispanic credit card users are more likely to be struggling to manage their debt, and are more susceptible to adverse industry practices.

Common abusive practices such as universal default, retroactive fees, no advance notice of changes in terms, and double-cycle billing make it hard for families playing by the rules to get ahead.

The Credit Card Holder's Bill of Rights, H.R. 5244, is important to Latinos and families across America for many reasons.

H.R. 5244 stops credit cards from changing their terms arbitrarily—instead, the bill requires up-front disclosures of all reasons for an increase in fees or changes in contract terms.

H.R. 5244 requires card companies to apply consumer payments to the highest interest balances first, making payments proportional and fair. Currently, many credit card companies apply payments first to lower-rate balances, preventing consumers from paying-off higher interest rate balances until the lowest rates are paid-off. This practice creates a situation where fees and finance charges accrue on the higher-cost balances, beginning a cycle of debt for many families.

H.R. 5244 stops universal default. Universal default is an unfair practice of many card companies, in which a consumer's rates can retroactively increase on a card that they have a perfect payment record with, if they have a decline in their credit score, or issues with an unrelated credit card. Minimum monthly payments can skyrocket, affecting a family's ability to successfully manage their debt and maintain financial stability.

H.R. 5244 ends unfair late fees on payments that were received on-time. Clearly outlined due dates that can not arbitrarily change will be made explicit to the consumer and companies must mail bills 25 days before their due dates.

The complaints of over 30,000 Americans have flooded the Federal Reserve Board in the last 2 months, urging the Board to make their recent credit card proposals permanent. H.R. 5244 will codify the Board's recent proposals so that they cannot be weakened. Congress can send a strong message of approval to the Board, encouraging them not to weaken their proposed protections for the American consumer.

I urge my colleagues to support this bill.

Mr. VAN HOLLEN. Madam Speaker, I am proud to stand, as an original sponsor, in strong support of the Credit Cardholders' Bill of Rights Act of 2008, a bill to prohibit creditors from using adverse information about a consumer or his credit as the basis for increasing his interest rate or fees.

Even in the best economic times, unexpected credit card fees can make it difficult for many strapped consumers to stay afloat. In the worst of times, these fees can push them over the edge into bankruptcy. For Americans struggling to keep pace with rising food costs and falling home values, this legislation equips consumers with significant new powers to help protect them from punitive credit card rate charges and fees.

The bill requires advance notice of credit card account rate increases and prohibits companies from imposing interest on credit repaid within the interest-free repayment time period.

The bill authorizes a consumer who receives a notice about a rate change to cancel the credit card without penalty or the imposition of any fee and allows consumers to pay any outstanding balance that accrued before the effective date of the rate increase.

The bill also authorizes a consumer to opt-out of over-the-limit fee programs and imposes restrictions on the frequency of over-the-limit fees.

Madam Speaker, this important bill comes before this House at an important time for American consumers. Our constituents need these protections. I urge my colleagues to join me in support of this bill.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 1476, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Mr. CASTLE. Madam Speaker, I have a motion to recommit at the desk.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. CASTLE. Yes, in its current form, I am.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Castle moves to recommit the bill H.R. 5244 to the Committee on Financial Services with instructions to report the same back to the House promptly with the following instructions:

Page 26, after line 9, insert the following new section:

SEC. 9. TRIGGER FOR ENACTMENT.

No provision of the Act shall take effect until a study to be completed by the Board of Governors of the Federal Reserve System makes a determination that the provisions of the Act will not result in a reduction in the availability of credit covered by this Act to small businesses, veterans, or minorities.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Delaware is recognized for 5 minutes in support of his motion.

Mr. CASTLE. Madam Speaker, I hope that we listened to the motion carefully. It pertains to the issue that's been raised a couple times in the discussion, the matter of credit.

And what we are simply trying to do in this is to make sure that there is not a reduction in the availability of credit covered by this act to certain groups, small businesses, veterans or minorities. There is a concern that as you start to make some of these shifts that you could have a credit increase, and even though the committee held several hearings on the bill before us today, not a single witness could reassure the committee that this bill would not result in a reduction of credit.

Given the current state of our financial system with available credit staying locked up on the sidelines, credit cards are becoming increasingly important to make ends meet for seniors, small businesses, and average Americans.

Should this bill be signed into law without an appropriate effort to evaluate the impacts, Congress will have been an accomplice to the reduction in credit.

This motion to recommit simply asks the Federal Reserve to study the effects of the bill, and if the conclusion is that this will damage our economy and reduce credit, then we would not enact these sweeping provisions.

