

---

By: **Delegate Pitkin**  
Introduced and read first time: February 22, 2002  
Assigned to: Rules and Executive Nominations

---

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 (2000 Replacement Volume and 2001 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 OR

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

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

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

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

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

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

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

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

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

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

37 (C) A PROGRAM OF EDUCATION ON THE RESPONSIBLE USE OF CREDIT THAT  
38 MEETS THE REQUIREMENTS OF SUBSECTION (B)(1) OF THIS SECTION SHALL  
39 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, 2002.