

12 CFR part 1005

Banking, Banks, Consumer protection, Credit unions, Electronic fund transfers, National banks, Remittance transfers, Reporting and recordkeeping requirements, Savings associations.

12 CFR part 1026

Advertising, Consumer protection, Credit, Credit unions, Mortgages, National banks, Reporting and recordkeeping requirements, Savings associations, Truth in lending.

Authority and Issuance

For the reasons set forth in the preamble, the Bureau proposes to amend 12 CFR parts 1005 and 1026, as follows:

PART 1005 – ELECTRONIC FUND TRANSFERS (REGULATION E)

1. The authority citation for part 1005 is amended to read as follows: 12 U.S.C. 5512, 5532, 5581; 15 U.S.C. 1693b. Subpart B is also issued under 12 U.S.C. 5601 and 15 U.S.C. 1693o-1.

Subpart A- General

2. Section 1005.2 is amended by revising paragraphs (b)(2) and (b)(3) to read as follows:

§ 1005.2 Definitions.

* * * * *

(b) (1) * * *

(2) The term does not include an account held by a financial institution under a bona fide trust agreement.

(3) The term includes a “prepaid account.”

(i) A prepaid account is a card, code, or other device, not otherwise an account under paragraph (b)(1) of this section, which is established primarily for personal, family, or household purposes, and which:

(A) is either issued on a prepaid basis to a consumer in a specified amount or not issued on a prepaid basis but capable of being loaded with funds thereafter;

(B) is redeemable upon presentation at multiple, unaffiliated merchants for goods or services, usable at automated teller machines, or usable for person-to-person transfers; and

(C) is not: (1) a gift certificate as defined in § 1005.20(a)(1) and (b); (2) a store gift card as defined in § 1005.20(a)(2) and (b); (3) a loyalty, award, or promotional gift card as defined in § 1005.20(a)(4) and (b); or (4) a general-use prepaid card as defined in § 1005.20(a)(3) and (b) that is both marketed and labeled as a gift card or gift certificate.

(ii) The term “prepaid account” includes a “payroll card account,” which is an account that is directly or indirectly established through an employer and to which electronic fund transfers of the consumer’s wages, salary, or other employee compensation (such as commissions) are made on a recurring basis, whether the account is operated or managed by the employer, a third-party payroll processor, a depository institution, or any other person.

(iii) The term “prepaid account” includes a “government benefit account,” as defined in § 1005.15(a)(2).

(iv) The term “prepaid account” does not include a health savings account, flexible spending account, medical savings account, or a health reimbursement arrangement.

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3. Section 1005.10 is amended by revising paragraph (e)(1) to read as follows:

§ 1005.10 Preauthorized transfers.

* * * * *

(e) *Compulsory use*—(1) *Credit*. No financial institution or other person may condition an extension of credit to a consumer on the consumer’s repayment by preauthorized electronic fund transfers, except for credit extended under an overdraft credit plan or extended to maintain a specified minimum balance in the consumer’s account. This exception does not apply to a credit plan that is a credit card account accessed by an access device for a prepaid account where the access device is a credit card under Regulation Z (12 CFR part 1026), or is accessed by an account number that is a credit card under Regulation Z where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor.* *

* * *

4. Section 1005.12 is amended by revising paragraphs (a)(1)(ii), (a)(1)(iii), (a)(1)(iv), and (a)(2)(i) to read as follows:

§ 1005.12 Relation to other laws.

(a) *Relation to Truth in Lending*. (1) * * *

(ii) The issuance of an access device (other than an access device for a prepaid account) that permits credit extensions (under a preexisting agreement between a consumer and a financial institution) only when the consumer’s account is overdrawn or to maintain a specified minimum balance in the consumer’s account, or under an overdraft service, as defined in § 1005.17(a) of this part;

(iii) The addition of an overdraft service, as defined in § 1005.17(a), to an accepted access device (other than an access device for a prepaid account); and

(iv) A consumer's liability for an unauthorized electronic fund transfer and the investigation of errors involving:

(A) With respect to an account other than a prepaid account, an extension of credit that is incident to an electronic fund transfer that occurs under an agreement between the consumer and a financial institution to extend credit when the consumer's account is overdrawn or to maintain a specified minimum balance in the consumer's account, or under an overdraft service, as defined in § 1005.17(a); and

(B) With respect to a prepaid account, an extension of credit under a credit plan that is subject to Regulation Z subpart B that is incident to an electronic fund transfer when the consumer's prepaid account is overdrawn.

(2) * * *

(i) The addition of a credit feature or plan to an accepted access device, including an access device for a prepaid account, that would make the access device into a credit card under Regulation Z (12 CFR part 1026); and

ii. * * *

* * * * *

5. Section 1005.15 is revised to read as follows:

§ 1005.15 Electronic fund transfer of government benefits.

(a) *Government agency subject to regulation.* (1) A government agency is deemed to be a financial institution for purposes of the Act and this part if directly or indirectly it issues an access device to a consumer for use in initiating an electronic fund transfer of government benefits from an account, other than needs-tested benefits in a program established under state or

local law or administered by a state or local agency. The agency shall comply with all applicable requirements of the Act and this part except as modified by this section.

(2) For purposes of this section, the term “account” or “government benefit account” means an account established by a government agency for distributing government benefits to a consumer electronically, such as through automated teller machines or point-of-sale terminals, but does not include an account for distributing needs-tested benefits in a program established under state or local law or administered by a state or local agency.

(b) *Issuance of access devices.* For purposes of this section, a consumer is deemed to request an access device when the consumer applies for government benefits that the agency disburses or will disburse by means of an electronic fund transfer. The agency shall verify the identity of the consumer receiving the device by reasonable means before the device is activated.

(c) *Pre-acquisition disclosure requirements.* (1) Before a consumer acquires a government benefit account, a government agency shall comply with the pre-acquisition disclosure requirements applicable to prepaid accounts as set forth in § 1005.18(b), in accordance with the timing requirements of § 1005.18(h).

(2) As part of its short form pre-acquisition disclosures, the agency must provide a statement that the consumer does not have to accept the government benefit account and that the consumer can ask about other ways to get their benefit payments from the agency instead of receiving them through the account, in a form substantially similar to Model Form A-10(a) in appendix A of this part.

(d) *Access to account information.* (1) *Periodic statement alternative.* A government agency need not furnish periodic statements required by § 1005.9(b) if the agency makes available to the consumer:

(i) The consumer's account balance, through a readily available telephone line and at a terminal (such as by providing balance information at a balance-inquiry terminal or providing it, routinely or upon request, on a terminal receipt at the time of an electronic fund transfer);

(ii) An electronic history of the consumer's account transactions, such as through a Web site, that covers at least 18 months preceding the date the consumer electronically accesses the account; and

(iii) A written history of the consumer's account transactions that is provided promptly in response to an oral or written request and that covers at least 18 months preceding the date the agency receives the consumer's request.

(2) *Additional access to account information requirements.* For government benefit accounts, a government agency shall comply with the account information requirements applicable to prepaid accounts as set forth in § 1005.18(c)(2) through (4).

(e) *Modified disclosure requirements.* A government agency that provides information under paragraph (d)(1) of this section shall comply with the following:

(1) *Initial disclosures.* The agency shall modify the disclosures under § 1005.7(b) by disclosing:

(i) *Access to account information.* A telephone number that the consumer may call to obtain the account balance, the means by which the consumer can obtain an electronic account history, such as the address of a Web site, and a summary of the consumer's right to receive a written account history upon request (in place of the summary of the right to receive a periodic statement required by § 1005.7(b)(6)), including a telephone number to call to request a history. The disclosure required by this paragraph (e)(1)(i) may be made by providing a notice substantially similar to the notice contained in paragraph (a) of appendix A-5 of this part.

(ii) *Error resolution.* A notice concerning error resolution that is substantially similar to the notice contained in paragraph (b) of appendix A-5 of this part, in place of the notice required by § 1005.7(b)(10).

(2) *Annual error resolution notice.* The agency shall provide an annual notice concerning error resolution that is substantially similar to the notice contained in paragraph (b) of appendix A-5 of this part, in place of the notice required by § 1005.8(b). Alternatively, the agency may include on or with each electronic or written history provided in accordance with paragraph (d)(1) of this section, a notice substantially similar to the abbreviated notice for periodic statements contained in paragraph (b) in appendix A-3 of this part, modified as necessary to reflect the error resolution provisions set forth in this section.

(3) *Modified limitations on liability requirements.* (i) For purposes of § 1005.6(b)(3), the 60-day period for reporting any unauthorized transfer shall begin on the earlier of:

(A) The date the consumer electronically accesses the consumer's account under paragraph (d)(1)(ii) of this section, provided that the electronic history made available to the consumer reflects the unauthorized transfer; or

(B) The date the agency sends a written history of the consumer's account transactions requested by the consumer under paragraph (d)(1)(iii) of this section in which the unauthorized transfer is first reflected.

(ii) An agency may comply with paragraph (e)(3)(i) of this section by limiting the consumer's liability for an unauthorized transfer as provided under § 1005.6(b)(3) for any transfer reported by the consumer within 120 days after the transfer was credited or debited to the consumer's account.

