

mines that the provisions of this subchapter are necessary and proper for the purpose of carrying into execution the powers of the Congress to regulate commerce and to establish uniform bankruptcy laws.

(Pub. L. 90–321, title III, §301, May 29, 1968, 82 Stat. 163.)

EFFECTIVE DATE

Pub. L. 90–321, title V, §504(c), May 29, 1968, 82 Stat. 167, provided that: “Title III [enacting this section and sections 1672 to 1677 of this title] takes effect on July 1, 1970.”

§ 1672. Definitions

For the purposes of this subchapter:

(a) The term “earnings” means compensation paid or payable for personal services, whether denominated as wages, salary, commission, bonus, or otherwise, and includes periodic payments pursuant to a pension or retirement program.

(b) The term “disposable earnings” means that part of the earnings of any individual remaining after the deduction from those earnings of any amounts required by law to be withheld.

(c) The term “garnishment” means any legal or equitable procedure through which the earnings of any individual are required to be withheld for payment of any debt.

(Pub. L. 90–321, title III, §302, May 29, 1968, 82 Stat. 163.)

§ 1673. Restriction on garnishment

(a) Maximum allowable garnishment

Except as provided in subsection (b) and in section 1675 of this title, the maximum part of the aggregate disposable earnings of an individual for any workweek which is subjected to garnishment may not exceed

(1) 25 per centum of his disposable earnings for that week, or

(2) the amount by which his disposable earnings for that week exceed thirty times the Federal minimum hourly wage prescribed by section 206(a)(1) of title 29 in effect at the time the earnings are payable,

whichever is less. In the case of earnings for any pay period other than a week, the Secretary of Labor shall by regulation prescribe a multiple of the Federal minimum hourly wage equivalent in effect to that set forth in paragraph (2).

(b) Exceptions

(1) The restrictions of subsection (a) do not apply in the case of

(A) any order for the support of any person issued by a court of competent jurisdiction or in accordance with an administrative procedure, which is established by State law, which affords substantial due process, and which is subject to judicial review.

(B) any order of any court of the United States having jurisdiction over cases under chapter 13 of title 11.

(C) any debt due for any State or Federal tax.

(2) The maximum part of the aggregate disposable earnings of an individual for any workweek

which is subject to garnishment to enforce any order for the support of any person shall not exceed—

(A) where such individual is supporting his spouse or dependent child (other than a spouse or child with respect to whose support such order is used), 50 per centum of such individual’s disposable earnings for that week; and

(B) where such individual is not supporting such a spouse or dependent child described in clause (A), 60 per centum of such individual’s disposable earnings for that week;

except that, with respect to the disposable earnings of any individual for any workweek, the 50 per centum specified in clause (A) shall be deemed to be 55 per centum and the 60 per centum specified in clause (B) shall be deemed to be 65 per centum, if and to the extent that such earnings are subject to garnishment to enforce a support order with respect to a period which is prior to the twelve-week period which ends with the beginning of such workweek.

(c) Execution or enforcement of garnishment order or process prohibited

No court of the United States or any State, and no State (or officer or agency thereof), may make, execute, or enforce any order or process in violation of this section.

(Pub. L. 90–321, title III, §303, May 29, 1968, 82 Stat. 163; Pub. L. 95–30, title V, §501(e)(1)–(3), May 23, 1977, 91 Stat. 161, 162; Pub. L. 95–598, title III, §312(a), Nov. 6, 1978, 92 Stat. 2676.)

AMENDMENTS

1978—Subsec. (b)(1)(B). Pub. L. 95–598 substituted “court of the United States having jurisdiction over cases under chapter 13 of title 11” for “court of bankruptcy under chapter XIII of the Bankruptcy Act”.

1977—Subsec. (b). Pub. L. 95–30, §501(e)(1), (2), designated existing provisions as par. (1) and existing pars. (1), (2), and (3) as subpars. (A), (B), and (C) thereof, substituted “for the support of any person issued by a court of competent jurisdiction or in accordance with an administrative procedure, which is established by State law, which affords substantial due process, and which is subject to judicial review” for “of any court for the support of any person” in subpar. (A) as so redesignated, and added par. (2).

Subsec. (c). Pub. L. 95–30, §501(e)(3), inserted “, and no State (or officer or agency thereof),” after “or any State”.

EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95–598 effective Oct. 1, 1979, see section 402(a) of Pub. L. 95–598, set out as an Effective Date note preceding section 101 of Title 11, Bankruptcy.

EFFECTIVE DATE OF 1977 AMENDMENT

Pub. L. 95–30, title V, §501(e)(5), May 23, 1977, 91 Stat. 162, provided that: “The amendments made by this subsection [amending this section and section 1675 of this title] shall take effect on the first day of the first calendar month which begins after the date of enactment of this Act [May 23, 1977].”

