

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1649 Session of
2009

INTRODUCED BY MCILVAINE SMITH, YUDICHAK, BENNINGHOFF, BELFANTI,
BEYER, BRIGGS, CREIGHTON, BROWN, EVERETT, CALTAGIRONE,
HARPER, CONKLIN, MILLARD, D. COSTA, MILNE, DEASY, PHILLIPS,
FRANKEL, SWANGER, FREEMAN, J. TAYLOR, GEORGE, VULAKOVICH,
HALUSKA, HORNAMAN, HOUGHTON, JOHNSON, JOSEPHS, KULA,
MCGEEHAN, MELIO, MUNDY, PARKER, SANTARSIERO, SIPTROTH,
K. SMITH, STURLA, WALKO, WHITE AND YOUNGBLOOD, JUNE 10, 2009

REFERRED TO COMMITTEE ON COMMERCE, JUNE 10, 2009

AN ACT

1 Amending Title 7 (Banks and Banking) of the Pennsylvania
2 Consolidated Statutes, providing for predatory student
3 lending protection.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Title 7 of the Pennsylvania Consolidated Statutes
7 is amended by adding a chapter to read:

8 CHAPTER 63

9 PREDATORY STUDENT LENDING PROTECTION

10 Sec.

11 6301. Definitions.

12 6302. Registration.

13 6303. Program of education.

14 6304. Condition.

15 6305. Prohibitions.

16 6306. Debt collection.

1 6307. Violations.

2 § 6301. Definitions.

3 The following words and phrases when used in this chapter
4 shall have the meanings given to them in this section unless the
5 context clearly indicates otherwise:

6 "Consumer." A prospective or actual purchaser of goods or
7 services primarily for personal, family or household use.

8 "Credit card." A card, plate or other single credit device
9 that may be used to obtain credit.

10 "Credit card issuer." A person who extends to a consumer the
11 right to use a credit card in connection with purchases.

12 "Institution of higher education." A public or private
13 university, college, technical college or community college
14 located in this Commonwealth.

15 "Student." A person under 21 years of age attending an
16 institution of higher education, regardless of enrollment
17 status.

18 § 6302. Registration.

19 (a) Requirement.--Prior to soliciting students for
20 applications for credit cards on a campus of an institution of
21 higher education, a credit card issuer shall annually register
22 its intent to solicit the student for that purpose with an
23 appropriate official of the institution of higher education.

24 (b) Content.--The registration shall include the principal
25 place of business of the credit card issuer and shall be in the
26 form required by regulation of the Attorney General.

27 § 6303. Program of education.

28 (a) Duty.--A credit card issuer who solicits applications
29 for credit cards on a campus of an institution of higher
30 education shall provide to students of that campus a program of

1 education on the responsible use of credit.

2 (b) Program requirements.--A program of education on the
3 responsible use of credit that meets the requirements of
4 subsection (a) shall include at a minimum:

5 (1) A full explanation of the financial consequences of
6 not paying off credit card balances in full within the time
7 specified by the billing statement to avoid interest charges,
8 including an explanation of how the credit card issuer
9 computes interest on unpaid balances.

10 (2) A full explanation of the impact of a shift from an
11 introductory or initial interest rate to an ongoing interest
12 rate that is higher, including the exact time when the higher
13 ongoing interest rate takes effect, and a description of acts
14 on the part of the cardholder that will cause an immediate
15 shift to the higher interest rate.

16 (3) A full explanation, with examples, of how long it
17 would take to pay off various illustrative balance amounts by
18 paying the minimum monthly payment required under the credit
19 card agreement at the interest rate charged by the credit
20 card issuer.

21 (4) A full explanation of credit-related terms,
22 including fixed rates, variable rates, introductory rates,
23 balance transfers, grace periods, annual fees and any other
24 fees charged by the credit card issuer.

25 (5) A full discussion of the generally accepted prudent
26 uses of credit and the consequences of imprudent uses as
27 presented by recognized consumer credit counseling agencies.

28 § 6304. Condition.

29 A credit card issuer who solicits applications for credit
30 cards on a campus of an institution of higher education shall

1 not issue a credit card to a student enrolled in that
2 institution of higher education unless the application submitted
3 by the student includes a certificate or other reasonable proof
4 that the student has attended the education program required by
5 section 6303 (relating to program of education).

6 § 6305. Prohibitions.

7 A credit card issuer shall not:

- 8 (1) purchase or otherwise obtain the names or addresses
9 of the students from an institution of higher education; or
10 (2) offer gifts, promotional or other incentives to
11 students at an institution of higher education in order to
12 entice the students to apply for a credit card.

13 § 6306. Debt collection.

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

20 § 6307. Violations.

21 A violation under this chapter shall constitute an unfair
22 trade practice, shall be deemed unlawful and may be enforced by
23 the Attorney General.

24 Section 2. This act shall take effect in 60 days.