(4) *Modified error resolution requirements.* (i) The agency shall comply with the requirements of § 1005.11 in response to an oral or written notice of an error from the consumer that is received by the earlier of:

(A) Sixty days after the date the consumer electronically accesses the consumer's account under paragraph (d)(1)(ii) of this section, provided that the electronic history made available to the consumer reflects the alleged error; or

(B) Sixty days after the date the agency sends a written history of the consumer's account transactions requested by the consumer under paragraph (d)(1)(iii) of this section in which the alleged error is first reflected.

(ii) In lieu of following the procedures in paragraph (e)(4)(i) of this section, an agency complies with the requirements for resolving errors in § 1005.11 if it investigates any oral or written notice of an error from the consumer that is received by the agency within 120 days after the transfer allegedly in error was credited or debited to the consumer's account.

(f) *Initial disclosure of fees and other key information.* For government benefit accounts, a government agency shall comply with the initial disclosure requirement for fees and other key information applicable to prepaid accounts as set forth in § 1005.18(f) in accordance with the timing requirements of § 1005.18(h).

(g) *Credit card plans linked to government benefit accounts.* For credit plans linked to government benefit accounts, a government agency shall comply with prohibitions and requirements applicable to prepaid accounts as set forth in § 1005.18(g).

7. Section 1005.17 is amended by revising paragraph (a)(1) to read as follows:

§ 1005.17 Requirements for overdraft services.

(a) * * *

(1) A line of credit or credit plan subject to Regulation Z (12 CFR part 1026), including transfers from a credit card account, home equity line of credit, overdraft line of credit, or a credit plan that is accessed by an access device for a prepaid account where the access device is a credit card under Regulation Z;

* * * * *

8. Section 1005.18, including the heading, is revised to read as follows:

§ 1005.18 Requirements for financial institutions offering prepaid accounts.

(a) *Coverage.* A financial institution shall comply with all applicable requirements of the Act and this part with respect to prepaid accounts except as modified by this section. For rules governing government benefit accounts, see § 1005.15.

(b) *Pre-acquisition disclosure requirements.* (1) *Timing of disclosures.* (i) *General.* Except as provided in paragraphs (b)(1)(ii) or (iii) of this section, a financial institution shall provide the disclosures required by paragraphs (b)(2)(i) and (ii) of this section before a consumer acquires a prepaid account.

(ii) *Disclosures for prepaid accounts acquired in retail stores.* A financial institution must provide a written form of the disclosures required by paragraph (b)(2)(i) of this section before a consumer acquires a prepaid account in person in a retail store. A financial institution may provide the disclosures required by paragraph (b)(2)(ii) of this section after a consumer acquires a prepaid account in person in a retail store if the following conditions are met:

(A) The prepaid account access device is inside of packaging material.

(B) The disclosures required by paragraph (b)(2)(i) of this section are provided on or are visible through an outward-facing, external surface of a prepaid account access device's packaging material in the tabular format described in paragraph (b)(3)(iii) of this section.

(C) The disclosure required by paragraph (b)(2)(i) of this section includes the information set forth in paragraph (b)(2)(i)(B)(11) of this section that allows a consumer to access the information required to be disclosed by paragraph (b)(2)(ii) of this section by telephone and via a Web site.

(iii) *Disclosures for prepaid accounts acquired orally by telephone.* Before a consumer acquires a prepaid account orally by telephone, a financial institution must disclose orally the information required by paragraph (b)(2)(i) of this section. A financial institution may provide the disclosures required by paragraph (b)(2)(ii) of this section after a consumer acquires a prepaid account orally by telephone if the financial institution communicates to a consumer orally, before a consumer acquires the prepaid account, that the information required to be disclosed by paragraph (b)(2)(ii) of this section is available both by telephone and on a Web site.

(2) *Content of disclosures.* (i) *Short form content requirements.* In accordance with paragraph (b)(1) of this section, a financial institution shall provide a disclosure setting forth only the following fees, information and notices, as applicable:

(A) *Payroll card account notices.* When offering a payroll card account, a statement that a consumer does not have to accept the payroll card account and that a consumer can ask about other ways to get wages or salary from the employer instead of receiving them via the payroll card account, in a form substantially similar to Model Form A-10(b) in appendix A of this part. For requirements regarding what notice to give a consumer when offering a government benefit account, see § 1005.15(c)(2).

(B) *Fees and other information.* (1) *Periodic fee.* A periodic fee charged for holding a prepaid account, assessed on a monthly or other periodic basis, using the term “Monthly fee,” “Annual fee,” or a substantially similar term.

(2) *Per purchase fees.* Two fees for making a purchase using a prepaid account, both when a consumer uses a personal identification number and when a consumer provides a signature, including at point-of-sale terminals, by telephone, on a Web site, or by any other means, using the term “Per purchase” or a substantially similar term, and “with PIN” or “with sig.,” or substantially similar terms.

(3) *ATM withdrawal fees.* Two fees for using an automated teller machine to initiate a withdrawal of cash in the United States from a prepaid account, both within and outside of the financial institution’s network or a network affiliated with the financial institution, using the term “ATM withdrawal” or a substantially similar term, and “in-network” or “out-of-network,” or substantially similar terms.

(4) *Cash reload fee.* A fee for loading cash into a prepaid account using the term “Cash reload” or a substantially similar term.

(5) *ATM balance inquiry fees.* Two fees for using an automated teller machine to check the balance of a consumer’s prepaid account in the United States, both within and outside of the financial institution’s network or a network affiliated with the financial institution, using the term “ATM balance inquiry” or a substantially similar term, and “in-network” or “out-of-network,” or substantially similar terms.

(6) *Customer service fee.* A fee for calling the financial institution or its service provider, including an interactive voice response system, about a consumer’s prepaid account, using the term “Customer service,” or a substantially similar term.

(7) *Inactivity fee.* A fee for non-use, dormancy, or inactivity on a prepaid account, using the term “Inactivity” or a substantially similar term, as well as the duration of inactivity that triggers a financial institution to impose such an inactivity fee.

(8) *Incidence-based fee disclosures.* (I) *Generally.* Except as provided in paragraph (b)(2)(i)(B)(8)(II) or (III) of this section, up to three fees, other than any of those fees disclosed pursuant to paragraphs (b)(2)(i)(B)(1) through (7) of this section, that were incurred most frequently in the prior 12-month period by consumers of that particular prepaid account product. At the same time each year, in accordance with the timing requirements of paragraph (h) of this section, a financial institution must assess whether the incidence-based fees disclosed pursuant to this paragraph were the most frequently incurred fees in the prior 12-month period and, if necessary, within 90 days, revise the incidence-based fees on disclosures provided in written, electronic, or oral form pursuant to paragraph (b)(1)(i) of this section. Disclosures provided on the packaging material of prepaid account access devices, for example, in retail stores pursuant to paragraph (b)(1)(ii) of this section, or in other locations, must be revised when the financial institution is printing new packaging material for its prepaid account access devices, in accordance with the timing requirements of paragraph (h) of this section. All disclosures provided pursuant to this paragraph and created after a financial institution makes an incidence-based fee assessment and determines changes are necessary must include such changes, in accordance with the timing requirements of paragraph (h) of this section.

(II) *New prepaid account products.* If a particular prepaid account product was not offered by the financial institution during the prior 12-month period, the financial institution must disclose up to three fees, other than any of those fees disclosed pursuant to paragraphs (b)(2)(i)(B)(1) through (7) of this section, that it reasonably anticipates will be incurred by consumers most frequently during the next 12-month period. The incidence-based fee disclosures for newly-created prepaid account products must be included on all disclosures created for the prepaid account product, whether the disclosure is written, electronic, or on the

packaging material of a prepaid account product sold in a retail store, in accordance with the timing requirements of paragraph (h) of this section.

(III) *Revised prepaid account products.* If the financial institution changes an existing prepaid account product's fee schedule at any point after assessing its incidence-based fee disclosure for the prior 12-month period pursuant to paragraph (b)(2)(i)(B)(8)(I) of this section, it must determine whether, after making such changes, it reasonably anticipates that the existing incidence-based fee disclosure will represent the most commonly incurred fees for the remainder of the 12-month period. If the financial institution reasonably anticipates that the current incidence-based fee disclosure will not represent the most commonly incurred fees for the remainder of the current 12-month period, it must update the incidence-based fee disclosure within 90 days for disclosures provided in written or electronic form, in accordance with the timing requirements of paragraph (h) of this section. Disclosures provided on a prepaid account product's packaging material, for example, in retail stores pursuant to paragraph (b)(1)(ii) of this section, or in other locations, must be revised when the financial institution is printing new packaging material for its prepaid accounts, in accordance with the timing requirements of paragraph (h) of this section. All disclosures provided pursuant to this paragraph and created after a financial institution makes an incidence-based fee assessment and determines changes are necessary must include such changes, in accordance with the timing requirements of paragraph (h) of this section.

(9) *Overdraft services and other credit features.* A statement that credit-related fees may apply, in a form substantially similar to the clause set forth in Model Form A-10(c) in appendix A of this part, if, at any point, a credit plan that would be a credit card account under Regulation Z, 12 CFR part 1026 may be offered in connection with the prepaid account. Such a credit plan

could be accessed by a credit card under Regulation Z, 12 CFR 1026.2(a)(15)(i), that also is an access device that accesses the prepaid account, or a credit plan could be accessed by an account number that is a credit card under Regulation Z, where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor offering the plan. If neither of these two types of credit plans will be offered in connection with the prepaid account at any point, a statement that no overdraft or credit-related fees will be charged, in a form substantially similar to the clause set forth in the Model Form A-10(d) in appendix A) of this part.

