

February 19, 2015

Mr. Rohit Chopra
Student Loan Ombudsman

Mr. Anthony Alexis
Associate Director, Enforcement
Consumer Financial Protection Bureau
1700 G St., NW
Washington, DC 20552

Re: Potential Violations of the CARD Act by Colleges and Universities

Dear Mr. Chopra and Mr. Alexis,

A number of colleges and universities may be violating the CARD Act by failing to make their college credit card agreements available to the public, as intended by the Act and the Bureau's accompanying guidance.

The CARD Act provides important protections to college students at schools that have credit card marketing agreements with financial institutions. The CARD Act requires colleges and universities to make such agreements available to the public.¹ The Bureau's guidance lists examples of how to comply with this requirement, including posting contracts online or making them available upon request.²

In December 2014, the Bureau released its annual report to Congress on college credit card agreements,³ as is required by Section 305(a) of the CARD Act. Unfortunately, the Bureau's report found that most colleges and universities do not post their college credit card agreements on their websites, and that only a few schools provided any online guidance as to how to obtain them.⁴

To determine whether schools were adhering to the CARD Act by other means, we undertook an informal investigation to see if members of the public could easily obtain copies of the credit card agreements by calling schools' main campuses and requesting more information.

For this inquiry, we contacted the 10 schools with the largest active account volume that post neither (1) the agreement, nor (2) any guidance on how to obtain it on their

¹ 15 U.S.C. § 1650(f)(1) (2012 & Supp. II)

² Official Interpretation to 12 C.F.R. § 1026.57 (2014). Existing guidance states that “[e]xamples of publicly disclosing such contracts or agreements include, but are not limited to, posting such contracts or agreements on the institution's Web site or making such contracts or agreements available upon request, provided the procedures for requesting the documents are reasonable and free of cost to the requestor, and the requested contracts or agreements are provided within a reasonable time frame.”

³ 2014 COLLEGE CREDIT CARD AGREEMENTS: ANNUAL REPORT TO CONGRESS (2014), *available at* http://files.consumerfinance.gov/f/201412_cfpb_college-card-agreement-report-2014.pdf.

⁴ *Id.* at 8.

websites. Using the Bureau's college credit card database,⁵ we identified the top 10 schools fitting this description to be: Yale University; Columbia University; Fordham University; University of Miami; University of Pittsburgh; Villanova University; University of Southern California; Northeastern University; Texas Christian University; and Saint Louis University. Most of these campuses partner with Bank of America, and USC has an additional partnership with USC Credit Union. Yale has a partnership with Chase.

We placed phone calls to main switchboards over a three-day period from January 21-23, asking operators to direct us to the person or office that would have more information about their college credit card agreement with a particular financial institution. In the event we were directed to a voicemail inbox, we left messages and waited 10 business days for any follow-up messages to be returned.

Here is a brief summary of our findings:

- Out of the 10 schools we contacted, none of them provided us with any information or copies of their college credit card agreements.
- None of the campus switchboard operators we spoke with had any knowledge of what a college credit card agreement was, nor did they know which office might be able to respond to our request.
- At two of the 10 campuses, office staff said they did not believe their school even had a credit card agreement with a particular financial institution.
- At six of the 10 campuses, the operator transferred or directed us to call two or more offices, none of which had any information about the agreements.
- We were instructed to contact a wide variety of offices at different campuses. Examples include: Dining Services; Parking and Card Services; Cardholder Services; Student Account Services; Student Affairs; Student Financial Services; Student Activities; Financial Aid; Procurement; Treasury; Benefits; Human Resources; and the Registrar.

These findings demonstrate that it can be challenging if not impossible as a member of the public to obtain information about college credit card agreements. Staff are not prepared or trained to respond to these requests, and are legitimately confused when asked for more information about the agreements. There appears to be no particular kind of office that typically has knowledge of and responsibility for answering questions about the agreements, so that operators or other staff will know where to direct such a request. We are concerned that these challenges may be an enormous roadblock to students and members of the public who want to exercise their right to obtain this information.

In light of our findings, and given Congress' expectation that schools would comply with Section 305 of the CARD Act, does the Bureau believe that schools' current practices are appropriate? Are they in the best interest of students?

⁵ Consumer Fin. Protection Bureau, College Credit Card Agreements, <https://data.consumerfinance.gov/Government/College-Credit-Card-Agreements/r963-hvsf> (sorted results on file with author).

We are concerned that schools continue to have close relationships with financial institutions, to market not just credit cards but a range of financial products. In recent years, schools have begun to partner with financial institutions to market school-sponsored debit and prepaid cards to students on campus. These agreements have many of the troubling characteristics that college credit card agreements had prior to the adoption of the CARD Act in 2009. The Department of Education is considering new safeguards for school-sponsored debit and prepaid cards, but has yet to issue any rules. In this environment, schools may feel emboldened to operate without transparency, as if they are above the law. That, to us, is a bad deal for students.

We urge the Bureau to continue its important work to implement the CARD Act and actively promote compliance at all colleges and universities with credit card agreements.

Sincerely,

A handwritten signature in black ink, appearing to read 'Suzanne Martindale', written in a cursive style.

Suzanne Martindale
Staff Attorney
Consumers Union

Cc: Jeff Appel, Department of Education