TITLE III : PROTECTION OF YOUNG CONSUMERS

SEC. 301. EXTENSIONS OF CREDIT TO UNDERAGE CONSUMERS.

Section 127(c) of the Truth in Lending Act (15 U.S.C. 1637(c)) is amended by adding at the end the following:

‘(8) APPLICATIONS FROM UNDERAGE CONSUMERS-

‘(A) PROHIBITION ON ISSUANCE- 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 the requirements of subparagraph (B).

‘(B) APPLICATION REQUIREMENTS- An application to open a credit card account by a consumer who has not attained the age of 21 as of the date of submission of the application shall require--

‘(i) the signature of a cosigner, including the parent, legal guardian, spouse, or any other individual who has attained the age of 21 having a means to repay debts incurred by the consumer in connection with the account, indicating joint liability for debts incurred by the consumer in connection with the account before the consumer has attained the age of 21; or

‘(ii) submission by the consumer of financial information, including through an application, indicating an independent means of repaying any obligation arising from the proposed extension of credit in connection with the account.

‘(C) SAFE HARBOR- The Board shall promulgate regulations providing standards that, if met, would satisfy the requirements of subparagraph (B)(ii).’.

SEC. 302. PROTECTION OF YOUNG CONSUMERS FROM PRESCREENED CREDIT OFFERS.

Section 604(c)(1)(B) of the Fair Credit Reporting Act (15 U.S.C. 1681b(c)(1)(B)) is amended--

(1) in clause (ii), by striking ‘and’ at the end; and

(2) in clause (iii), by striking the period at the end and inserting the following: ‘; and

‘(iv) the consumer report does not contain a date of birth that shows that the consumer has not attained the age of 21, or, if the date of birth on the consumer report shows that the consumer has
not attained the age of 21, such consumer consents to the consumer reporting agency to such furnishing.’.

SEC. 303. ISSUANCE OF CREDIT CARDS TO CERTAIN COLLEGE STUDENTS.

Section 127 of the Truth in Lending Act (15 U.S.C. 1637) is amended by adding at the end the following new subsection:

‘(p) Parental Approval Required To Increase Credit Lines for Accounts for Which Parent Is Jointly Liable- No increase may be made in the amount of credit authorized to be extended under a credit card account for which a parent, legal guardian, or spouse of the consumer, or any other individual has assumed joint liability for debts incurred by the consumer in connection with the account before the consumer attains the age of 21, unless that parent, guardian, or spouse approves in writing, and assumes joint liability for, such increase.’.

SEC. 304. PRIVACY PROTECTIONS FOR COLLEGE STUDENTS.

Section 140 of the Truth in Lending Act (15 U.S.C. 1650) is amended by adding at the end the following:

‘(f) Credit Card Protections for College Students-

‘(1) DISCLOSURE REQUIRED- An institution of higher education shall publicly disclose any contract or other agreement made with a card issuer or creditor for the purpose of marketing a credit card.

‘(2) INDUCEMENTS PROHIBITED- No card issuer or creditor may offer to a student at an institution of higher education any tangible item to induce such student to apply for or participate in an open end consumer credit plan offered by such card issuer or creditor, if such offer is made--

‘(A) on the campus of an institution of higher education;

‘(B) near the campus of an institution of higher education, as determined by rule of the Board; or

‘(C) at an event sponsored by or related to an institution of higher education.

‘(3) SENSE OF THE CONGRESS- It is the sense of the Congress that each institution of higher education should consider adopting the following policies relating to credit cards:

‘(A) That any card issuer that markets a credit card on the campus of such institution notify the institution of the location at which such marketing will take place.

‘(B) That the number of locations on the campus of such institution at which the marketing of credit cards takes place be limited.
‘(C) 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.’.

SEC. 305. COLLEGE CREDIT CARD AGREEMENTS.

(a) In General - Section 127 of the Truth in Lending Act (15 U.S.C. 1637), as otherwise amended by this Act, is amended by adding at the end the following:

‘(r) College Card Agreements-

‘(1) DEFINITIONS- For purposes of this subsection, the following definitions shall apply:

‘(A) COLLEGE AFFINITY CARD- The term ‘college affinity card’ means a credit card issued by a credit card issuer under an open end consumer credit plan in conjunction with an agreement between the issuer and an institution of higher education, or an alumni organization or foundation affiliated with or related to such institution, under which such cards are issued to college students who have an affinity with such institution, organization and--

‘(i) the creditor has agreed to donate a portion of the proceeds of the credit card to the institution, organization, or foundation (including a lump sum or 1-time payment of money for access);

‘(ii) the creditor has agreed to offer discounted terms to the consumer; or

‘(iii) the credit card bears the name, emblem, mascot, or logo of such institution, organization, or foundation, or other words, pictures, or symbols readily identified with such institution, organization, or foundation.

‘(B) COLLEGE STUDENT CREDIT CARD ACCOUNT- The term ‘college student credit card account’ means a credit card account under an open end consumer credit plan established or maintained for or on behalf of any college student.

‘(C) COLLEGE STUDENT- The term ‘college student’ means an individual who is a full-time or a part-time student attending an institution of higher education.

‘(D) INSTITUTION OF HIGHER EDUCATION- The term ‘institution of higher education’ has the same meaning as in section 101 and 102 of the Higher Education Act of 1965 (20 U.S.C. 1001 and 1002).