

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

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To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, Savings and Loan Holding Companies,
and Foreign Banking Offices
in the Twelfth Federal Reserve District

CFPB Proposes to Remove Independent Ability to Repay Requirement for Credit Card Applicants Who Are 21 or Older

On August 17, 2012, the Consumer Financial Protection Bureau (CFPB) issued a [proposal](#) to amend Regulation Z, which implements the Truth in Lending Act (TILA) and the official interpretation to the regulation, which interprets the requirements of Regulation Z. Regulation Z generally prohibits a card issuer from opening a credit card account for a consumer, or increasing the credit limit applicable to a credit card account, unless the card issuer considers the consumer's ability to make required payments under the terms of such account. Under existing rules, a card issuer may only consider the individual card applicant's income or assets. The CFPB requests comment on proposed amendments that would remove the independent ability-to-pay requirement for consumers who are 21 or older.

According to the CFPB's [press release](#), the proposed revision would allow credit card applicants who are 21 or older to rely on third-party income to which they have a reasonable expectation of access. Although the proposal applies to all credit card applicants regardless of marital status, the CFPB expects that the proposed rule would ease access to credit particularly for stay-at-home spouses or partners who have access to a working spouse or partner's income.

The comment period expires 60 days after the date of publication in the Federal Register, which is expected shortly.

Resource

We encourage bankers and consumers to understand the changes being proposed and utilize the comment period as an opportunity to influence the final rules and help prevent unintended consequences resulting from any new rules. Those wishing to submit formal comments may submit them through <http://www.regulations.gov> (Docket No. CFPB-2012-0039).

Additional information on CFPB rules and related guidance can be found on the CFPB's website at <http://www.consumerfinance.gov>.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information regarding supervisory expectations, please contact:

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