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# The Shriver Center supports the Credit Cardholders' Bill of Rights H.R. 5244

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## TALKING POINTS

**Sponsor:** Rep. Maloney [D-NY]

**Cosponsors:** Rep. Frank [D-MA]  
Rep. Davis [D-IL]  
Rep. Gutiérrez [D-IL]  
Rep. Jackson [D-IL]  
Rep. Schakowsky [D-IL]  
(40 other cosponsors)

**Status:** 02/07/08: Referred to the  
House Committee on Financial  
Services

The Credit Cardholders' Bill of Rights takes a moderate and balanced approach to reforming major credit card industry abuses and improving consumer protections without resorting to price controls, rate caps, or fee setting.

### **Cardholders deserve protections against arbitrary interest rate increases.**

- Requires card companies give cardholders 45 days notice of any interest rate increases.
- Gives cardholders the right to cancel their card and pay off their existing balance at the existing interest rate and repayment schedule if they get hit with an interest rate hike; gives cardholders 3 billing cycles after the rate increase to say no to these new terms.
- Prevents card companies from retroactively increasing interest rates on the existing balance of a cardholder in good standing for reasons unrelated to the cardholder's behavior with that card (the so-called "universal default" rate increase).
- Prohibits card companies from arbitrarily changing the terms of their contract with a cardholder, banning the so-called practice of "any-time, any-reason re-pricing."

### **Cardholders who pay on time should not be penalized.**

- Prohibits card companies from charging interest on debt that is paid on time during a grace period. This prevents the so-called "double-cycle billing" practice.
- Prohibits card companies from slapping fees on the remaining interest-only balance of a cardholder who has paid his/her bill on time.

### **Cardholders should be protected from due date gimmicks.**

- Gives cardholders time to pay their bills by requiring card companies to mail billing statements 25 calendar days before the due date (14 days is the current minimum).
- Requires that payments made before 5 p.m. EST on the due date are considered timely.
- Directs card companies to provide on every statement, a phone and internet address that a cardholder can access for payoff balances.

### **Cardholders should be protected from misleading terms.**

- Prevents card companies from using terms such as "fixed rate" and "prime rate" in a misleading or deceptive manner by setting single definitions of those terms.
- Gives cardholders who get pre-approved for a card the right to reject that card up until the moment they activate it without having their credit adversely impacted.

### **Other provisions of the Credit Cardholders' Bill of Rights work on the principles that:**

- Cardholders deserve the right to set limits on their credit.
- Card companies should fairly credit and allocate payments.
- Card companies should not impose excessive fees on cardholders.
- Vulnerable consumers should be protected from fee-heavy subprime credit cards.
- Congress should provide better oversight of the credit card industry.



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