(10) Statement regarding other fees. A statement regarding the number of fees, other than those listed on the short form pursuant to paragraphs (b)(2)(i)(B)(1) through (8) of this section, listed in the long form pursuant to paragraph 18(b)(2)(ii)(A) of this section that could be imposed upon a consumer, in a form substantially similar to the clause set forth in Model Forms A-10(a) through (d) in appendix A of this part.

(11) Telephone number and Web site. A telephone number and the unique URL of a Web site that a consumer may use to access the disclosure required under paragraph (b)(2)(ii) of this section, in a form substantially similar to the clauses set forth in Model Forms A-10(c) and (d) in appendix A of this part. This disclosure is required only when a financial institution chooses not to provide a written form of the disclosures required by paragraph (b)(2)(ii) of this section before a consumer acquires a prepaid account, as described in paragraph (b)(1)(ii) of this section.

(12) Statement regarding registration. A statement that communicates to a consumer that a prepaid account must register with a financial institution or service provider in order for

the funds loaded into the account to be protected, in a form substantially similar to the clauses set forth in Model Forms A-10(a) through (d) in appendix A of this part.

(13) *Statement regarding FDIC (or NCUSIF) insurance.* If a prepaid account product is not set up to be eligible for FDIC deposit or NCUSIF share insurance, a statement that FDIC deposit insurance or NCUSIF share insurance, as appropriate, does not protect funds loaded into the prepaid account, in a form substantially similar to the clause set forth in Model Forms A-10(c) and (d) in appendix A of this part.

(14) *CFPB Web site.* The URL of the Web site of the Consumer Financial Protection Bureau, in a form substantially similar to the clause set forth in Model Forms A-10(a) through (d) in appendix A of this part.

(C) *Disclosing variable fees.* If the amount of the fee that a financial institution imposes for each of the fee types disclosed pursuant to paragraphs (b)(2)(i)(B) of this section could vary, a financial institution must disclose the highest fee it could impose on a consumer for utilizing the service associated with the fee, along with a symbol, such as an asterisk, to indicate that a lower fee might apply, and text explaining that the fee could be lower, in a form substantially similar to the clause set forth in Model Forms A-10(a) through (d) in appendix A of this part. A financial institution must use the same symbol and text for all fees that could be lower, but may use any other part of the prepaid account product's packaging material or its Web site to provide more detail about how a specific fee type may be lower. A financial institution must not disclose any additional third party fees imposed in connection with any of the fees disclosed pursuant to paragraphs (b)(2)(i)(B)(1) through (8) of this section.

(ii) *Long form content requirements.* In accordance with paragraph (b)(1) of this section, a financial institution shall provide the following disclosures:

(A) *Fees.* All fees that may be imposed by the financial institution in connection with a prepaid account. For each fee type, the financial institution must disclose the amount of the fee, the conditions, if any, under which the fee may be imposed, waived, or reduced, including, to the extent known, any third party fee amounts that may apply. If such third party fees may apply but the amount of those fees are not known, a financial institution must instead include a statement indicating that third party fees may apply without specifying the fee amount. A financial institution may not utilize any symbols, such as asterisks, to explain conditions under which any fee may be imposed. A fee imposed by a third party who acts as an agent of the financial institution for purposes of the prepaid account must always be disclosed.

(B) *Overdraft services and other credit features.* The disclosures described in Regulation Z, 12 CFR 1026.60(a), (b), and (c), if, at any point, a credit plan that would be a credit card account under Regulation Z, 12 CFR part 1026, may be offered in connection with the prepaid account. Such a credit plan could be accessed by a credit card under Regulation Z, 12 CFR 1026.2(a)(15), that also is an access device that accesses the prepaid account, or a credit plan could be accessed by an account number that is a credit card under Regulation Z where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor offering the plan.

(C) *Telephone number, Web site and mailing address.* The telephone number, Web site, and mailing address of the person or office that a consumer may contact to learn about the terms and conditions of the prepaid account, to obtain prepaid account balance information, to request a copy of transaction history pursuant to paragraph (c)(1)(iii) of this section if the financial institution does not provide periodic statements pursuant to § 1005.9(b), or to notify the person

or office when a consumer believes that an unauthorized electronic fund transfer occurred as required by § 1005.7(b)(2) and paragraph (d)(1)(ii) of this section.

(D) *Statement regarding FDIC (or NCUSIF) insurance.* The disclosure required under paragraph (b)(2)(i)(B)(13) of this section.

(E) *CFPB Web site and telephone number.* The URL of the Web site of the Consumer Financial Protection Bureau, and a telephone number a consumer can contact and the URL a consumer can visit to submit a complaint related to a prepaid account.

(3) *Form of pre-acquisition disclosures.* (i) *General.* (A) *Written disclosures.* Except as provided in paragraphs (b)(3)(i)(B) and (C) of this section, disclosures required by paragraphs (b)(2)(i) and (ii) of this section must be in writing.

(B) *Electronic disclosures.* Disclosures required by paragraphs (b)(2)(i) and (ii) of this section must be provided in electronic form when a consumer acquires a prepaid account through the Internet, including via a mobile application. Disclosures required by paragraphs (b)(2)(i) and (ii) must be provided electronically in a manner which is reasonably expected to be accessible in light of how a consumer is acquiring the prepaid account. These electronic disclosures need not meet the consumer consent and other applicable provisions of the Electronic Signatures in Global and National Commerce Act (E-Sign Act) (15 U.S.C. 7001 *et seq.*). Disclosures provided to a consumer through a Web site where required by paragraph (b)(1)(ii)(C) and as described in paragraph (b)(2)(i)(B)(11) of this section must be made in an electronic form using a machine-readable text format that is accessible via both Web browsers and screen readers.

(C) *Oral disclosures.* Disclosures required by paragraph (b)(2)(i) of this section must be provided orally when a consumer acquires a prepaid account orally by telephone as described in

paragraph (b)(2)(iii) of this section. Disclosures provided to a consumer through the telephone number described in paragraph (b)(2)(i)(B)(11) of this section also must be made orally.

(ii) *Retainable form.* Except for disclosures provided to a consumer through the telephone number described in paragraph (b)(2)(i)(B)(11) of this section or disclosures provided orally pursuant to paragraph (b)(1)(iii) of this section, disclosures required by paragraphs (b)(2)(i) and (ii) of this section must be made in a retainable form.

(iii) *Tabular format.* (A) *General.* Except as provided in paragraph (b)(3)(iii)(B) of this section, disclosures required by paragraph (b)(2)(i)(B) of this section that are provided in writing or electronically shall be in the form of a table substantially similar to Model Forms A-10(a) through (d) in appendix A of this part, as applicable. Disclosures required by paragraph (b)(2)(ii) of this section that are provided in writing or electronically shall be in a form of a table substantially similar to Sample Form A-10(e) in appendix A of this part.

(B) *Disclosures for prepaid account products offering multiple service plans.* (1) *Short form.* When a financial institution offers multiple service plans for a particular prepaid account product and each plan has a different fee schedule, the information required by paragraphs (b)(2)(i)(B)(1) through (7) of this section may be provided for each service plan together in one table, in a form substantially similar to Model Form A-10(f) in appendix A of this part, and must include descriptions of each service plan included in the table, using the terms, “Pay-as-you-go plan,” “Monthly plan,” “Annual plan,” or substantially similar terms. When disclosing multiple service plans on one short form, the information required by paragraph (b)(2)(i)(B)(8) of this section must only be disclosed once in the table. Alternatively, a financial institution may disclose the information required by paragraph (b)(2)(i)(B)(1) through (8) of this section for only the service plan in which a consumer is enrolled automatically by default upon acquiring the

prepaid account, in the form of a table substantially similar to Model Forms A-10(c) or (d) in appendix A of this part. Regardless of whether a financial institution discloses fee information for all service plans on one form or chooses only to disclose the service plan in which a consumer is enrolled by default, the disclosures required by paragraphs (b)(2)(i)(B)(9) through (14) of this section must be disclosed only once.

(2) *Long form.* The information required by paragraph (b)(2)(ii) of this section must be presented for all service plans in the form of a table substantially similar to the Sample Form in appendix A-10(g) of this part.

(4) *Specific formatting requirements.* (i) *Grouping.* (A) *Short form disclosures.* The information required by paragraph (b)(2)(i)(A) of this section or by § 1005.15(c)(2), when applicable, must be grouped together. The information required by paragraphs (b)(2)(i)(B)(1) through (4) of this section must be generally grouped together and in the order they appear in the form of Model Forms A-10(a) through (d) in appendix A of this part. The information required by paragraphs (b)(2)(i)(B)(5) through (9) of this section must be generally grouped together and in the order they appear in the form of Model Forms A-10(a) through (d) in appendix A of this part. The textual information required by paragraphs (b)(2)(i)(B)(10) through (14) of this section must be generally grouped together and in the order they appear in Model Forms A-10(a) through (d) in appendix A of this part. The URL of the Web site disclosed pursuant to paragraph (b)(2)(i)(B)(11) of this section must not exceed twenty-two characters, and must be meaningfully named.

(B) *Long form disclosures.* The information required by paragraph (b)(2)(ii)(A) of this section must be generally grouped together and organized by categories of function for which a consumer would utilize the service associated with each fee. Text describing the conditions

under which a fee may be imposed must appear in the table directly to the right of the numeric fee amount disclosed pursuant to paragraph (b)(2)(ii)(A) of this section. The information required by paragraph (b)(2)(ii)(B) of this section must be generally grouped together. The information required by paragraphs (b)(2)(ii)(C) through (E) of this section must be generally grouped together.

