

2009-2010 Regular Sessions

I N S E N A T E

(PREFILED)

January 7, 2009

Introduced by Sen. SAMPSON -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection

AN ACT to amend the general business law, in relation to prohibiting "universal default clauses" in credit card agreements and related increased interest rates

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Section 511 of the general business law is amended by
2 adding a new subdivision 11 to read as follows:
3 11. "UNIVERSAL DEFAULT CLAUSE" MEANS ANY CLAUSE OR PROVISION INCLUDED
4 WITHIN A CREDIT CARD AGREEMENT OR CONTRACT WHICH ALLOWS AN ISSUER TO
5 INCREASE THE INTEREST RATE ON SUCH ISSUER'S CREDIT CARD IF A HOLDER IS
6 LATE WITH A PAYMENT TO ANOTHER CREDIT CARD ISSUER OR CREDITOR.
7 S 2. Section 521-f of the general business law is redesignated section
8 521-h and two new sections 521-f and 521-g are added to read as follows:
9 S 521-F. PROHIBITION OF UNIVERSAL DEFAULT CLAUSES. NO ISSUER OF A
10 CREDIT CARD SHALL INCLUDE IN SUCH ISSUER'S CREDIT CARD CONTRACT OR
11 AGREEMENT A "UNIVERSAL DEFAULT CLAUSE" WHICH INCREASES INTEREST RATES
12 UPON THE HOLDER OF SUCH CREDIT CARD FOR LATE PAYMENT TO ANOTHER CREDIT
13 CARD ISSUER OR CREDITOR.
14 S 521-G. PROHIBITION OF INCREASED INTEREST RATES. NO ISSUER OF A CRED-
15 IT CARD SHALL INCREASE THE INTEREST RATE UPON A CREDIT CARD HOLDER IF
16 SUCH HOLDER IS LATE WITH A PAYMENT TO ANOTHER CREDIT CARD ISSUER OR
17 CREDITOR, UNLESS SUCH HOLDER IS ALSO LATE WITH A CREDIT CARD PAYMENT TO
18 SUCH ISSUER.
19 S 3. This act shall take effect on the ninetieth day after it shall
20 have become a law.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [] is old law to be omitted.

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