There are more than 4 million minority-owned small businesses in America. SBA data shows that some 15 percent of the capital used to open a minority-owned small business comes from the use of credit cards. There are nearly 10.4 million firms owned by women employing 12.8 million people. However, these women-owned businesses had to make an average of four attempts to obtain bank loans or lines of credit and 22 attempts to obtain equity capital. So clearly the need is there.

Eleven percent of the capital for women-owned businesses comes from the use of credit cards. What if that number is reduced or eliminated due to a provision in the bill? The economy obviously would take a direct hit.

I would also point out in closing, Madam Speaker, that this hopefully is a motion to recommit that could be supported by everybody, even those in favor of the legislation, on the basis that we need to establish whether or not there's going to be a credit hit with respect to all this before such legislation would go into place.

I would encourage support from all the Members of the House for the motion to recommit.

I yield back the balance of my time.

Mrs. MALONEY of New York. Madam Speaker, I rise in opposition to the motion.

The SPEAKER pro tempore. The gentlewoman is recognized for 5 minutes.

Mrs. MALONEY of New York. Madam Speaker, I would like to ask the gentleman on the other side of the aisle if he would be open to a UC change to change the term ''promptly'' in the bill to ''forthwith.'' If this UC is agreed to, I would support it and accept the motion.

I yield to the gentleman from Delaware.

Mr. CASTLE. At this time, we will not accept the suggestion. I appreciate the kind offer, however, of the sponsor.

Mrs. MALONEY of New York. Then regretfully I oppose your motion to recommit because it would effectively kill the bill because we are in the last week of session, and it is yet another delay tactic. If this was a serious concern, you would have raised this in the committee, and it is obviously just another effort to kill the bill.

We are being called upon to help Wall Street. We should also help Main Street, and I would urge my colleagues to understand that this bill has been supported not only by 155 of their colleagues but over 52 major publications across this country in editorials or op-eds, every single consumer organization in this country, and three of the regulators, including the Federal Reserve.

Rarely are my colleagues on the other side of the aisle given an opportunity to vote against stopping unfair, deceptive, and anticompetitive practices that have been endorsed and called upon by many in this country to stop.

I urge a ''no'' vote on this motion to recommit. It is an effort to kill the bill. It is an effort not to help consumers, and it is an effort that would roll us backwards. They say they're for it. Well, we're giving them an opportunity to vote for consumers with this bill.

I urge a ''no'' vote on the motion to recommit. It kills the bill.

I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. CASTLE. Madam Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 and clause 9 of rule XX, this 15-minute vote on the motion to recommit will be followed by 5-minute votes on passage of the bill, if ordered, and the motion to suspend on H.R. 6897.

The vote was taken by electronic device, and there were—yeas 198, nays 219, not voting 16, as follows:

[Roll No. 622]

YEAS—198

Aderholt
Akin
Alexander
Altmire
Bachus
Barrett (SC)
Bartlett (MD)
Barton (TX)
Biggert
Bilbray
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehner
Bonner
Bono Mack
Boozman
Boustany
Brady (TX)
Broun (GA)
Brown (SC)
Brown-Waite, Ginny
Buchanan
Burgess
Burton (IN)
Buyer
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Carter
Castle
Chabot
Childers
Coble
Cole (OK)
Conaway
Crenshaw
Culberson
Davis (KY)
Davis, David
Davis, Tom
Deal (GA)
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Drake
Dreier
Duncan
Ehlers
Emerson
English (PA)
Everett
Fallin
Ferguson
Flake
Forbes
Fortenberry
Fossella
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Giffords
Gilchrest
Gingrey
Gohmert
Goode
Goodlatte
Granger
Graves
Hall (TX)
Hastings (WA)
Hayes
Heller
Hensarling
Herger
Hobson
Hoekstra
Inglis (SC)
Issa
Johnson (IL)
Jones (NC)
Jordan
Keller
King (IA)
King (NY)
Kingston
Kirk
Kline (MN)
Knollenberg
Kuhl (NY)
LaHood
Lamborn
Lampson
Latham
LaTourette
Latta
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas
Lungren, Daniel E.
Mack
Manzullo
Marchant
Marshall
McCarthy (CA)
McCaul (TX)
McCotter
McCrery
McHenry
McHugh
McIntyre
McKeon
McMorris Rodgers
McNerney
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Mitchell
Moran (KS)
Murphy, Tim
Myrick
Nunes
Paul
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Porter
Price (GA)
Putnam
Radanovich
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roskam
Royce
Ryan (WI)
Sali
Saxton
Scalise
Schmidt
Sensenbrenner
Sessions
Shadegg
Shays
Shimkus
Shuler
Shuster
Simpson
Smith (NE)
Smith (NJ)
Smith (TX)
Souder
Stearns
Sullivan
Tancredo
Terry
Thornberry
Tiahrt
Tiberi
Turner
Upton
Walberg
Walden (OR)
Walsh (NY)
Wamp
Weldon (FL)
Westmoreland
Whitfield (KY)
Wilson (NM)
Wilson (SC)
Wittman (VA)
Wolf
Young (AK)
Young (FL)

