

Introduced by Senator Dunn

February 19, 1999

An act to add Section 1748.9 to the Civil Code, relating to credit.

LEGISLATIVE COUNSEL'S DIGEST

SB 545, as introduced, Dunn. Credit: notice.

Existing law requires charge card issuers to make specified disclosures in any charge card application form or preapproved written solicitation for a charge card mailed to a consumer who resides in this state, except as specified. One of these disclosures is any fee that may be assessed for an extension of credit by the charge card issuer to a charge cardholder where the extension of credit is not a credit sale and where the charge cardholder receives the extension of credit through the use of a preprinted check, draft, or similar credit device provided by the charge card issuer to obtain an extension of credit.

This bill would require any preprinted check, draft, or similar device provided by a charge card issuer as an extension of credit to a cardholder to clearly and conspicuously note on the check, draft, or similar device that the endorsement or use of the device will be regarded by the credit card issuer as either a charge on the cardholder's credit account if the device is endorsed or used to purchase goods or services or as a cash advance and that the same finance charges or transaction fees may be charged against the account that would be charged if the cardholder had used the credit card to purchase the goods or services or obtain a cash advance.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1748.9 is added to the Civil Code,
2 to read:
3 1748.9. A credit card issuer that extends credit to a
4 cardholder through the use of a preprinted check, draft,
5 or similar credit device shall clearly and conspicuously
6 note on the check, draft, or similar device that the
7 endorsement or use of the device will be regarded by the
8 credit card issuer as either a charge on the cardholder's
9 credit account if the device is endorsed or used to
10 purchase goods or services or as a cash advance and that
11 the same finance charges or transaction fees may be
12 charged against the account that would be charged if the
13 cardholder had used the credit card to purchase the goods
14 or services or obtain a cash advance.

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