

On April 30, 2009, the House of Representatives passed H.R. 627, the Credit Cardholders' Bill of Rights. As a cosponsor of this legislation, I am pleased that the bill has moved forward, and I am hopeful that the Senate acts quickly so that the credit card reforms it promotes can become law.

I have heard from many of you in recent months about abusive credit card practices: arbitrary rate hikes without advance notice, multitudes of unexpected fees, and payment procedures that seem designed to trap people in debt. This bill would put an end to those practices. Specifically, this bill would:

- Prevent card issuers from arbitrarily interest rate increases on existing balances. It permits increases *only if* a promotional rate is expiring, the rate is pegged to a variable index, or consumers are more than 30 days late in paying their bills.
- Require 45-day notice of any rate increase.
- Direct companies to apply payments to the balance with the highest interest rates. Currently, companies can apply payments to the balance with the lowest interest rate first, making it difficult, if not impossible, to pay off debt.
- Mandate that creditors notify consumers before closing an account, detail the reasons, and provide options to keep an account open. **According to current regulations, credit card companies can close a consumer's account without providing any notification, and that closure can lower a person's credit score**.
- Prohibit "double-cycle billing," where companies charge interest on debts paid off the previous month

H.R. 627 would also require more clarity in statements and contracts, set limits on credit card companies that market to minors and college students, and require lenders to post agreements online, including on a side-by-side clearinghouse website maintained by the Federal Reserve. If you would like to see the full text of the bill, you can search for H.R. 627 on [www.thomas.gov](http://www.thomas.gov), the Library of Congress website that tracks all legislation before Congress. We have gone to great lengths to prevent a collapse of the financial sector, yet some of the same institutions that have received a financial lifeline are now targeting average Americans. This bill levels the playing field between card companies and cardholders by giving consumers a fair

contract. Furthermore, the steps in this bill are not radical, but attempts to end practices that the Federal Reserve has dubbed “unfair,” “deceptive,” and “anti-competitive.”

I have heard from enough of my constituents to know that shady credit card practices are not isolated incidents. This legislation will strengthen credit cardholders’ rights to fair practices by setting a baseline for reasonable standards for credit cards. I will continue to support this bill as we await action by the Senate to enact this vital piece of legislation that protects the rights of everyday Americans.

As always, I invite you to contact me regarding matters of importance to you.

Sincerely,

John W. Olver  
Member of Congress