NAYS—219

Abercrombie
Ackerman
Allen
Andrews
Arcuri
Baca
Baird
Baldwin
Barrow
Bean
Becerra
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boren
Boswell
Boucher
Boyd (FL)
Boyda (KS)
Brady (PA)
Brown, Corrine
Butterfield
Capps
Capuano
Cardoza
Carnahan
Carney
Carson
Castor
Cazayoux
Chandler
Clarke
Clay
Cleaver
Clyburn
Cohen
Conyers
Costa
Costello
Courtney
Cramer
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro

Dicks
Dingell
Doggett
Donnelly
Doyle
Edwards (MD)
Edwards (TX)
Ellison
Ellsworth
Emanuel
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Foster
Frank (MA)
Gillibrand
Gonzalez
Green, Al
Green, Gene
Grijalva
Gutierrez
Hall (NY)
Hare
Harman
Hastings (FL)
Herseth Sandlin
Higgins
Hill
Hinchey
Hinojosa
Hirono
Hodes
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Kagen
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind
Klein (FL)
Kucinich
Langevin
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
Loebsack
Lofgren, Zoe
Lowey
Lynch
Mahoney (FL)
Maloney (NY)
Markey
Matheson
Matsui
McCarthy (NY)
McCollum (MN)
McDermott
McGovern
McNulty
Meek (FL)
Meeks (NY)
Melancon
Michaud
Miller (NC)
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murphy (CT)
Murphy, Patrick
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Pallone
Pascrell
Pastor
Payne
Perlmutter
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Rangel
Richardson
Rodriguez
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Salazar
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Schwartz
Scott (GA)
Scott (VA)
Serrano
Sestak
Shea-Porter
Sherman
Sires
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Space
Speier
Spratt
Stark
Stupak
Sutton
Tanner
Tauscher
Taylor
Thompson (CA)
Thompson (MS)
Tierney
Towns
Tsongas
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Walz (MN)
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch (VT)
Wexler
Wilson (OH)
Woolsey
Wu
Yarmuth

NOT VOTING—16

Bachmann
Braley (IA)
Cooper
Cubin
Davis, Lincoln
Feeney
Gordon
Hulshof
Hunter
Johnson (GA)
Johnson, Sam
Musgrave
Neugebauer
Pryce (OH)
Reyes
Weller

□ 1345

Messrs. ACKERMAN and DOYLE and Ms. SLAUGHTER changed their vote from ''yea'' to ''nay.''

Messrs. GALLEGLY, BURTON of Indiana, WELDON of Florida, FLAKE, CANNON, MILLER of Florida, KING of New York, YOUNG of Alaska and Mrs. DRAKE changed their vote from ''nay'' to ''yea.''

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

Stated for:

Mr. WELLER of Illinois. Madam Speaker, on rollcall No. 622, I was inadvertently detained. Had I been present, I would have voted ''yea.''

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mrs. MALONEY of New York. Madam Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 312, noes 112, not voting 9, as follows:

[Roll No. 623]

