

CHAPTER 148

AN ACT concerning certain credit card solicitations and supplementing Title 18A of the New Jersey Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

C.18A:3C-1 Definitions relative to certain credit card solicitations.

As used in this act:

"Credit card" means a card, plate or other single credit device that may be used from time to time to obtain credit.

"Credit card issuer" means a person who extends to a student the right to use a credit card in connection with purchases of goods or services primarily for personal, family or household use.

"Institution of higher education" means any public or private university, college, technical college or community college located in New Jersey.

"Solicit" or "solicitation" means any activity on a campus of an institution of higher education specifically intended, in whole or in part, to encourage, entice, urge or request that a student apply for a credit card, but does not include:

- (1) advertising in newspapers, magazines, or similar publications; or
- (2) any activity within the physical location of a credit card issuer's business located on the campus of an institution of higher education, so long as the activity is conducted as part of the issuer's regular course of business.

"Student" means a person who attends an institution of higher education as an undergraduate, whether enrolled on a full-time or part-time basis.

C.18A:3C-2 Annual registration of credit card issuer.

a. Prior to engaging in the solicitation of students for applications for credit cards on a campus of an institution of higher education, a credit card issuer shall annually register its request to solicit for that purpose with an appropriate official of the institution of higher education.

b. The registration submitted to the institution of higher education shall include the principal place of business of the credit card issuer and any other information as requested by the institution.

C.18A:3C-3 Provision of program of education on responsible use of credit.

a. A credit card issuer, with an approved registration as filed pursuant to section 2 of this act, who solicits applications for credit cards on a campus of an institution of higher education shall provide to students of that campus a one-time, on-campus program of education on the responsible use of credit.

b. A program of education on the responsible use of credit that meets the requirements of subsection a. of this section shall include at a minimum:

- (1) A full explanation of the financial consequences of not paying off credit card balances in full within the time specified by the billing statement to avoid interest charges, including an explanation of how the credit card issuer computes interest on unpaid balances;
- (2) A full explanation of the impact of a shift from an introductory or initial interest rate to an ongoing interest rate that is higher, including the exact time when the higher ongoing interest rate takes effect, and a description of acts on the part of the cardholder that will cause an immediate shift to the higher interest rate;
- (3) A full explanation, with examples, of how long it would take to pay off various illustrative balance amounts by paying the minimum monthly payment required under the credit card agreement at the interest rate charged by the credit card issuer;
- (4) A full explanation of credit related terms, including fixed rates, variable rates, introductory rates, balance transfers, grace periods, annual fees and any other fees charged by the credit card issuer; and
- (5) A full discussion of the generally accepted prudent uses of credit, and the consequences of imprudent uses, as presented by recognized consumer credit counseling agencies.

C.18A:3C-4 Certificate required for issuance of credit card to student.

A credit card issuer who solicits applications for credit cards on a campus of an institution of higher education shall not issue a credit card to a student enrolled in that institution of higher education, unless the application submitted by the student includes a certificate indicating that the student has attended a one-time, on-campus program of education provided by the credit card issuer, as required by section 3 of this act.

C.18A:3C-5 Prohibited actions for credit card issuer.

A credit card issuer shall not:

- a. purchase or otherwise obtain from an institution of higher education the names or addresses of the students at the institution of higher education; or
- b. offer gifts or other promotional incentives to students at an institution of higher education in order to entice the students to apply for a credit card.

C.18A:3C-6 Prohibited debt collection actions.

A credit card issuer shall not take any debt collection action, including, but not limited to, telephone calls or demand letters against the parent or legal guardian of a student for whom a credit card has been issued, unless the parent or legal guardian has agreed in writing to be liable for the debts of the student under the credit card agreement.

C.18A:3C-7 Violations, penalties.

Any credit card issuer who violates the provisions of this act shall be liable in a civil action to any person for damages arising from the violation, as well as attorney's fees and costs of suit. Additionally, the credit card issuer shall be subject to a civil penalty of not less than \$5,000 and not more than \$10,000 for each offense. The penalty may be collected in a summary proceeding pursuant to the "Penalty Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.).

This act shall take effect on the 180th day following enactment.

Approved November 20, 2009.