S T A T E O F N E W Y O R K

193

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:

Section 1. Section 511 of the general business law is amended by adding a new subdivision 11 to read as follows:

11. "UNIVERSAL DEFAULT CLAUSE" MEANS ANY CLAUSE OR PROVISION INCLUDED WITHIN A CREDIT CARD AGREEMENT OR CONTRACT WHICH ALLOWS AN ISSUER TO INCREASE THE INTEREST RATE ON SUCH ISSUER'S CREDIT CARD IF A HOLDER IS LATE WITH A PAYMENT TO ANOTHER CREDIT CARD ISSUER OR CREDITOR.

S 2. Section 521-f of the general business law is redesignated section 521-h and two new sections 521-f and 521-g are added to read as follows:

S 521-F. PROHIBITION OF UNIVERSAL DEFAULT CLAUSES. NO ISSUER OF A CREDIT CARD SHALL INCLUDE IN SUCH ISSUER'S CREDIT CARD CONTRACT OR AGREEMENT A "UNIVERSAL DEFAULT CLAUSE" WHICH INCREASES INTEREST RATES UPON THE HOLDER OF SUCH CREDIT CARD FOR LATE PAYMENT TO ANOTHER CREDIT CARD ISSUER OR CREDITOR.

S 521-G. PROHIBITION OF INCREASED INTEREST RATES. NO ISSUER OF A CREDIT CARD SHALL INCREASE THE INTEREST RATE UPON A CREDIT CARD HOLDER IF SUCH HOLDER IS LATE WITH A PAYMENT TO ANOTHER CREDIT CARD ISSUER OR CREDITOR, UNLESS SUCH HOLDER IS ALSO LATE WITH A CREDIT CARD PAYMENT TO SUCH ISSUER.

S 3. This act shall take effect on the ninetieth day after it shall have become a law.

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

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