
By: **Delegates Pitkin, Bobo, Mandel, and Grosfeld**
Introduced and read first time: February 11, 2000
Assigned to: Commerce and Government Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection - Credit Cards - Student Applicants**

3 FOR the purpose of requiring credit card issuers that conduct certain credit card
4 marketing activities on a campus of an institution of higher education in
5 Maryland to provide a program of education on the responsible use of credit to
6 students on that campus and their families; specifying the time at which the
7 program of education must be presented and the minimum requirements for the
8 program; prohibiting the issuance of a credit card to a student enrolled at an
9 institution of higher education unless the application submitted by the student
10 includes certain proof that the applicant has attended the education program;
11 prohibiting credit card issuers from offering gifts in exchange for the completion
12 of a credit card application under certain circumstances; prohibiting credit card
13 issuers from purchasing or otherwise obtaining from an institution of higher
14 education certain information about the students at the institution of higher
15 education; defining certain terms; and generally relating to the solicitation of
16 student credit card applicants.

17 BY adding to
18 Article - Commercial Law
19 Section 13-319
20 Annotated Code of Maryland
21 (1990 Replacement Volume and 1999 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
23 MARYLAND, That the Laws of Maryland read as follows:

24 **Article - Commercial Law**

25 13-319.

26 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
27 INDICATED.

28 (2) "CREDIT CARD" MEANS A CARD OR DEVICE ISSUED UNDER AN
29 AGREEMENT BY WHICH THE CREDIT CARD ISSUER GIVES TO A CARDHOLDER

1 RESIDING IN THE STATE THE PRIVILEGE OF OBTAINING CREDIT FROM THE CREDIT
2 CARD ISSUER OR ANOTHER PERSON IN CONNECTION WITH THE PURCHASE OR LEASE
3 OF GOODS OR SERVICES PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD USE.

4 (3) "CREDIT CARD ISSUER" MEANS A FINANCIAL INSTITUTION, A
5 LENDER OTHER THAN A FINANCIAL INSTITUTION, OR A MERCHANT THAT RECEIVES
6 APPLICATIONS AND ISSUES CREDIT CARDS TO INDIVIDUALS.

7 (4) (I) "CREDIT CARD MARKETING ACTIVITY" MEANS ANY ACTIVITY OF
8 AN AGENT OR EMPLOYEE OF A CREDIT CARD ISSUER THAT IS DESIGNED TO
9 ENCOURAGE STUDENTS AT AN INSTITUTION OF HIGHER EDUCATION IN THE STATE
10 TO APPLY FOR A CREDIT CARD.

11 (II) "CREDIT CARD MARKETING ACTIVITY" INCLUDES THE ACT OF
12 PLACING A DISPLAY OR POSTER TOGETHER WITH CREDIT CARD APPLICATIONS ON A
13 CAMPUS OF AN INSTITUTION OF HIGHER EDUCATION IN THE STATE, WHETHER OR
14 NOT AN EMPLOYEE OR AGENT OF THE CREDIT CARD ISSUER ATTENDS THE DISPLAY.

15 (5) "INSTITUTION OF HIGHER EDUCATION" HAS THE MEANING STATED
16 IN § 10-101 OF THE EDUCATION ARTICLE.

17 (B) (1) (I) A CREDIT CARD ISSUER THAT CONDUCTS ANY CREDIT CARD
18 MARKETING ACTIVITY ON A CAMPUS OF AN INSTITUTION OF HIGHER EDUCATION IN
19 THE STATE MUST PROVIDE TO STUDENTS ON THAT CAMPUS AND THEIR FAMILIES A
20 PROGRAM OF EDUCATION ON THE RESPONSIBLE USE OF CREDIT.

21 (II) THE EDUCATION PROGRAM MUST BE PRESENTED AT A TIME
22 IMMEDIATELY PRIOR TO OR CONTEMPORANEOUS WITH ANY ON-CAMPUS CREDIT
23 CARD MARKETING ACTIVITY.

24 (2) A CREDIT CARD MAY NOT BE ISSUED TO A STUDENT ENROLLED IN AN
25 INSTITUTION OF HIGHER EDUCATION IN THE STATE UNLESS THE APPLICATION
26 SUBMITTED BY THE STUDENT INCLUDES A CERTIFICATE OR OTHER REASONABLE
27 PROOF THAT THE APPLICANT HAS ATTENDED THE EDUCATION PROGRAM REQUIRED
28 BY PARAGRAPH (1) OF THIS SUBSECTION.

29 (3) A CREDIT CARD ISSUER MAY NOT OFFER GIFTS IN EXCHANGE FOR
30 THE COMPLETION OF A CREDIT CARD APPLICATION AS PART OF A MARKETING
31 PROGRAM CONDUCTED ON A CAMPUS OF AN INSTITUTION OF HIGHER EDUCATION IN
32 THE STATE.

33 (4) A CREDIT CARD ISSUER MAY NOT PURCHASE OR OTHERWISE OBTAIN
34 FROM AN INSTITUTION OF HIGHER EDUCATION IN THE STATE THE NAMES OR
35 ADDRESSES OF THE STUDENTS AT THE INSTITUTION OF HIGHER EDUCATION.

36 (C) A PROGRAM OF EDUCATION ON THE RESPONSIBLE USE OF CREDIT THAT
37 MEETS THE REQUIREMENTS OF SUBSECTION (B)(1) OF THIS SECTION SHALL
38 INCLUDE AT A MINIMUM:

1 (1) A FULL EXPLANATION OF THE FINANCIAL CONSEQUENCES OF NOT
2 PAYING OFF CREDIT CARD BALANCES IN FULL WITHIN THE TIME SPECIFIED BY THE
3 BILLING STATEMENT TO AVOID INTEREST CHARGES, INCLUDING AN EXPLANATION
4 OF HOW THE CREDIT CARD ISSUER COMPUTES INTEREST ON UNPAID BALANCES;

5 (2) A FULL EXPLANATION OF THE IMPACT OF A SHIFT FROM AN
6 INTRODUCTORY OR INITIAL INTEREST RATE TO AN ONGOING INTEREST RATE THAT
7 IS HIGHER, INCLUDING THE EXACT TIME WHEN THE HIGHER ONGOING INTEREST
8 RATE TAKES EFFECT, AND A DESCRIPTION OF ACTS ON THE PART OF THE
9 CARDHOLDER THAT WILL CAUSE AN IMMEDIATE SHIFT TO THE HIGHER INTEREST
10 RATE;

11 (3) A FULL EXPLANATION, WITH EXAMPLES, OF HOW LONG IT WOULD
12 TAKE TO PAY OFF VARIOUS ILLUSTRATIVE BALANCE AMOUNTS BY PAYING THE
13 MINIMUM MONTHLY PAYMENT REQUIRED UNDER THE CREDIT CARD AGREEMENT AT
14 THE INTEREST RATE CHARGED BY THE CREDIT CARD ISSUER;

15 (4) A FULL EXPLANATION OF CREDIT RELATED TERMS, INCLUDING
16 FIXED RATES, VARIABLE RATES, INTRODUCTORY RATES, BALANCE TRANSFERS,
17 GRACE PERIODS, ANNUAL FEES, AND ANY OTHER FEES CHARGED BY THE CREDIT
18 CARD ISSUER; AND

19 (5) A FULL DISCUSSION OF THE GENERALLY ACCEPTED PRUDENT USES
20 OF CREDIT, AND THE CONSEQUENCES OF IMPRUDENT USES, AS PRESENTED BY
21 RECOGNIZED CONSUMER CREDIT COUNSELING AGENCIES.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 2000.