

September 1, 2009

Amendment to Regulation Z Pursuant to the Credit CARD Act  
Regarding 21-Day Periodic Statement Requirement for Open-End Loans

The 21-day requirement regarding periodic statements for open-end loans is part of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (the "Credit CARD Act").

Section 106(b) of the Credit CARD Act, amending section 163 of the Truth In Lending Act, states:

SEC. 106. RULES REGARDING PERIODIC STATEMENTS.

....

(b) LENGTH OF BILLING PERIOD.—

(1) IN GENERAL.—Section 163 of the Truth in Lending Act (15 U.S.C. 1666b) is amended to read as follows:

“SEC. 163. TIMING OF PAYMENTS.

“(a) TIME TO MAKE PAYMENTS.—A creditor may not treat a payment on an open end consumer credit plan as late for any purpose, unless the creditor has adopted reasonable procedures designed to ensure that each periodic statement including the information required by section 127(b) is mailed or delivered to the consumer not later than 21 days before the payment due date.

“(b) GRACE PERIOD.—If an open end consumer credit plan provides a time period within which an obligor may repay any portion of the credit extended without incurring an additional finance charge, such additional finance charge may not be imposed with respect to such portion of the credit extended for the billing cycle of which such period is a part, unless a statement which includes the amount upon which the finance charge for the period is based was mailed or delivered to the consumer not later than 21 days before the date specified in the statement by which payment must be made in order to avoid imposition of that finance charge.”

(2) EFFECTIVE DATE.—Notwithstanding section 3, section 163 of the Truth in Lending Act, as amended by this subsection, shall become effective 90 days after the date of enactment of this Act.

123 Stat. 1742 Public Law 111–24 (May 22, 2009).

A governmental link to the Credit CARD Act is <http://www.gpo.gov/fdsys/pkg/PLAW-111publ24/pdf/PLAW-111publ24.pdf>.

As a result of the Credit CARD Act, the Federal Reserve Board issued amendments to Regulation Z of the Truth In Lending Act under an Interim Final Rule. The amendment regarding the 21-day requirement is set forth in section 226.5(b)(2)(ii) of Regulation Z, published in 74 Federal Register 36094 (July 22, 2009).

A governmental link to the Federal Register pronouncement of the amendment, along with other amendments to Regulation Z, is <http://www.regulations.gov/search/Regs/contentStreamer?objectId=09000064809f78f4&disposition=attachment&contentType=html>

The following is the amendment to section 226.5(b)(2)(ii) of Regulation Z:

PART 226--TRUTH IN LENDING (REGULATION Z)

1. The authority citation for part 226 is amended to read as follows:

Authority: 12 U.S.C. 3806; 15 U.S.C. 1604, 1637(c)(5), and 1639(l); Pub. L. 111-24 Sec. 2, 123 Stat. 1734.

2. Section 226.5 is amended by revising paragraph (b)(2)(ii) to read as follows:

Sec. 226.5 General disclosure requirements.

\* \* \* \* \*

(b) \* \* \*

(2) \* \* \*

(ii) Creditors must adopt reasonable procedures designed to ensure that periodic statements are mailed or delivered at least 21 days prior to the payment due date and the date on which any grace period expires.<sup>10</sup> A creditor that fails to meet this requirement shall not treat a payment as late for any purpose or collect any finance or other charge imposed as a result of such failure. For purposes of this paragraph, "grace period" means a period within which any credit extended may be repaid without incurring a finance charge due to a periodic interest rate.

<sup>10</sup> Reserved.