AYES—312

Abercrombie
Ackerman
Aderholt
Allen
Altmire
Andrews
Arcuri
Baca
Baird
Baldwin
Barrow
Bartlett (MD)
Barton (TX)
Bean
Becerra
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop (GA)
Bishop (NY)
Blumenauer
Bono Mack
Boozman
Boren
Boswell
Boucher
Boustany
Boyd (FL)
Boyda (KS)
Brady (PA)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Buchanan
Burgess
Butterfield
Buyer
Camp (MI)
Capito
Capps
Capuano
Cardoza
Carnahan
Carney
Carson
Castor
Cazayoux
Chandler
Childers
Clarke
Clay
Cleaver
Clyburn
Cohen
Conyers
Costa
Costello
Courtney
Cramer
Crenshaw
Crowley
Cuellar
Culberson
Cummings
Davis (AL)
Davis (CA)
Davis (IL)
Davis, David
DeFazio
DeGette
Delahunt
DeLauro
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Doggett
Donnelly
Doyle
Drake
Duncan
Edwards (MD)
Edwards (TX)
Ehlers
Ellison
Ellsworth
Emanuel
Emerson
Engel
English (PA)
Eshoo
Etheridge
Farr
Fattah
Filner
Forbes
Foster
Frank (MA)
Gallegly
Gerlach
Giffords
Gilchrest
Gillibrand
Gonzalez
Goode
Graves
Green, Al
Green, Gene
Grijalva
Gutierrez
Hall (NY)
Hall (TX)
Hare
Harman
Hastings (FL)
Hayes
Higgins
Hill
Hinchey
Hinojosa
Hirono
Hodes
Holden
Holt
Honda
Hooley
Hoyer
Hunter
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (GA)
Johnson (IL)
Johnson, E. B.
Jones (NC)
Kagen
Kanjorski
Kaptur
Keller
Kennedy
Kildee
Kilpatrick
Kind
Kirk
Klein (FL)
Knollenberg
Kucinich
LaHood
Lampson
Langevin
Larsen (WA)
Larson (CT)
LaTourette
Lee
Levin
Lewis (GA)
Lewis (KY)
Lipinski
LoBiondo
Loebsack
Lofgren, Zoe
Lowey
Lynch
Mahoney (FL)
Maloney (NY)
Markey
Marshall
Matheson
Matsui
McCarthy (NY)
McCaul (TX)
McCollum (MN)
McCotter
McCrery
McDermott
McGovern
McHugh
McIntyre
McNerney
McNulty
Meek (FL)
Meeks (NY)
Melancon
Mica
Michaud
Miller (MI)
Miller (NC)
Miller, George
Mitchell
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murphy (CT)
Murphy, Patrick
Murphy, Tim
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Pallone
Pascrell
Pastor
Payne
Perlmutter
Peterson (MN)
Peterson (PA)
Petri
Pickering
Platts
Pomeroy
Porter
Price (NC)
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Reichert
Renzi
Richardson
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Salazar
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Saxton
Schakowsky
Schiff
Schwartz
Scott (GA)
Scott (VA)
Serrano
Sestak
Shays
Shea-Porter
Sherman
Shimkus
Shuler
Simpson
Sires
Skelton
Slaughter
Smith (NJ)
Smith (WA)
Snyder
Solis
Space
Speier
Spratt
Stark
Stearns
Stupak
Sutton
Tanner
Tauscher
Taylor
Thompson (CA)
Thompson (MS)
Tierney
Towns
Tsongas
Turner
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Walden (OR)
Walsh (NY)
Walz (MN)
Wamp
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch (VT)
Weller
Wexler
Whitfield (KY)
Wilson (NM)
Wilson (OH)
Wittman (VA)
Wolf
Woolsey
Wu
Yarmuth
Young (AK)
Young (FL)

NOES—112

Akin
Alexander
Bachmann
Bachus
Barrett (SC)
Bilbray
Bishop (UT)
Blackburn
Blunt
Boehner
Bonner
Brady (TX)
Broun (GA)
Burton (IN)
Calvert
Campbell (CA)
Cannon
Cantor
Carter
Castle
Chabot
Coble
Cole (OK)
Conaway
Davis (KY)
Davis, Tom
Deal (GA)
Doolittle
Dreier
Everett
Fallin
Feeney
Ferguson
Flake
Fortenberry
Fossella
Foxx
Franks (AZ)
Frelinghuysen
Garrett (NJ)
Gingrey
Gohmert
Goodlatte
Granger
Hastings (WA)
Heller
Hensarling
Herger
Herseth Sandlin
Hobson
Hoekstra
Inglis (SC)
Issa
Johnson, Sam
Jordan
King (IA)
King (NY)
Kingston
Kline (MN)
Kuhl (NY)
Lamborn
Latham
Latta
Lewis (CA)
Linder
Lucas
Lungren, Daniel E.
Mack
Manzullo
Marchant
McCarthy (CA)
McHenry
McKeon
McMorris Rodgers
Miller (FL)
Miller, Gary
Moran (KS)
Musgrave
Myrick
Nunes
Paul
Pearce
Pence
Pitts
Poe
Price (GA)
Putnam
Reynolds
Rohrabacher
Roskam
Royce
Ryan (WI)
Sali
Scalise
Schmidt
Sensenbrenner
Sessions
Shadegg
Shuster
Smith (NE)
Smith (TX)
Souder
Sullivan
Tancredo
Terry
Thornberry
Tiahrt
Tiberi
Walberg
Weldon (FL)
Westmoreland
Wilson (SC)

NOT VOTING—9

Braley (IA)
Cooper
Cubin
Davis, Lincoln
Gordon
Hulshof
Neugebauer
Pryce (OH)
Reyes

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There are 2 minutes remaining on this vote.

□ 1358

Messrs. BOOZMAN, McCAUL of Texas, and PICKERING changed their vote from ''no'' to ''aye.''

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FILIPINO VETERANS EQUITY ACT OF 2008

The SPEAKER pro tempore. The unfinished business is the vote on the motion to suspend the rules and pass the bill, H.R. 6897, as amended, on which the yeas and nays were ordered.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. FILNER) that the House suspend the rules and pass the bill, H.R. 6897, as amended.