

LEGAL ADVISORY

Office of the General Counsel

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www.ucop.edu/ogc

SUMMARY

The Credit Card Accountability Responsibility and Disclosure Act of 2009 ensures a number of new safeguards for young consumers and increases the transparency of affinity agreements between credit card companies and universities. The requirements of the Act apply to the University and affect not only credit card affinity agreements, but how credit cards are promoted on campus or at campus events.

If you have questions regarding how the Credit Card Accountability Responsibility and Disclosure Act of 2009 may affect University operations, please contact:

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This legal advisory is issued by the Office of the General Counsel to provide updates regarding important legal and regulatory developments that affect the University. For additional information or assistance with a specific legal matter, please contact the Office of the General Counsel.

CREDIT CARD ACCOUNTABILITY RESPONSIBILITY AND DISCLOSURE ACT

The Credit Card Accountability Responsibility and Disclosure Act of 2009 passed earlier this year ensures a number of new safeguards for young consumers and increases the transparency of affinity agreements between credit card companies and universities. These new requirements may have some impact on the University. In particular, while the University does not issue credit cards, many alumni associations have entered into credit card affinity agreements with credit card issuers.

The Act applies to the University in the following respects:

- No card issuer or creditor may offer a tangible item to induce a student to apply for a consumer credit plan if the offer is made on the campus of an institution of higher education, near the campus, or at an event sponsored by or related to an institution of higher education.
- Institutions of higher education are required to “publicly disclose” any contract or other agreement made with a card issuer or creditor for the purpose of marketing a credit card. Presumably, this would cover alumni association affinity cards.
- With respect to college affinity cards, each creditor is required to submit an annual report containing the terms and conditions of all business, marketing, and promotional agreements, including college affinity card agreements, with an institution of higher education or an alumni organization or foundation affiliated with or related to such institution with respect to any credit card issued to a college student at that institution.

In adopting the new legislation, Congress further urged that each institution of higher education consider adopting the following policies relating to credit cards:

- Require that any card issuer marketing a credit card on campus notify the institution of the locations where such marketing will take place;
- Limit the number of campus locations at which the marketing of credit cards may take place; and
- Offer education and counseling sessions regarding credit cards and debt as a regular part of any orientation program for new students.

If you think that your operations may be impacted by this Act, the Office of General Counsel is available for consultation.