

10 AN ACT CONCERNING

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

30 FOR the purpose of requiring credit card issuers that conduct certain credit card marketing activities on a  
40 campus of an institution of higher education in Maryland to provide a program of education on the  
50 responsible use of credit to students on that campus and their families; specifying the time at which the  
70 program of education must be presented and the minimum requirements for the program; prohibiting the  
80 issuance of a credit card to a student enrolled at an institution of higher education unless the application  
90 submitted by the student includes certain proof that the applicant has attended the education program;  
100 prohibiting credit card issuers from offering gifts in exchange for the completion of a credit card  
110 application under certain circumstances; prohibiting credit card issuers from purchasing or otherwise  
120 obtaining from an institution of higher education certain information about the students at the institution of  
130 higher education; defining certain terms; and generally relating to the solicitation of student credit card  
140 applicants.

150 BY adding to  
160 Article - Commercial Law  
170 Section 13-319  
180 Annotated Code of Maryland  
190 (2000 Replacement Volume and 2001 Supplement)

200 SECTION 1. BE IT ENACTED BY THE MARYLAND STUDENT LEGISLATURE, That the Laws  
210 of Maryland read as follows:

220 **Article - Commercial Law**

230 13-319.

240 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
250 INDICATED.

260 (2) "CREDIT CARD" MEANS A CARD OR DEVICE ISSUED UNDER AN  
270 AGREEMENT BY WHICH THE CREDIT CARD ISSUER GIVES TO A  
280 CARDHOLDER OR DEVICE HOLDER RESIDING IN THE STATE THE  
290 PRIVILEGE OF OBTAINING CREDIT FROM THE CREDIT CARD ISSUER OR  
300 ANOTHER PERSON IN CONNECTION WITH THE PURCHASE OR LEASE OF  
310 GOODS OR SERVICES PRIMARILY FOR PERSONAL, FAMILY, OR  
320 HOUSEHOLD USE.

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

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

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

450 (5) "INSTITUTION OF HIGHER EDUCATION" HAS THE MEANING STATED IN  
460 § 10-101 OF THE EDUCATION ARTICLE.

470 (B) (1) (I) A CREDIT CARD ISSUER THAT CONDUCTS ANY CREDIT CARD  
480 MARKETING ACTIVITY ON A CAMPUS OF AN INSTITUTION OF  
490 HIGHER EDUCATION IN THE STATE MUST PROVIDE TO STUDENTS  
500 ON THAT CAMPUS AND THEIR FAMILIES A PROGRAM OF  
510 EDUCATION ON THE RESPONSIBLE USE OF CREDIT.

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

550 (2) A CREDIT CARD MAY NOT BE ISSUED TO A STUDENT ENROLLED IN AN  
560 INSTITUTION OF HIGHER EDUCATION IN THE STATE UNLESS THE  
570 APPLICATION SUBMITTED BY THE STUDENT INCLUDES A CERTIFICATE OR  
580 OTHER REASONABLE PROOF THAT THE APPLICANT HAS ATTENDED AN  
590 EDUCATION PROGRAM MEETING THE REQUIREMENTS OF SUBSECTION (C).

600 (3) A CREDIT CARD ISSUER MAY NOT OFFER GIFTS IN EXCHANGE FOR THE  
610 COMPLETION OF A CREDIT CARD APPLICATION AS PART OF A MARKETING  
620 PROGRAM CONDUCTED ON A CAMPUS OF AN INSTITUTION OF HIGHER  
630 EDUCATION IN THE STATE.

640 (4) A CREDIT CARD ISSUER MAY NOT PURCHASE OR OTHERWISE OBTAIN  
650 FROM AN INSTITUTION OF HIGHER EDUCATION IN THE STATE THE NAMES  
660 OR ADDRESSES OF THE STUDENTS AT THE INSTITUTION OF HIGHER  
670 EDUCATION WITHOUT THE PERMISSION OF THE INDIVIDUAL STUDENTS TO  
680 THE INSTITUTION OF HIGHER EDUCATION TO RELEASE THAT  
690 INFORMATION TO CREDIT CARD ISSUERS.

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

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

780 (2) A FULL EXPLANATION OF THE IMPACT OF A SHIFT FROM AN  
790 INTRODUCTORY OR INITIAL INTEREST RATE TO AN ONGOING INTEREST  
800 RATE THAT IS HIGHER, INCLUDING THE EXACT TIME WHEN THE HIGHER  
810 ONGOING INTEREST RATE TAKES EFFECT, AND A DESCRIPTION OF ACTS  
820 ON THE PART OF THE CARDHOLDER THAT WILL CAUSE AN IMMEDIATE  
830 SHIFT TO THE HIGHER INTEREST RATE;

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

890 (4) A FULL EXPLANATION OF CREDIT RELATED TERMS, INCLUDING FIXED

900 RATES, VARIABLE RATES, INTRODUCTORY RATES, BALANCE TRANSFERS,  
910 GRACE PERIODS, ANNUAL FEES, AND ANY OTHER FEES CHARGED BY THE  
920 CREDIT CARD ISSUER; AND

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

960 SECTION 2. AND BE IT FURTHER ENACTED, That if any provision of this Act or the application  
970 thereof to any person or circumstance is held invalid for any reason in a court of competent  
980 jurisdiction, the invalidity does not affect other provisions or any other application of this Act  
990 which can be given effect without the invalid provision or application, and for provisions of this  
1000 Act are declared severable.

1010 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2003.

1020 MANDATES: Governor Parris N. Glendening  
1030 Lieutenant Governor Kathleen Kennedy Townsend  
1040 President of the Senate Thomas V. "Mike" Miller  
1050 Speaker of the House Casper R. Taylor Jr.

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