(C) *Multiple service plan disclosures.* When providing disclosures in compliance with paragraph (b)(3)(iii)(B)(1) of this section and disclosing the fee schedules of multiple service plans together on one form, the fees required to be listed pursuant to paragraphs (b)(2)(i)(B)(1) through (7) of this section that vary among service plans must be generally grouped together, and the fees that are the same across all service plans must be grouped together. If the periodic fee varies between service plans, the financial institution must use the term “plan fee,” or a substantially similar term when disclosing the periodic fee for each service plan. When providing disclosures for multiple service plans on one short form in compliance with paragraph (b)(3)(iii)(B)(1) of this section, the fees disclosed pursuant to paragraph (b)(2)(i)(B)(8) of this section must be grouped with the fees that are the same across all service plans.

(ii) *Prominence and size.* (A) *General.* All text used to disclose information pursuant to paragraph (b)(2) of this section must be in a single, easy-to-read typeface. All text included in the tables required to be disclosed pursuant to paragraph (b)(3)(iii) of this section must be all black or one color type and printed on a white or other neutral contrasting background whenever practical.

(B) *Short form.* (1) *Payroll card account and government benefit account notices.* The information required by paragraph (b)(2)(i)(A) of this section and § 1005.15(c)(2) , when applicable, must appear in a minimum eight-point font or the corresponding pixel size and

appear in no larger a font than what is used for the information required to be disclosed by paragraphs (b)(2)(i)(B)(1) through (4) of this section.

(2) *Fees and other information.* Fee amounts disclosed pursuant to paragraphs (b)(2)(i)(B)(1) through (4) of this section must be more prominent than the other parts of the disclosures required by paragraph (b)(2)(i) of this section and appear in a minimum eleven-point font or the corresponding pixel size. Disclosures required by paragraphs (b)(2)(i)(B)(5) through (9) of this section must appear in a minimum eight-point font or the corresponding pixel size and appear in no larger a font than what is used for the information required to be disclosed by paragraphs (b)(2)(i)(B)(1) through (4) of this section. Disclosures required by paragraphs (b)(2)(i)(B)(10) through (14) of this section must appear in a minimum seven-point font or the corresponding pixel size and appear in no larger a font than what is used for the information required to be disclosed by paragraphs (b)(2)(i)(B)(5) through (8) of this section. Additionally, the statement disclosed pursuant to paragraph (b)(2)(i)(B)(10) of this section, and the telephone number and URL disclosed pursuant to paragraph (b)(2)(i)(B)(11) of this section must be more prominent than the information disclosed pursuant to paragraphs (b)(2)(i)(B)(12) through (14) of this section and paragraph (b)(2)(i)(C) of this section. Text used to distinguish each of the two fees that are required to be disclosed by paragraphs (b)(2)(i)(B)(2), (3), and (5) of this section, or to explain the duration of inactivity that triggers a financial institution to impose an inactivity fee as required by paragraph (b)(2)(i)(B)(7) of this section must appear in a minimum six-point font or the corresponding pixel size and appear in no larger a font than what is used for the information required to be disclosed by paragraphs (b)(2)(i)(B)(9) through (12) of this section.

(3) *Disclosing variable fees.* The explanatory text disclosed pursuant to paragraph (b)(2)(i)(C) of this section, when applicable, must appear in a minimum seven-point font or the

corresponding pixel size and appear in no larger a font than what is used for the information required to be disclosed by paragraphs (b)(2)(i)(B)(5) through (8) of this section.

(C) *Long form.* Disclosures required by paragraph (b)(2)(ii) of this section must appear in a minimum eight-point font or the corresponding pixel size.

(D) *Multiple service plan short form.* When providing disclosures in compliance with paragraph (b)(3)(iii)(B)(1) of this section and disclosing the fee schedules of multiple service plans together in one form, disclosures required by paragraphs (b)(2)(i)(B)(1) through (9) must appear in a minimum seven-point font or the corresponding pixel size. Disclosures required by paragraphs (b)(2)(i)(B)(10) through (14) of this section must appear in the font sizes set forth in paragraph (b)(4)(ii)(B)(2) of this section.

(5) *Segregation.* Disclosures required by this section that are provided in writing or electronically must be segregated from everything else and must contain only information that is directly related to the disclosures required under this section.

(6) *Prepaid accounts acquired in foreign languages.* If a financial institution principally uses a foreign language on prepaid account packaging material, by telephone, in person, or on the Web site a consumer utilizes to acquire a prepaid account, then disclosures made pursuant to paragraphs (b)(2)(i) and (b)(2)(ii) of this section must be provided in that same foreign language. A financial institution must also provide the information required to be disclosed by paragraph (b)(2)(ii) of this section in English upon a consumer's request and on any part of the Web site where it provides the long form disclosure in a foreign language.

(7) *Disclosures on prepaid account access devices.* The name of the financial institution and the URL of the Web site and a telephone number a consumer can use to contact the financial institution about the prepaid account must be disclosed on the prepaid account access device. If

a financial institution does not provide a physical access device in connection with a prepaid account, the disclosure must appear at the URL or other entry point a consumer must visit to access the prepaid account electronically. A disclosure made on an accompanying document, such as a terms and conditions document, on packaging material surrounding an access device, or on a sticker or other label affixed to an access device does not constitute a disclosure on the access device.

(c) *Access to prepaid account information.* (1) *Periodic statement alternative.* A financial institution need not furnish periodic statements required by § 1005.9(b) if the institution makes available to the consumer:

- (i) The consumer's account balance, through a readily available telephone line;
- (ii) An electronic history of the consumer's account transactions, such as through a Web site, that covers at least 18 months preceding the date the consumer electronically accesses the account; and
- (iii) A written history of the consumer's account transactions that is provided promptly in response to an oral or written request and that covers at least 18 months preceding the date the financial institution receives the consumer's request.

(2) *Information included on electronic or written histories.* The history of account transactions provided under paragraphs (c)(1)(ii) and (iii) of this section must include the information set forth in § 1005.9(b).

(3) *Inclusion of all fees charged.* A periodic statement furnished pursuant to § 1005.9(b) for a prepaid account, an electronic history of account transactions whether provided under paragraph (c)(1)(ii) of this section or otherwise, and a written history of account transactions

provided under paragraph (c)(1)(iii) of this section must disclose the amount of any fees assessed against the account, whether for electronic fund transfers or otherwise.

(4) *Summary totals of fees, deposits, and debits.* A periodic statement furnished pursuant to § 1005.9(b) for a prepaid account, an electronic history of account transactions whether provided under paragraph (c)(1)(ii) of this section or otherwise, and a written history of account transactions provided under paragraph (c)(1)(iii) of this section must include a summary total of the amount of all fees assessed against the consumer's prepaid account, the total amount of all deposits to the account, and the total amount of all debits from the account, for the prior calendar month and for the calendar year to date.

(d) *Modified disclosure requirements.* A financial institution that provides information under paragraph (c)(1) of this section shall comply with the following:

(1) *Initial disclosures.* The financial institution shall modify the disclosures under § 1005.7(b) by disclosing:

(i) *Access to account information.* A telephone number that the consumer may call to obtain the account balance, the means by which the consumer can obtain an electronic account history, such as the address of a Web site, and a summary of the consumer's right to receive a written account history upon request (in place of the summary of the right to receive a periodic statement required by § 1005.7(b)(6)), including a telephone number to call to request a history. The disclosure required by this paragraph (d)(1)(i) of this section may be made by providing a notice substantially similar to the notice contained in paragraph (a) of appendix A-7 of this part.

(ii) *Error resolution.* A notice concerning error resolution that is substantially similar to the notice contained in paragraph (b) of appendix A-7 of this part, in place of the notice required by § 1005.7(b)(10).

(2) *Annual error resolution notice.* The financial institution shall provide an annual notice concerning error resolution that is substantially similar to the notice contained in paragraph (b) of appendix A-7 of this part, in place of the notice required by § 1005.8(b). Alternatively, a financial institution may include on or with each electronic and written history provided in accordance with paragraph (c)(1) of this section, a notice substantially similar to the abbreviated notice for periodic statements contained in paragraph (b) of appendix A-3 of this part, modified as necessary to reflect the error resolution provisions set forth in paragraph (e) of this section.

(e) *Modified limitations on liability and error resolution requirements.* (1) *Modified limitations on liability requirements.* A financial institution that provides information under paragraph (c)(1) of this section shall comply with the following:

(i) For purposes of § 1005.6(b)(3), the 60-day period for reporting any unauthorized transfer shall begin on the earlier of:

(A) The date the consumer electronically accesses the consumer's account under paragraph (c)(1)(ii) of this section, provided that the electronic history made available to the consumer reflects the unauthorized transfer; or

(B) The date the financial institution sends a written history of the consumer's account transactions requested by the consumer under paragraph (c)(1)(iii) of this section in which the unauthorized transfer is first reflected.

(ii) A financial institution may comply with paragraph (e)(1)(i) of this section by limiting the consumer's liability for an unauthorized transfer as provided under § 1005.6(b)(3) for any transfer reported by the consumer within 120 days after the transfer was credited or debited to the consumer's account.

