AMENDMENT TO H.R. 627, AS REPORTED

OFFERED BY MR. POLIS OF COLORADO

After section 8, insert the following new section (and redesignate the subsequent sections accordingly):

1 **SEC. 9. FIRST-TIME CREDIT CARD APPLICANTS.**

2 Section 127B of the Truth in Lending Act is amend-
3 ed by inserting after subsection (p) (as added by section
4 6) the following new subsection:

5 "(q) FIRST-TIME CREDIT CARD APPLICANTS.—

6 "(1) IN GENERAL.—No creditor may open any
7 credit card account under an open end consumer
8 credit plan for, or issue any credit card to, any con-
9 sumer who has not previously been the primary sign-
10 er for a credit card account under an open end con-
11 sumer credit plan, unless such consumer has com-
12 pleted a financial literacy course that specifically
13 covers consumer credit card accounts under open
14 end consumer credit plans..

15 "(2) MINIMUM REQUIREMENTS.—Before the
16 end of the 3-month period beginning on the date of
17 the enactment of the Credit Cardholders' Bill of
18 Rights Act of 2009, creditors shall establish a min-
19 imum curriculum for any financial literacy course of-

1 fered to meet the requirements of paragraph (1)
2 which shall include the following:
3 "(A) Definitions of the various types of
4 penalties which may be imposed in connection
5 with consumer credit card accounts and the cir-
6 cumstances under which such penalties may be
7 imposed.
8 "(B) An explanation of interest rates, in
9 general, and annual percentage rates under
10 open end consumer credit plans, in particular.
11 "(C) An explanation of balance computa-
12 tion methods in general, and under open end
13 consumer credit plans.
14 "(D) An explanation of the impact that re-
15 porting, particularly adverse reporting, to con-
16 sumer reporting agencies may have on future
17 access to credit.
18 "(E) An explanation of the importance of
19 maintaining a good credit rating in general, and
20 in regard to future borrowing in particular.
21 "(F) An explanation of the differences be-
22 tween cash withdrawals and credit charges in
23 connection with a credit card account.
24 "(G) An explanation of the responsibilities
25 of co-signing loans in general, and the impact

1 on credit reporting and ability for future bor-
2 rowing in particular.
3 "(H) An explanation of the types and in-
4 formation that is reported to consumer report-
5 ing agencies, including the impact of carried
6 balances.
7 "(I) Practical examples of the costs of
8 short-term and long-term balance amortization.
9 "(J) An explanation of the bankruptcy
10 process and the long term impact of bankruptcy
11 on credit.
12 "(K) An explanation of the impact of pay-
13 ing off low-interest debt with high-interest debt.
14 "(L) An explanation of remedies available
15 in the case of inaccurate billing or fraud.
16 "(M) An explanation of the consumer pro-
17 tections established by the enactment of the
18 Credit Cardholders Bill of Rights of 2009 and
19 credit cardholder rights under Regulation Z as
20 prescribed by the Board of Governors of the
21 Federal Reserve System under the Truth in
22 Lending Act and the unfair and deceptive prac-
23 tices rules issued by such Board.

1 "(N) A prohibition on the inclusion of
2 marketing or promotional materials in the
3 course material.
4 "(3) COURSES OFFERED BY CREDITORS.—
5 "(A) IN GENERAL.—Each creditor which
6 offers credit card accounts under open end con-
7 sumer credit plans shall—
8 "(i) establish and maintain a financial
9 literacy course that meets the requirements
10 of this subsection available to consumer
11 applicants described in paragraph (1) for
12 such credit card accounts through a secure
13 website as a condition for an application by
14 any such applicant; and
15 "(ii) certify completion of such course
16 and demonstrable comprehension of the
17 material presented on-line or via mail.
18 "(B) IMPLEMENTATION.—Each creditor
19 which offers credit card accounts under open
20 end consumer credit plans as of the date of the
21 enactment of the Credit Cardholders' Bill of
22 Rights Act of 2009 shall meet the requirements
23 of subparagraph (A) before the end of the 6-

1 month period beginning on such date of enact-
2 ment .”.