§ 1674. Restriction on discharge from employment by reason of garnishment

(a) Termination of employment

No employer may discharge any employee by reason of the fact that his earnings have been subjected to garnishment for any one indebtedness.

(b) Penalties

Whoever willfully violates subsection (a) of this section shall be fined not more than \$1,000, or imprisoned not more than one year, or both. (Pub. L. 90-321, title III, §304, May 29, 1968, 82 Stat. 163.)

§ 1675. Exemption for State-regulated garnishments

The Secretary of Labor may by regulation exempt from the provisions of section 1673(a) and (b)(2) of this title garnishments issued under the laws of any State if he determines that the laws of that State provide restrictions on garnishment which are substantially similar to those provided in section 1673(a) and (b)(2) of this title. (Pub. L. 90-321, title III, §305, May 29, 1968, 82 Stat. 164; Pub. L. 95-30, title V, §501(e)(4), May 23, 1977, 91 Stat. 162.)

AMENDMENTS

1977—Pub. L. 95-30 substituted “section 1673(a) and (b)(2) of this title” for “section 1673(a) of this title” in two places.

§ 1676. Enforcement by Secretary of Labor

The Secretary of Labor, acting through the Wage and Hour Division of the Department of Labor, shall enforce the provisions of this subchapter.

(Pub. L. 90-321, title III, §306, May 29, 1968, 82 Stat. 164.)

§ 1677. Effect on State laws

This subchapter does not annul, alter, or affect, or exempt any person from complying with, the laws of any State

- (1) prohibiting garnishments or providing for more limited garnishment than are allowed under this subchapter, or
- (2) prohibiting the discharge of any employee by reason of the fact that his earnings have been subjected to garnishment for more than one indebtedness.

(Pub. L. 90-321, title III, §307, May 29, 1968, 82 Stat. 164.)

SUBCHAPTER II—A—CREDIT REPAIR ORGANIZATIONS

§ 1679. Findings and purposes**(a) Findings**

The Congress makes the following findings:

(1) Consumers have a vital interest in establishing and maintaining their credit worthiness and credit standing in order to obtain and use credit. As a result, consumers who have experienced credit problems may seek assistance from credit repair organizations which offer to improve the credit standing of such consumers.

(2) Certain advertising and business practices of some companies engaged in the business of credit repair services have worked a financial hardship upon consumers, particularly those of limited economic means and who are inexperienced in credit matters.

(b) Purposes

The purposes of this subchapter are—

(1) to ensure that prospective buyers of the services of credit repair organizations are provided with the information necessary to make an informed decision regarding the purchase of such services; and

(2) to protect the public from unfair or deceptive advertising and business practices by credit repair organizations.

(Pub. L. 90-321, title IV, §402, as added Pub. L. 104-208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009-455.)

PRIOR PROVISIONS

A prior title IV of Pub. L. 90-321, May 29, 1968, 82 Stat. 164, as amended by Pub. L. 91-344, July 20, 1970, 84 Stat. 440; Pub. L. 92-321, June 30, 1972, 86 Stat. 382, which was set out as a note under section 1601 of this title, established a bipartisan National Commission on Consumer Finance to study the functioning and structure of the consumer finance industry as well as consumer credit transactions generally. The Commission was to submit a final report by Dec. 31, 1972, and was to cease to exist thereafter.

EFFECTIVE DATE

Pub. L. 90-321, title IV, §413, as added by Pub. L. 104-208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009-462, provided that: “This title [enacting this subchapter] shall apply after the end of the 6-month period beginning on the date of the enactment of the Credit Repair Organizations Act [Sept. 30, 1996], except with respect to contracts entered into by a credit repair organization before the end of such period.”

SHORT TITLE

This subchapter known as the “Credit Repair Organizations Act”, see Short Title note set out under section 1601 of this title.

§ 1679a. Definitions

For purposes of this subchapter, the following definitions apply:

(1) Consumer

The term “consumer” means an individual.

(2) Consumer credit transaction

The term “consumer credit transaction” means any transaction in which credit is offered or extended to an individual for personal, family, or household purposes.

(3) Credit repair organization

The term “credit repair organization”—

(A) means any person who uses any instrumentality of interstate commerce or the mails to sell, provide, or perform (or represent that such person can or will sell, provide, or perform) any service, in return for the payment of money or other valuable consideration, for the express or implied purpose of—

- (i) improving any consumer’s credit record, credit history, or credit rating; or
- (ii) providing advice or assistance to any consumer with regard to any activity or service described in clause (i); and

(B) does not include—

- (i) any nonprofit organization which is exempt from taxation under section 501(c)(3) of title 26;
- (ii) any creditor (as defined in section 1602 of this title), with respect to any con-