(2) *Modified error resolution requirements.* A financial institution that provides information under paragraph (c)(1) of this section shall comply with the following:

(i) The financial institution shall comply with the requirements of § 1005.11 in response to an oral or written notice of an error from the consumer that is received by the earlier of:

(A) Sixty days after the date the consumer electronically accesses the consumer's account under paragraph (c)(1)(ii) of this section, provided that the electronic history made available to the consumer reflects the alleged error; or

(B) Sixty days after the date the financial institution sends a written history of the consumer's account transactions requested by the consumer under paragraph (c)(1)(iii) of this section in which the alleged error is first reflected.

(ii) In lieu of following the procedures in paragraph (e)(2)(i) of this section, a financial institution complies with the requirements for resolving errors in § 1005.11 if it investigates any oral or written notice of an error from the consumer that is received by the institution within 120 days after the transfer allegedly in error was credited or debited to the consumer's account.

(3) *Limitations on liability and error resolution for unverified accounts.* For prepaid accounts that are not payroll card accounts or government benefit accounts, if a financial institution discloses to the consumer the risks of not registering a prepaid account using a notice that is substantially similar to the model notice contained in paragraph (c) of appendix A-7 of this part, a financial institution is not required to comply with the liability limits and error resolution requirements under §§ 1005.6 and 1005.11 for any prepaid account for which it has not completed its collection of consumer identifying information and identity verification. Once a consumer's identity has been verified, however, a financial institution must limit the consumer's liability for unauthorized transfers and resolve any errors that occurred prior to

verification that satisfy the timing requirements of §§ 1005.6 or 1005.11, or the modified timing requirements in this paragraph (e), as applicable.

(f) *Initial disclosure of fees and other key information.* In addition to disclosing any fees imposed by a financial institution for electronic fund transfers or for the right to make electronic fund transfers, a financial institution must also include in its initial disclosures given pursuant to § 1005.7(b)(5) all other fees imposed by the financial institution in connection with a prepaid account. For each fee, a financial institution must disclose the amount of the fee, the conditions, if any, under which the fee may be imposed, waived, or reduced, and, to the extent known, whether any third party fees may apply. These disclosures must include all of the information required to be disclosed pursuant to paragraph (b)(2)(ii)(B) of this section and must be provided in a form substantially similar to Sample Form A-10(e) in appendix A of this part.

(g) *Credit card plans linked to prepaid accounts.* (1) *Prohibitions.* A financial institution that establishes or holds a prepaid account shall not—

(i) Prior to 30 calendar days after the prepaid account has been registered, open a credit card account subject to Regulation Z (12 CFR part 1026) for a holder of a prepaid account, or provide a solicitation or an application to the holder of the prepaid account to open a credit card account subject to Regulation Z, that would be accessed by an access device for the prepaid account where the access device is a credit card subject to Regulation Z or accessed by an account number that is a credit card under Regulation Z where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor. For purposes of this paragraph, the term *solicitation* means an offer by the person to open a credit or charge card account subject to Regulation Z that does not require the consumer to complete an

application. A “firm offer of credit” as defined in section 603(l) of the Fair Credit Reporting Act (15 U.S.C. 1681a(l)) for a credit or charge card is a solicitation for purposes of this paragraph.

(ii) Allow a prepaid account access device to access a credit plan subject to Regulation Z (12 CFR part 1026) that would make the prepaid account access device into a credit card at any time prior to 30 calendar days after the prepaid account has been registered.

(iii) Prior to 30 calendar days after the prepaid account has been registered, allow credit extensions from a credit plan subject to Regulation Z (12 CFR part 1026) to be deposited in the prepaid account, where the credit plan is accessed by an account number that is a credit card under Regulation Z where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor.

(2) *Requirements.* Where a credit card plan subject to Regulation Z (12 CFR part 1026) may be offered at any point to a consumer with respect to a prepaid account that is accessed by an access device for the prepaid account where the access device is a credit card under Regulation Z or is accessed by an account number that is a credit card where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor, a financial institution that establishes or holds such a prepaid account may not apply different terms and conditions to a consumer’s account that do not relate to an extension of credit, carrying a credit balance, or credit availability, depending on whether the consumer elects to link such a credit card plan to the prepaid account.

(h) *Compliance dates.* (1) *Effective date for non-disclosure requirements and for disclosures on newly created prepaid account packaging or materials.* Except as provided in paragraph (h)(2) of this section, the requirements of the Act and this subpart, as modified by this section, apply to prepaid accounts on and after [date that is nine months from the date a final

rule is published in the Federal Register]. The requirements of paragraphs (b) and (f)(2) of this section apply to prepaid account packaging, access devices, and other physical materials that are manufactured, printed, or otherwise prepared in connection with a prepaid account on and after nine months, as well as to disclosures and other information made available to consumers online or by telephone after nine months.

(2) Prohibition on sale or distribution of non-compliant prepaid account packaging access devices, or other physical materials. After [*date that is 12 months from the date a final rule is published in the Federal Register*], all prepaid accounts and related packaging, access devices, and other physical materials that are offered, sold, or otherwise made available to consumers in connection with a prepaid account must comply with the requirements of this section.

9. New § 1005.19 is added to read as follows:

§ 1005.19 Internet posting of prepaid account agreements.

(a) Definitions. (1) *Agreement.* For purposes of this section, “agreement” or “prepaid account agreement” means the written document or documents evidencing the terms of the legal obligation, or the prospective legal obligation, between a prepaid account issuer and a consumer for a prepaid account. “Agreement” or “prepaid account agreement” also includes fee information, as defined in paragraph (a)(3) of this section.

(2) Amends. For purposes of this section, an issuer “amends” an agreement if it makes a substantive change (an “amendment”) to the agreement. A change is substantive if it alters the rights or obligations of the issuer or the consumer under the agreement. Any change in the fee information, as defined in paragraph (a)(3) of this section, is deemed to be substantive.

(3) *Fee information.* For purposes of this section, “fee information” means the information required to be disclosed by § 1005.18(b)(2)(ii).

(4) *Issuer.* For purposes of this section, “issuer” or “prepaid account issuer” means the entity to which a consumer is legally obligated, or would be legally obligated, under the terms of a prepaid account agreement.

(5) *Offers.* For purposes of this section, an issuer “offers” or “offers to the public” an agreement if the issuer solicits applications for or otherwise makes available prepaid accounts that would be subject to that agreement.

(6) *Open account.* For purposes of this section, a prepaid account is an “open account” or “open prepaid account” if (i) there is an outstanding balance in the account; (ii) the consumer can load funds to the account even if the account does not currently hold a balance; or (iii) the consumer can access credit through a credit plan that would be a credit card account under Regulation Z, 12 CFR part 1026 that is offered in connection with a prepaid account. A prepaid account that has been suspended temporarily (for example, due to a report by the consumer of unauthorized use of the card) is considered an “open account” or “open prepaid account.”

(7) *Prepaid account.* For purposes of this section, “prepaid account” means a prepaid account as defined in § 1005.2(b)(3).

(b) *Submission of agreements to the Bureau.* (1) *Quarterly submissions.* An issuer must make quarterly submissions to the Bureau, in the form and manner specified by the Bureau. Quarterly submissions must be sent to the Bureau no later than the first business day on or after January 31, April 30, July 31, and October 31 of each year. Each submission must contain:

(i) Identifying information about the issuer and the agreements submitted, including the issuer's name, address, and identifying number (such as an RSSD ID number or tax identification number), and the name of the program manager, if any, for each agreement;

(ii) The prepaid account agreements that the issuer offered to the public as of the last business day of the preceding calendar quarter that the issuer has not previously submitted to the Bureau;

(iii) Any prepaid account agreement previously submitted to the Bureau that was amended during the preceding calendar quarter and that the issuer offered to the public as of the last business day of the preceding calendar quarter, as described in paragraph (b)(2) of this section; and

(iv) Notification regarding any prepaid account agreement previously submitted to the Bureau that the issuer is withdrawing, as described in paragraphs (b)(3), (4)(iii), and (5)(iii) of this section.

(2) *Amended agreements.* If a prepaid account agreement has been submitted to the Bureau, the agreement has not been amended, and the issuer continues to offer the agreement to the public, no additional submission regarding that agreement is required. If a prepaid account agreement that previously has been submitted to the Bureau is amended, and the issuer offered the amended agreement to the public as of the last business day of the calendar quarter in which the change became effective, the issuer must submit the entire amended agreement to the Bureau, in the form and manner specified by the Bureau, by the first quarterly submission deadline after the last day of the calendar quarter in which the change became effective.

(3) *Withdrawal of agreements.* If an issuer no longer offers to the public a prepaid account agreement that previously has been submitted to the Bureau, the issuer must notify the

Bureau, in the form and manner specified by the Bureau, by the first quarterly submission deadline after the last day of the calendar quarter in which the issuer ceased to offer the agreement.

(4) *De minimis exception.* (i) An issuer is not required to submit any prepaid account agreements to the Bureau if the issuer had fewer than 3,000 open prepaid accounts as of the last business day of the calendar quarter.

(ii) If an issuer that previously qualified for the de minimis exception ceases to qualify, the issuer must begin making quarterly submissions to the Bureau no later than the first quarterly submission deadline after the date as of which the issuer ceased to qualify.

(iii) If an issuer that did not previously qualify for the de minimis exception newly qualifies for the de minimis exception, the issuer must continue to make quarterly submissions to the Bureau until the issuer notifies the Bureau that it is withdrawing all agreements it previously submitted to the Bureau.

