

Senate Bill No. 545

CHAPTER 171

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

[Approved by Governor July 23, 1999. Filed with
Secretary of State July 26, 1999.]

LEGISLATIVE COUNSEL'S DIGEST

SB 545, 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, as of July 1, 2000, require any preprinted check or draft provided by a charge card issuer as an extension of credit to a cardholder to have an affixed attachment notifying the cardholder that use of the check or draft constitutes a charge against the person's credit account, notifying the cardholder of the annual percentage rate and calculation of finance charges associated with the use of the check or draft, and notifying the cardholder whether the finance charges are triggered immediately upon use of the check or draft.

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

SECTION 1. Section 1748.9 is added to the Civil Code, to read:

1748.9. (a) A credit card issuer that extends credit to a cardholder through the use of a preprinted check or draft shall disclose on the front of an attachment that is affixed by perforation or other means to the preprinted check or draft, in clear and conspicuous language, all of the following information:

(1) That "use of the attached check or draft will constitute a charge against your credit account."

(2) The annual percentage rate and the calculation of finance charges, as required by Section 226.16 of Regulation Z of the Code of Federal Regulations, associated with the use of the attached check or draft.

(3) Whether the finance charges are triggered immediately upon the use of the check or draft.



SEC. 2. This act shall become operative on July 1, 2000.

O

