## State Credit Card Lending Requirements

**Summary Conclusion:** Certain state credit card lending requirements do not apply to federal savings associations.

Date: May 16, 2001

Subjects: Home Owners' Loan Act/Savings Association Powers

P-2001-4

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**Office of Thrift Supervision** Department of the Treasury

1700 G Street, N.W., Washington, DC 20552 • (202) 906-6000

May 16, 2001

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Re: State Credit Card Lending Requirements

Dear [ 1:

This responds to your inquiry on behalf of [ (Association). You request that the Office of Thrift Supervision (OTS) confirm your conclusion that certain provisions of Iowa, Texas, and Wisconsin law do not apply to the Association when it engages in credit card lending from, and books loans in, its home state of [State A].<sup>1</sup>

In order to conserve limited government resources, we ordinarily do not provide legal opinions on questions that have already been addressed by statute, regulations, court decisions, or prior opinions of this office, or that do not raise a significant issue of law or policy. Your inquiry as to the applicability of the three state law provisions appears to be addressed by OTS's regulation at 12 C.F.R. § 560.2, which indicates that such provisions are preempted for federal savings associations.<sup>2</sup> The Association may rely on § 560.2 when conducting credit card lending operations in [State A]. See OTS Op. Dep. Chief Counsel (May 11, 1998).

We trust that this is responsive to your inquiry. If we can be of further assistance, feel free to contact Richard Bennett at 202-906-7409 or Timothy P. Leary at 202-906-7170.

Very truly yours, Richard Benner Timothy P.I earv Counsel (Banking and Finance)

Counsel (Banking and Finance)

Carolyn Buck, Chief Counsel cc: P. Stacy Powers, Regional Counsel

<sup>&</sup>lt;sup>1</sup> The provisions of state law pertain to providing 60-days notice to consumers to change the terms of an open-ended credit arrangement (lowa Code § 537.3205), mandating notice about late charges on each periodic statement of a revolving credit account (Texas Finance Code § 346.103(c)), and mandating that certain minimum default events exist before declaring the balance on an open-end credit plan to be due or exercising collection remedies (Wisconsin Stat. § 425.103).

<sup>&</sup>lt;sup>2</sup> Section 560.2 provides that the types of state laws preempted include state laws on credit terms, including adjustments to the interest rate and when a loan is due and payable (§ 560.2(b)(4)), loan-related fees including late charges (§ 560.2(b)(5)), and disclosures (§ 560.2(b)(9)).