(5) *Product testing exception.* (i) An issuer is not required to submit to the Bureau a prepaid account agreement if, as of the last business day of the calendar quarter, the agreement:

(A) Is offered as part of a product test offered to only a limited group of consumers for a limited period of time;

(B) Is used for fewer than 3,000 open prepaid accounts; and

(C) Is not offered to the public other than in connection with such a product test.

(ii) If an agreement that previously qualified for the product testing exception ceases to qualify, the issuer must submit the agreement to the Bureau no later than the first quarterly submission deadline after the date as of which the agreement ceased to qualify.

(iii) If an agreement that did not previously qualify for the product testing exception newly qualifies for the exception, the issuer must continue to make quarterly submissions to the Bureau with respect to that agreement until the issuer notifies the Bureau that the agreement is being withdrawn.

(6) *Form and content of agreements submitted to the Bureau.* (i) *Form and content generally.* (A) Each agreement must contain the provisions of the agreement and the fee information in effect as of the last business day of the preceding calendar quarter.

(B) Agreements must not include any personally identifiable information relating to any consumer, such as name, address, telephone number, or account number.

(C) The following are not deemed to be part of the agreement for purposes of this section, and therefore are not required to be included in submissions to the Bureau:

(1) Ancillary disclosures required by state or Federal law, such as affiliate marketing notices, privacy policies, or disclosures under the E-Sign Act;

(2) Solicitation or marketing materials;

(3) Periodic statements; and

(4) Documents that may be sent to the consumer along with the prepaid account or prepaid account agreement such as a cover letter, a validation sticker on the card, or other information about card security.

(D) Agreements must be presented in a clear and legible font.

(ii) *Fee information.* Fee information must be set forth either in the prepaid account agreement or in a single addendum to that agreement. The agreement or addendum thereto must contain all of the fee information, as defined by paragraph (a)(3) of this section.

(iii) *Integrated agreement.* Issuers may not provide provisions of the agreement or fee information to the Bureau in the form of change-in-terms notices or riders (other than the optional fee information addendum). Changes in provisions or fee information must be integrated into the text of the agreement, or the optional fee information addendum, as appropriate.

(7) *Bureau posting of prepaid account agreements.* The Bureau shall receive the prepaid account agreements submitted by prepaid account issuers pursuant to paragraph (b) of this section, and shall post such agreements on a publicly-available Web site established and maintained by the Bureau.

(c) *Posting of agreements offered to the public.* (1) Except as provided below, an issuer must post and maintain on its publicly available Web site the prepaid account agreements that the issuer is required to submit to the Bureau under paragraph (b) of this section.

(2) Agreements posted pursuant to this paragraph (c) must conform to the form and content requirements for agreements submitted to the Bureau specified in paragraphs (b)(6)(i)(B) through (D) of this section.

(3) Agreements posted pursuant to this paragraph (c) must be accurate and updated whenever changes are made.

(4) Agreements posted pursuant to this paragraph (c) may be posted in any electronic format that is readily usable by the general public. Agreements must be placed in a location that is prominent and readily accessible by the public and must be accessible without submission of personally identifiable information.

(d) *Agreements for all open accounts.* (1) *Availability of individual consumer's prepaid account agreement.* With respect to any open prepaid account, unless the prepaid account

agreement is provided to the Bureau pursuant to paragraph (b) of this section and posted to the issuer's publicly available Web site pursuant to paragraph (c) of this section, an issuer must either:

(i) Post and maintain the consumer's agreement on its Web site; or

(ii) Promptly provide a copy of the consumer's agreement to the consumer upon the consumer's request. If the issuer makes an agreement available upon request, the issuer must provide the consumer with the ability to request a copy of the agreement by telephone. The issuer must send to the consumer a copy of the consumer's prepaid account agreement no later than five business days after the issuer receives the consumer's request.

(2) *Form and content of agreements.* (i) Except as provided in this paragraph (d), agreements posted on the issuer's Web site pursuant to paragraph (d)(1)(i) of this section or sent to the consumer upon the consumer's request pursuant to paragraph (d)(1)(ii) of this section must conform to the form and content requirements for agreements submitted to the Bureau as specified in paragraph (b)(6) of this section.

(ii) If the issuer posts an agreement on its Web site under paragraph (d)(1)(i) of this section, the agreement may be posted in any electronic format that is readily usable by the general public and must be placed in a location that is prominent and readily accessible to the consumer.

(iii) Agreements posted or otherwise provided pursuant to this paragraph (d) may contain personally identifiable information relating to the consumer, such as name, address, telephone number, or account number, provided that the issuer takes appropriate measures to make the agreement accessible only to the consumer or other authorized persons.

(iv) Agreements posted or otherwise provided pursuant to this paragraph (d) must set forth the specific provisions and fee information applicable to the particular consumer.

(v) Agreements posted pursuant to paragraph (d)(1)(i) of this section must be accurate and updated whenever changes are made. Agreements provided upon consumer request pursuant to paragraph (d)(1)(ii) of this section must be accurate as of the date the agreement is mailed or electronically delivered to the consumer.

(vi) Agreements provided upon consumer request pursuant to paragraph (d)(1)(ii) of this section must be provided by the issuer in paper form, unless the consumer agrees to receive the agreement electronically.

(e) *E-Sign Act requirements.* Except as otherwise provided in this section, issuers may provide prepaid account agreements in electronic form under paragraphs (c) and (d) of this section without regard to the consumer notice and consent requirements of section 101(c) of the Electronic Signatures in Global and National Commerce Act (E-Sign Act) (15 U.S.C. 7001 *et seq.*).

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9. Appendix A to part 1005 is amended by revising A-5 and A-7, adding new A-10 and reserving A-11 through A-30 as follows:

Appendix A to Part 1005—Model Disclosure Clauses and Forms

* * * * *

A-5—MODEL CLAUSES FOR GOVERNMENT AGENCIES (§ 1005.15(e)(1) AND (2))

(a) *Disclosure by government agencies of information about obtaining account information for government benefit accounts (§ 1005.15(e)(1)(i)).*

You may obtain information about the amount of benefits you have remaining by calling [telephone number]. That information is also available [on the receipt you get when you make a transfer with your card at (an ATM)(a POS terminal)][when you make a balance inquiry at an ATM][when you make a balance inquiry at specified locations]. This information, along with an 18 month history of account transactions, is also available online at [Internet address].

You also have the right to obtain at least 18 months of written history of account transactions by calling [telephone number], or by writing to us at [address]. You will not be charged a fee for this information unless you request it more than once per month. [Optional: Or you may request a written history of account transactions by contacting your caseworker.]

(b) Disclosure of error resolution procedures for government agencies that do not provide periodic statements (§ 1005.15(e)(1)(ii) and (e)(2)).

In Case of Errors or Questions About Your Electronic Transfers Telephone us at [telephone number] Write us at [insert address] [or email us at [insert email address]] as soon as you can, if you think an error has occurred in your [agency's name for program] account. We must allow you to report an error until 60 days after the earlier of the date you electronically access your account, if the error could be viewed in your electronic history, or the date we sent the FIRST written history on which the error appeared. You may request a written history of your transactions at any time by calling us at [telephone number] or writing us at [address] [optional: or by contacting your caseworker]. You will need to tell us:

- Your name and [case] [file] number.
- Why you believe there is an error, and the dollar amount involved.
- Approximately when the error took place.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 10 business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account.

For errors involving new accounts, point-of-sale, or foreign-initiated transactions, we may take up to 90 days to investigate your complaint or question. For new accounts, we may take up to 20 business days to credit your account for the amount you think is in error.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation.

If you need more information about our error resolution procedures, call us at [telephone number][the telephone number shown above].

* * * * *

**A-7—MODEL CLAUSES FOR FINANCIAL INSTITUTIONS OFFERING
PREPAID ACCOUNTS (§ 1005.18(d) AND (e)(3))**

(a) Disclosure by financial institutions of information about obtaining account information for prepaid accounts (§ 1005.18(d)(1)(i)).

You may obtain information about the amount of money you have remaining in your prepaid account by calling [telephone number]. This information, along with an 18 month history of account transactions, is also available online at [Internet address].

You also have the right to obtain at least 18 months of written history of account transactions by calling [telephone number], or by writing us at [address]. You will not be charged a fee for this information unless you request it more than once per month.

(b) Disclosure of error-resolution procedures for financial institutions that do not provide periodic statements (§ 1005.18(d)(1)(ii) and (d)(2)).

In Case of Errors or Questions About Your Prepaid Account Telephone us at [telephone number] or Write us at [address] [or email us at [email address]] as soon as you can, if you think an error has occurred in your prepaid account. We must allow you to report an error until 60 days after the earlier of the date you electronically access your account, if the error could be viewed in your electronic history, or the date we sent the FIRST written history on which the error appeared. You may request a written history of your transactions at any time by calling us at [telephone number] or writing us at [address]. You will need to tell us:

Your name and [prepaid account] number.

Why you believe there is an error, and the dollar amount involved.

Approximately when the error took place.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 10 business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will credit your

account within 10 business days for the amount you think is in error, so that you will have the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account.

For errors involving new accounts, point-of-sale, or foreign-initiated transactions, we may take up to 90 days to investigate your complaint or question. For new accounts, we may take up to 20 business days to credit your account for the amount you think is in error.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation.

