

[Senate, November 16, 1987 — Substituted by amendment by the Senate (John P. Burke) as a new text of House, No. 5796, printed as amended, establishing additional disclosure requirements in certain consumer credit transactions.]

*The Commonwealth of Massachusetts*

In the Year One Thousand Nine Hundred and Eighty-Seven.

1 SECTION 1. Chapter 140 of the General Laws, as appearing  
2 in the 1986 Official Edition, is hereby amended by adding after  
3 section 114B the following section: —

4 Section 114C. A card issuer as defined in section one of chapter  
5 one hundred and forty D, whether located within or without the  
6 commonwealth, may assess an annual fee provided that the  
7 cardholder as defined by said section one, is notified of the amount  
8 of any such fee on or with the billing statement for the billing  
9 period prior to that in which the annual fee is billed to the  
10 cardholder's account. A cardholder may cancel his credit card  
11 agreement at any time during this period without penalty. If the  
12 cardholder cancels the agreement at any other time during the  
13 year, he shall receive a refund on a pro-rata basis of two-thirds  
14 of the annual fee, provided however, that for the purposes of this  
15 section a cancellation is not effective until the cardholder pays in  
16 full any outstanding balance.

17 A card issuer shall report quarterly to the commissioner the  
18 finance charge rate expressed as an annual percentage rate and  
19 the amount of any annual or other fee charged during the  
20 preceding quarter to its cardholders and the conditions under  
21 which a finance charge may be imposed, including the time period  
22 within which any credit extended may be repaid without incurring  
23 a finance charge. The commissioner shall publicize and make this  
24 information readily available to the public.

1 SECTION 2. Chapter 140D of the General Laws, as so  
2 appearing, is hereby amended by inserting after section 15 the  
3 following section: —

4 Section 15A. Any application form or preapproved written

5 solicitation for an open-end credit plan and any printed  
6 advertisement which contains such application form or  
7 preapproved written solicitation which is mailed or distributed on  
8 or before July first, nineteen hundred and eighty-eight, to a  
9 consumer residing in the commonwealth by or on behalf of a credit  
10 issuer, whether such issuer is located within or without the  
11 commonwealth, and which is intended to aid, promote or assist  
12 directly or indirectly in the issuance of a credit card by any issuer,  
13 shall prominently disclose in easily understood language: the  
14 current annual percentage rate for finance charges and, if the rate  
15 may vary, a statement to that effect and of the circumstances under  
16 which the rate may increase and whether there are limitations on  
17 any such increase, as well as the effects of any such increase; the  
18 conditions under which a finance charge may be imposed,  
19 including the time period within which any credit extended may  
20 be repaid without incurring a finance charge; whether any annual  
21 fee is charged and the amount of any such fee; and whether any  
22 other charges or fees may be assessed, the purposes for which they  
23 are assessed, and the amounts of any such charges or fees.

24 The card issuer may submit examples of application forms,  
25 preapproved written solicitations, and printed advertisements  
26 containing such application forms and preapproved written  
27 solicitations to the commissioner for a determination as to  
28 whether they satisfy the requirements of this section. Approval  
29 by the commissioner shall constitute prima facie evidence of  
30 compliance with this section.