

*Bill Protects Consumers from Unfair and Deceptive Practices*

WASHINGTON - U.S. Rep. Harry Mitchell today announced that he has cosponsored a bill to help protect consumers against unfair and deceptive credit card practices. [The Credit Cardholder's Bill of Rights](#)

, H.R. 627, would protect cardholders against arbitrary interest rate increases and prevent unfair penalties for cardholders who pay on time.

"During these tough economic times, many Arizonans are having trouble making ends meet and relying on credit to temporarily get by," Mitchell said. "Unfair and unscrupulous credit card practices only make things worse. It's time to ensure that consumers are protected and treated fairly."

H.R. 627, sponsored by Rep. Rep. Carolyn Maloney (D-NY), would stop unfair retroactive rate hikes on existing balances and require 45 days notice for future rate increases, lets consumers set hard credit limits and stops excessive "over-the-limit" fees. The bill will protect cardholders from due date gimmicks by requiring companies to mail billing statements 25 calendar days before the due date, up from the current 14 days, and requires that payments made before 5 p.m. local time on the due date to be credited as "on time" to prevent lenders from cutting-off receipts of payment earlier in the day, declaring such payments late and then charging late fees.

The Credit Cardholder's Bill of Rights would also stop lenders from applying partial payments to balances that are at the lowest interest rates first, before applying any of the payments to balances that are at higher interest rates. The measure would also prohibit penalty interest rate increases on existing balances unless a customer is more than 30 days late

If passed, a portion of H.R. 627 would take effect 90 days after being signed by the President. The entire bill would take effect within 12 months of enactment or July 1, 2010 whichever comes first.

Similar legislation was introduced in the 110th Congress as H.R. 5244. Mitchell voted for and the House passed H.R. 5244 on a bipartisan vote of 312-112, but the legislation did not receive a vote in the Senate.

In December, the Federal Reserve released regulations that would ban many of the deceptive practices included in the Credit Cardholder's Bill of Rights, but these rules will not take effect until July of 2010 [Source: [Federal Reserve](#), December 18, 2008].

The Credit Cardholders' Bill of Rights would:

- Protect cardholders against arbitrary interest rate increases
- Prevent cardholders who pay on time from being unfairly penalized
- Protect cardholders from due date gimmicks
- Shield cardholders from misleading terms
- Empower cardholders to set limits on their credit
- Require card companies to fairly credit and allocate payments
- Prohibit card companies from imposing excessive fees on cardholders
- Prevent card companies from giving subprime credit cards to people who can't afford them
- Require Congress to provide better oversight of the credit card industry
- Contains no rate caps, fee setting, or price controls

[For more information on The Credit Cardholder's Bill of Rights, click here](#)