If you need more information about our error-resolution procedures, call us at [telephone number] [the telephone number shown above] [or visit [Internet address]].

(c) Warning regarding unregistered prepaid accounts (§ 1005.18(e)(3)).

It is important to register your prepaid account as soon as possible. Until you register your account, we are not required to research or resolve errors regarding your account. To register your account, go to [Internet address] or call us at [telephone number]. We will ask you for identifying information about yourself (including your full name, address, date of birth, and [Social Security Number] [government-issued identification number]), so that we can verify your identity. Once we have done so, we will address your complaint or question as set forth above.

A-10—MODEL FORMS AND SAMPLE FORMS FOR FINANCIAL INSTITUTIONS OFFERING PREPAID ACCOUNTS (§ 1005.15(c)(2) AND § 1005.18(b))

A-10(a) – Model Form for Short Form Disclosures for Government Benefit Accounts

(§ 1005.15(c)(2) and § 1005.18(b)(3)(iii)(A))

You do not have to get your payments on this prepaid card.
Ask about other ways to get your payments.

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$0	\$0 with sig.	\$0 in-network	N/A
	\$0 with PIN	\$2.00 out-of-network	

No overdraft or credit-related fees.

ATM balance inquiry (in-network or out-of-network)	\$0 or \$1.00*
Customer service	\$1.50 per call
Inactivity (no transactions for 3 months)	\$4.50 per month
[Incidence-based fee]	\$2.95
[Incidence-based fee]	\$3.95
[Incidence-based fee]	\$1.00

*Fees can be lower depending on how and where this card is used.

We charge 6 other fees not listed here.

Register your card with XYZ Prepaid Company to protect your money.

For more information about prepaid cards, visit cfpb.gov/prepays.

A-10(b) – Model Form for Short Form Disclosures for Payroll Card Accounts

(§ 1005.18(b)(2)(i)(A) and § 1005.18(b)(3)(iii)(A))

You do not have to accept this payroll card.
Ask your employer about other ways to get your wages.

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$0	\$0 with sig.	\$0 in-network	N/A
	\$0 with PIN	\$2.00 out-of-network	

No overdraft or credit-related fees.

ATM balance inquiry (in-network or out-of-network)	\$0 or \$1.00*
Customer service	\$1.50 per call
Inactivity (no transactions for 3 months)	\$4.50 per month
[Incidence-based fee]	\$2.95
[Incidence-based fee]	\$3.95
[Incidence-based fee]	\$1.00

*Fees can be lower depending on how and where this card is used.

We charge 6 other fees not listed here.

Register your card with XYZ Prepaid Company to protect your money.

For more information about prepaid cards, visit cfpb.gov/prepays.

A-10(c) – Model Form for Short Form Disclosures for Prepaid Accounts With Overdraft Services and Other Credit Features (§ 1005.18(b)(2)(i)(B)(9) and § 1005.18(b)(3)(iii)(A))

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$4.95*	\$0 with sig. \$0 with PIN	\$0 in-network \$2.00 out-of-network	\$2.00*
This card may charge credit-related fees.			
ATM balance inquiry (in-network or out-of-network)			\$0 or \$1.00
Customer service			\$1.50 per call
Inactivity (no transactions for 3 months)			\$4.50 per month
[Incidence-based fee]			\$2.95
[Incidence-based fee]			\$3.95
[Incidence-based fee]			\$1.00
*Fees can be lower depending on how and where this card is used.			
We charge 6 other fees not listed here.			
Find details and conditions for all fees and services inside the package or call 800-234-5678 or visit <i>bit.ly/XYZprepaids</i> .			
Register your card with XYZ Prepaid Company to protect your money.			
This card does not provide [FDIC][NCUSIF] insurance.			
For more information about prepaid cards, visit <i>cfpb.gov/prepaids</i> .			

A-10(d) – Model Form for Short Form Disclosures for Prepaid Accounts Without Overdraft Services and Other Credit Features (§ 1005.18(b)(2)(i)(B)(9) and § 1005.18(b)(3)(iii)(A))

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$4.95*	\$0 with sig. \$0 with PIN	\$0 in-network \$2.00 out-of-network	\$2.00*
No overdraft or credit-related fees.			
ATM balance inquiry (in-network or out-of-network)			\$0 or \$1.00
Customer service			\$1.50 per call
Inactivity (no transactions for 3 months)			\$4.50 per month
[Incidence-based fee]			\$2.95
[Incidence-based fee]			\$3.95
[Incidence-based fee]			\$1.00
*Fees can be lower depending on how and where this card is used.			
We charge 6 other fees not listed here.			
Find details and conditions for all fees and services inside the package or call 800-234-5678 or visit <i>bit.ly/XYZprepaids</i> .			
Register your card with XYZ Prepaid Company to protect your money.			
This card does not provide [FDIC][NCUSIF] insurance.			
For more information about prepaid cards, visit <i>cfpb.gov/prepaids</i> .			

A-10(e) – Sample Form for Long Form Disclosures for Prepaid Accounts

(§ 1005.18(b)(3)(iii)(A))

Fee description	Amount	Details
Get started		
Card purchase fee	\$3.95	
Monthly usage		
Monthly fee	\$4.95	Charge waived with direct deposit or in any billing cycle when you load at least \$1,000 or have at least 30 qualifying purchases posted to your account.
Add money		
Direct deposit	\$0	
Cash reload	\$2.00	Additional reload network fees may apply.
Spend money within the U.S.		
Per purchase with PIN	\$0	
Per purchase with signature	\$0	
Online bill pay service by check	\$2.00	Charge for having us send a check to pay a bill on your behalf. Charge waived for paying a bill online.
Get cash		
ATM withdrawal, in-network	\$0	"In Network" refers to the XYZMoney ATM network. Locations can be found at xyzprepaid.com or xyzmoney.com. You will not be charged a fee by XYZ Prepaid Card or the ATM operator.
ATM withdrawal, out-of-network	\$2.00	"Out of Network" refers to all the ATMs outside of the XYZMoney ATM network. You may also be charged a fee by the ATM operator even if you do not complete a transaction.
Bank teller cash withdrawal	\$1.25	
Information		
Customer service	\$1.50	per call
ATM balance inquiry, in-network	\$0	"In Network" refers to the XYZMoney ATM network. Locations can be found at xyzprepaid.com or xyzmoney.com.
ATM balance inquiry, out-of-network	\$1.00	"Out of Network" refers to all the ATMs outside of the XYZMoney ATM network. You may also be charged a fee by the ATM operator even if you do not complete a transaction.
Other		
Replacement card	\$4.00	Card will arrive within 5-7 business days.
Expedited replacement card service	\$25.00	Card will arrive within 2 business days.
Inactivity	\$4.50	You will be charged this fee each month after you have not completed a transaction using your prepaid account for 3 months.
Spend money outside the U.S.		
Each international transaction	3.0%	of total transaction amount
International ATM balance inquiry	\$5.00	This is our fee. You may also be charged a fee by the ATM operator.

This card does not provide [FDIC][NCUSIF] insurance.

Contact XYZ Prepaid Company by calling 1-800-555-5555, by mail at 555 Street Name, Anytown, NY, or visit xyzprepaid.com.

For more info about prepaid cards, visit consumerfinance.gov/prepays. If you have a complaint about prepaid cards, call 1-855-411-2372 or visit consumerfinance.gov/complaint.

A-10(f) – Model Form for Short Form Disclosures for Prepaid Accounts With Multiple Service Plans (§ 1005.18(b)(3)(iii)(B)(I))

	Pay-as-you-go plan	Monthly plan	Annual plan
Plan fee	\$0.00	\$4.95 per mo.	\$49.95 per yr.
Per purchase	\$2.00*	\$0	\$0
This card may charge credit-related fees.			
		Applies to all plans	
ATM withdrawal		\$1.95*	
Cash reload		\$0	
ATM balance inquiry		\$1.00*	
Customer service		\$1.00 per call	
Inactivity (no transactions for 3 months)		\$1.95 per month	
[Incidence-based fee]		\$2.95	
[Incidence-based fee]		\$3.95	
*Fees can be lower depending on how and where this card is used.			
We charge 6 other fees not listed here.			
Find details and conditions for all fees and services inside the package or call 800-234-5678 or visit <i>bit.ly/XYZprepays</i> .			
Register your card with XYZ Prepaid Company to protect your money.			
This card does not provide [FDIC][NCUSIF] insurance.			
For more information about prepaid cards, visit <i>cfpb.gov/prepays</i> .			

A-10(g) – Sample Form for Long Form Disclosures for Prepaid Accounts With Multiple Service Plans (§ 1005.18(b)(3)(iii)(B)(2))

Fee description	Pay-as-you-go plan	Monthly plan	Annual plan	Details
Monthly usage				
Plan fee	\$0	\$4.95	\$49.95	Charge waived with direct deposit or in any billing cycle when you load at least \$1,000 or have at least 30 qualifying purchases posted to your account.
Spend money within the U.S.				
Per purchase with PIN	\$1.00	\$0	\$0	
Per purchase with signature	\$2.00	\$0	\$0	
Information				
Customer service	\$1.00	\$0	\$0	per call
ATM balance inquiry, in-network	\$0	\$0	\$0	"In Network" refers to the ABCMoney ATM network. Locations can be found at xyzprepaid.com or abcmoney.com.
ATM balance inquiry, out-of-network	\$1.00	\$0	\$0	"Out of Network" refers to all the ATMs outside of the XYZ ATM network. You may also be charged a fee by the ATM owner even if you do not complete a transaction.

