

Summary of Credit Solicitation Credit Card Accountability, Responsibility, and Disclosure (CARD Act)

(The summary below is from <https://system.suny.edu/media/suny/content-assets/documents/compliance/2009-236-State-and-Federal-Disclosure-Requirements-August-4-2010.pdf>)

The main purpose of the Act is to ensure that creditors maintain transparent records and give written notice of changes to credit card interest rates so as to protect the credit-card holder.

The legislation affects young consumers and is designed to prevent them from incurring avoidable debt.

The Act will require, starting March 2, 2010, that every higher education institution publicly disclose any contract or other agreement with a card issuer or creditor for the purpose of marketing a credit card.

The Act prohibits card issuers or creditors from offering students at a higher education institution any tangible item to induce them to apply for or participate in an open end consumer credit plan, if the offer is made:

- on the campus of an institution of higher education;
- near the campus of an institution of higher education, as determined by the rule to be issued by the Federal Reserve Board; or
- at an event sponsored by or related to a higher education institution.

The Act suggests that higher education institutions consider adopting the following principles relating to credit cards:

- requiring that any card issuer that markets a credit card on the campus of the institution notify the institution of the location at which such marketing will take place;
- requiring that the number of locations on the campus of such institution at which the marketing of credit cards takes place be limited; and/or
- requiring that credit card and debt education and counseling sessions be offered as a regular part of any orientation program for new students of such institution.

The Act also provides certain protections to underage consumers, generally:

- no credit card may be issued to or open end consumer credit plan established by or on behalf of a consumer who has not attained the age of 21, unless
- the consumer has submitted a written application to the card issuer that meets one of two requirements:
 - it is co-signed by someone over 21 with a legal means to repay debt or
 - the consumer has independent means of repaying any obligation arising from the credit card.

Under the Act, creditors will have to submit an annual report to the Federal Reserve Board containing the terms and conditions of:

- all business, marketing, and promotional agreements and
- college affinity card agreements with institutions of higher education or with alumni organizations or foundations affiliated with or related to such institutions, with respect to any college student credit card issued to a college student at such institution.