Fee description	All plans	Details
Get started		
Card purchase fee	\$3.95	
Add money		
Direct deposit	\$0	
Cash reload	\$2.00	Additional reload network fees may apply.
Spend money within the U.S.		
Card to card transfer	\$0.75	
Online bill pay service by check	\$2.00	Charge for having us send a check to pay a bill on your behalf. Charge waived for paying a bill online.
Get cash		
ATM withdrawal, in-network	\$0	
ATM withdrawal, out-of-network	\$1.95	
Bank teller cash withdrawal	\$1.25	
Other		
Inactivity (no transactions for 3 months)	\$1.95	You will be charged this fee each month after you have not completed a transaction using your prepaid account for 3 months.

This card does not provide [FDIC][NCUSIF] insurance.

Contact XYZ Prepaid Company by calling 1-800-555-5555, by mail at 555 Street Name, Anytown, NY, or visit xyzprepaid.com.

For more info about prepaid cards, visit consumerfinance.gov/prepays. If you have a complaint about prepaid cards, call 1-855-411-2372 or visit consumerfinance.gov/complaint.

requested primarily for personal, family, or household purposes, and a consumer requesting a transfer from such an account is therefore not a sender under § 1005.30(g).

* * * * *

PART 1026—TRUTH IN LENDING (REGULATION Z)

12. The authority citation for part 1026 continues to read as follows:

Authority: 12 U.S.C. 2601, 2603-2605, 2607, 2609, 2617, 5511, 5512, 5532, 5581; 15

U.S.C. 1601 *et seq.*

Subpart A—General

11. Section 1026.2 is amended by revising paragraph (a)(15) to read as follows:]]

§ 1026.2 Definitions and rules of construction.

(a) *Definitions.* For purposes of this part, the following definitions apply:

* * *

(15)(i) *Credit card* means any card, plate, or other single credit device that may be used from time to time to obtain credit.

(ii) *Credit card account under an open-end (not home-secured) consumer credit plan* means any open-end credit account that is accessed by a credit card, except:

(A) A home-equity plan subject to the requirements of § 1026.40 that is accessed by a credit card;

(B) An overdraft line of credit that is accessed by a debit card;

(C) An overdraft line of credit that is accessed by an account number, except if

(1) The account number is a prepaid card that is a credit card; or

(2) The account number is a credit card where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor.

(iii) *Charge card* means a credit card on an account for which no periodic rate is used to compute a finance charge.

(iv) *Debit card* means any card, plate, or other single device that may be used from time to time to access an asset account other than a prepaid account. The term *debit card* does not include a prepaid card.

(v) *Prepaid card* means any card, code, or other device that can be used to access a prepaid account.

(vi) *Prepaid account* means a prepaid account as defined in 12 CFR 1005.2(b)(3).

(vii) *Account number where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor* means an account number that is not a prepaid card that may be used from time to time to access a credit plan that allows deposits directly into particular prepaid accounts specified by the creditor but does not allow the consumer to deposit directly extensions of credit from the plan into asset accounts other than particular prepaid accounts specified by the creditor.

* * *

12. Section 1026.4 is amended by revising paragraphs (b)(2), (c)(3), and (c)(4) to read as follows:]]

§ 1026.4 Finance charge.

* * *

(b) *Examples of finance charges.* * * *

(2) Service, transaction, activity, and carrying charges, including:

(i) Except as provided for prepaid accounts in paragraph (b)(2)(ii) of this section, any charge imposed on a checking or other transaction account to the extent that the charge exceeds the charge for a similar account without a credit feature; and

(ii) Any charge imposed in connection with an extension of credit, for carrying a credit balance, or for credit availability where that fee is imposed on a prepaid account in connection with credit accessed by a prepaid card or accessed by an account number where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor, regardless of whether the creditor imposes the same, greater or lesser charge on the withdrawal of funds from the prepaid account, to have access to the prepaid account, or when credit is not extended.

* * *

(c) *Charges excluded from the finance charge.* The following charges are not finance charges:

* * *

(3) Charges imposed by a financial institution for paying items that overdraw an account, unless the payment of such items and the imposition of the charge were previously agreed upon in writing. This exception does not apply to credit accessed by a prepaid card or to credit accessed by an account number where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor.

(4) Fees charged for participation in a credit plan, whether assessed on an annual or other periodic basis. This exception does not apply to credit accessed by a prepaid card or to credit accessed by an account number where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor.

* * *

Subpart B—Open-End Credit

13. Section 1026.7 is amended by revising paragraph (b)(11)(ii) to read as follows:

§ 1026.7 Periodic statement.

* * *

(b) *Rules affecting open-end (not home-secured) plans.* * * *

(11) *Due date; late payment costs.* * * *

(ii) *Exception.* The requirements of paragraph (b)(11)(i) of this section do not apply to the following:

(A) Periodic statements provided solely for charge card accounts except:

(1) A charge card account accessed by a charge card that is a prepaid card; or

(2) A charge card account accessed by an account number where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor; and

* * *

14. Section 1026.12 is amended by revising paragraph (d) and adding paragraph (h) to read as follows:

§ 1026.12 Special credit card provisions.

* * *

(d) *Offsets by card issuer prohibited.* (1) *General rule.* A card issuer may not take any action, either before or after termination of credit card privileges, to offset a cardholder's indebtedness arising from a consumer credit transaction under the relevant credit card plan against funds of the cardholder held on deposit with the card issuer.

(2) *Rights of the card issuer.* This paragraph does not alter or affect the right of a card issuer acting under state or Federal law to do any of the following with regard to funds of a cardholder held on deposit with the card issuer if the same procedure is constitutionally available to creditors generally: Obtain or enforce a consensual security interest in the funds; attach or otherwise levy upon the funds; or obtain or enforce a court order relating to the funds.

(3) *Periodic deductions.* (i) This paragraph does not prohibit a plan, if authorized in writing by the cardholder, under which the card issuer may periodically deduct all or part of the cardholder's credit card debt from a deposit account held with the card issuer (subject to the limitations in § 1026.13(d)(1)).

(ii) With respect to credit cards that are also prepaid cards or credit cards that are also account numbers where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor, for purposes of this paragraph (d)(3), "periodically" means no more frequently than once per calendar month, such as on a monthly due date disclosed on the applicable periodic statement in accordance with the requirements of § 1026.7(b)(11)(i) or on an earlier date in each calendar month in accordance with a written authorization signed by the consumer.

* * *

(h) *Timing requirement for solicitation or application with respect to a prepaid cardholder.* (1) A card issuer shall not open a credit card account for a consumer holding a prepaid account, or make a solicitation or provide an application to a consumer holding a prepaid card to open a credit or charge card account, accessed by the prepaid card or by an account number that is a credit card where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor, until at least 30 calendar days after the

consumer has registered the prepaid account. If a card issuer has established an existing credit or charge card account with a holder of a prepaid card that is accessed by a prepaid card or an account number where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor, the card issuer shall not allow an additional prepaid card obtained by the consumer from the card issuer to access the credit or charge card account, or permit credit from the credit or charge card account to be deposited into an additional prepaid account, until at least 30 calendar days after the consumer has registered the additional prepaid account.

(2) For purposes of paragraph (h) of this section, the term *solicitation* means an offer by the card issuer to open a credit or charge card account that does not require the consumer to complete an application. A “firm offer of credit” as defined in section 603(l) of the Fair Credit Reporting Act (15 U.S.C. 1681a(l)) for a credit or charge card is a solicitation for purposes of paragraph (h) of this section.

15. Section 1026.13 is amended by revising paragraph (i) to read as follows:

§ 1026.13 Billing error resolution.

* * *

(i) *Relation to Electronic Fund Transfer Act and Regulation E.* A creditor shall comply with the requirements of Regulation E, 12 CFR 1005.11 governing error resolution rather than those of paragraphs (a), (b), (c), (e), (f), and (h) of this section if:

(1) With respect to an asset account other than a prepaid account, an extension of credit that is incident to an electronic fund transfer occurs under an agreement between the consumer and a financial institution to extend credit when the consumer’s account is overdrawn or to maintain a specified minimum balance in the consumer’s account; or

(2) With respect to a credit plan in connection with a prepaid account, an extension of credit incident to an electronic fund transfer when the consumer's prepaid account is overdrawn if the credit plan is subject to subpart B of this regulation.

* * *

Subpart G—Special Rules Applicable to Credit Card Accounts and Open-End Credit Offered to College Students

17. Section 1026.52 is amended by revising paragraph (a) to read as follows:

§ 1026.52 Limitations on fees.

(a) *Limitations during first year after account opening.* * * *

* * * * *

18. Section 1026.60 is amended by revising paragraph (a)(5)(iv) to read as follows:

§ 1026.60 Credit and charge card applications and solicitations.

(a) *General rules.* * * *

(5) *Exceptions.* * * *

(iv) Lines of credit accessed solely by account numbers except where the account number is a credit card where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor;

* * *

19. In Supplement I to Part 1026:

a. Under *Section 1026.2—Definitions and Rules of Construction*:

i. Under subheading *2(a)(7) Card Issuer*, paragraph 1 is revised and paragraph 2 is added.

ii. Under subheading *2(a)(14) Credit*, paragraph 3 is added.

iii. Under subheading *Paragraph 2(a)(15)*: