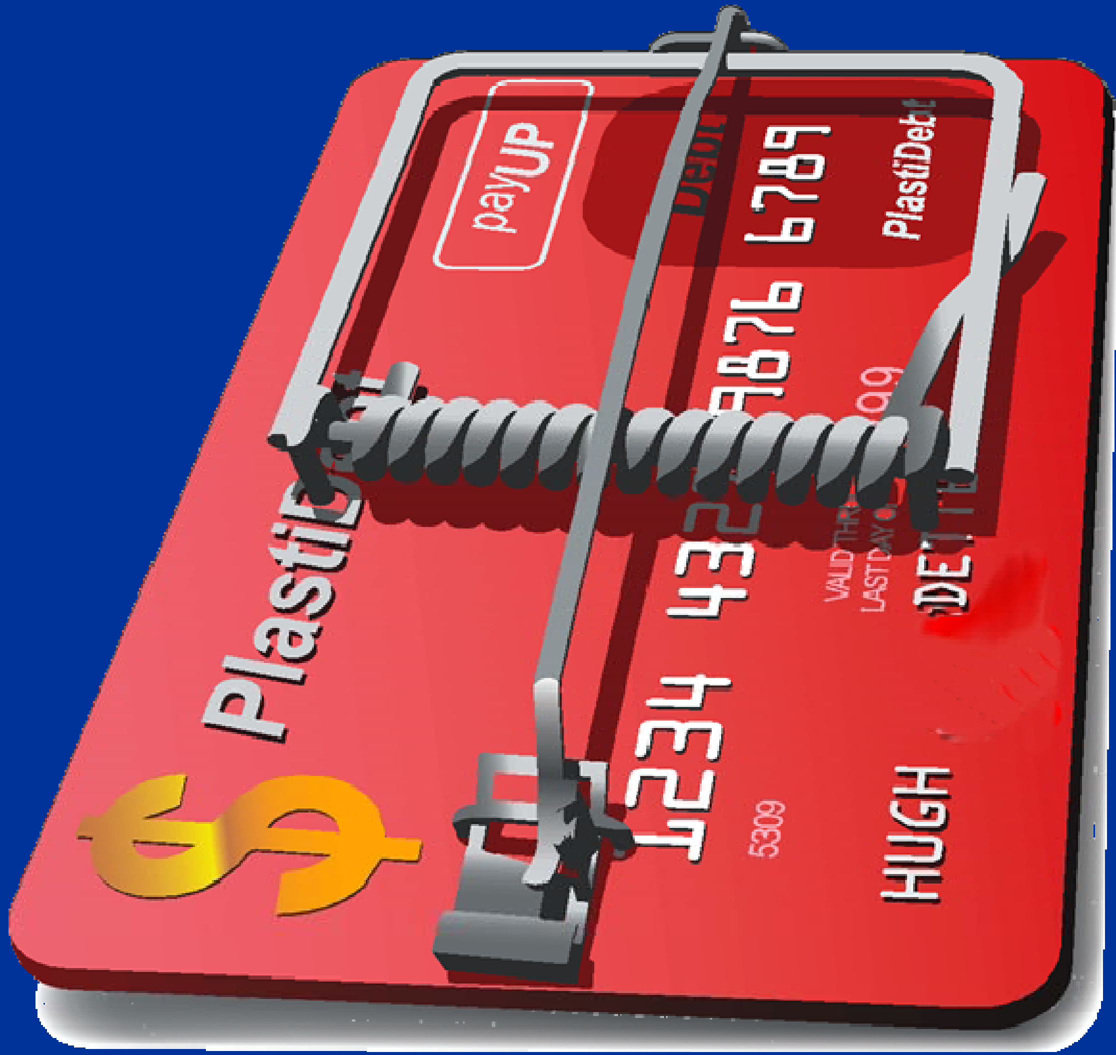

The Campus Credit Card Trap

A Survey of College Students and Credit Card Marketing

U.S. PIRG
Education Fund

Truthaboutcredit.org

March 2008

The Campus Credit Card Trap:

A Survey of College Students and Credit Card Marketing

The U.S. Public Interest Research Group Education Fund
March 2008

By Edmund Mierzwinski, Consumer Program Director, with Christine Lindstrom, Higher Education Project Director and the staff and students of the Student PIRGs

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U.S. PIRG Education Fund
218 D St, SE
Washington, DC 20003
202-546-9707
www.uspirg.org or www.truthaboutcredit.org

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1. Executive Summary

Credit card lending is enormously profitable. According to annual Federal Reserve Board of Governors' (FRB) Reports to Congress, it is the most profitable form of banking. But the credit card industry is saturated. The average adult had nearly five credit cards in 2006 and the average household received 5.7 credit card solicitations monthly in 2004, according to the 2007 FRB report.[1]

Banks seeking even greater profits from credit cards have several options:

- First, as has been widely reported and is the subject of Congressional inquiries, banks can squeeze their existing customers for greater profits in several ways: including (1) using a variety of rewards and tricks such as encouraging extremely low minimum payments to maintain highly-profitable high revolving card balances; (2) raising interest rates on those balances through a variety of traps including imposition of penalty interest rates for late payments and changing due dates to encourage more of those late payments; (3) using misleading teaser rates and, (4) raising the rates of otherwise good customers by claiming that their credit score had declined or that they were late to another lender (called "universal default");[2]
- Second, banks can market to customers of other credit card companies, urging them to switch by offering low teaser rates on balance transfers and other incentives. But this marketing is expensive both because of the cost of the zero-interest offers and the cost of sending out the billions of solicitations;
- Finally, banks can seek out customers who have never had a card. College students are among the most prominent targets for this marketing.[3] They are young and understand that they need credit to get ahead in the world. Some need credit because of the rising cost of a college education. Finally, most of them are clumped together on campuses that they either commute to or live at. This makes them easy to target. Companies use a variety of techniques, from buying lists from schools and entering into exclusive marketing arrangements with schools to marketing directly to students through the mail, over the phone, on bulletin boards and through aggressive on-campus and "near-campus" tabling-- facilitated by "free gifts."

This study is an in-person survey of a diverse sample of over 1500 students, primarily single undergraduates, at 40 large and small schools and universities in 14 states around the country conducted between October 2007 and February 2008. It analyzes how students pay for their education, how many use and how they use their credit cards and, finally, their attitudes toward credit card marketing on campus and whether or not they support principles to rein in credit card marketing on campus.

The findings confirm that students are using credit cards in significant numbers and that a significant number are paying the price through late fees, high balances and delinquencies. The findings also show that banks are marketing aggressively to students through a variety of channels. Finally, the findings demonstrate that an overwhelmingly majority of students support limits on credit card marketing on campus to rein in unfair bank practices.

2. Major Findings:

A. Attitudes of Students Toward Campus Credit Card Marketing and Establishing Reform Principles:

Increasingly, the relationships between credit card companies and colleges and universities are coming under scrutiny. Credit card issuers work aggressively to get on to campus to hawk their credit cards using as many methods as possible. Some credit card companies rely on vendors to market on campus, and many others enter into exclusive arrangements to market university-branded cards in return for lucrative fee-sharing relationships. These arrangements come at the expense of student privacy and pocketbooks.

We asked students their views on whether colleges and universities should regulate the practices of credit card companies on campus. The results show that students overwhelmingly support stricter regulation of campus credit card marketing.

As Table 1 shows, four out of five (80%) students supported adoption of strong campus credit card marketing principles. Only 1 in 5 students replied yes to the proposition that students could handle credit card marketing without regulation. Some of these also supported some of the reform principles anyway.

Of those who supported one or more strong principles, nearly three-in-four students (74%) asserted that only cards with fair terms and conditions should be marketed on campus. Since state attorneys general, consumer groups, state and federal legislators are receiving increasing numbers of complaints about cards with unfair terms or "tricks and traps" that result in massive penalty fees and the imposition of punitive interest rates at APRs as high as 36% or more, this is not a surprising result.

Table 1:
Support For Campus Marketing Principles
80% of respondents supported at least one reform principle
74% supported two or more

% Supporting Marketing of Fair Cards Only	74%
% Supporting No Sale/Sharing of Student Information With Card Cos.	67%
% Supporting Limits On Days Tabling Allowed Each Semester	46%
% Supporting Ban On Card Co Fees To School or School Groups	38%
% Supporting Ban on Free Gifts	36%
The remainder of respondents (20%) opposed limits because students could make the choice.	

Students also overwhelmingly (67%) opposed the sale or sharing of student lists (which can include home and dorm addresses, email addresses and land line and cell phone numbers) with credit card companies. In a detailed section below, we include an analysis of the sharing or selling of lists on the University of Iowa and Iowa State University campuses. **Appendix 3** to this report is a copy of a 2-page letter used at the University of Iowa to market cards to undergraduates.

In addition:

Nearly half of students (46%) supported limits on the number of days companies could market on campus.

Nearly four in ten (38%) students opposed companies offered fees to either student groups or the university for marketing. In some cases, companies pay vendor fees directly to the college. In others, student groups can "rent" out their campus table privileges.

Thirty-six percent (36%) opposed free gifts. Many students did indicate that they sign up for the credit cards simply to obtain the free gifts and then cancel. Some indicated difficulty in canceling. Others indicated that their intention was to cancel, but they ended up using the card and got into debt.

Nearly three out of four (74%) of students supported more than one of these campus marketing reform principles.

B. Free Gifts Used In Campus and Off-Campus Table Marketing Efforts

Three of four students (76%) reported stopping at tables to consider offers or apply for credit cards. The best way to get students to stop at tables appears to be to offer a "free gift," of either nominal or real value. Of course, the catch is that the free gift is conditioned on completing a credit card application.

Table 2: Total Reporting Table Interactions **76% Reported Stopping at a Table On Or Near Campus** 31% of these Reported Being Offered/Accepting A Free Gift **Most common gifts** (of those who reported a gift interaction)	
T-Shirts	**50%**
Frisbee/Sports Toy	**20%**
Desk Toy/Stress Ball	**16%**
Candy or Soda	**16%**
Mug or Water Bottle	**18%**
Hat or Cap	**16%**
Other	**40%**
The most common other was food, either pizza, Subway subs, other sandwiches or "lunch"	
Others reported receiving discount coupons or "percent off purchases." A few reported "blankets" or "air miles" and one reported an Ipod Shuffle.	

Some states and individual campuses have restricted or regulated on-campus marketing by credit card marketers.[4] According to Business Week:[5]

> "California, Oklahoma, and Texas recently passed laws restricting credit-card marketing on public campuses, joining 15 other states that already had such restrictions in place. In California, credit-card marketers can't lure students with free gifts; in Oklahoma, colleges can no longer sell student information for credit-card marketing purposes; and in Texas, on-campus credit-card marketing was curtailed, permitting marketing only on limited days and in certain locations."

For example, with passage into law of AB 262 (Coto) in 2007, California has strengthened its campus marketing provisions. The act requires that public colleges and universities disclose exclusive marketing arrangements with credit card companies and banks. It also broadens the scope of existing 2001 legislation (AB 521 (Koretz)) which merely encouraged public universities to adopt policies restricting banks or their representatives from linking free gifts to the completion of a card application at any public college or university.

In her recent paper, "Maxed Out College Students: A Call to Limit Credit Card Solicitations on College Campuses,"[6] law professor Creola Johnson compares and critiques flaws in existing state legislative and campus efforts to restrict credit card marketing on campus and states:

> Banning gifts is essential to any state legislation seeking to regulate on-campus solicitations because the majority of students will not apply for a credit card unless a gift is offered. As a result, the ban will prevent students from being enticed to prematurely take on debt. Finally, many lawmakers have recognized the need to require some form of financial education to protect students from overusing the credit available to them.

Table 2 lists the kinds of free gifts most commonly offered by credit card companies or their subcontractors (typically firms that specialize in college marketing). It is important that any state or college regulation of credit card companies apply to both the on-campus vendor and to the credit card company it serves as agent for. In many news stories about unreasonable on-campus credit card marketing, the bank simply blames the vendor for violating its policies. In these cases, the banks are either not supervising the vendor adequately or are using the vendor as a cut-out that engages in practices the bank encourages, but can publicly denounce.

We also found that the firms in some cases may have simply moved to near-campus locations or ignored the rules. We found that some students at all universities surveyed, including those with state restrictions, reported interactions at tables.

As we note in the table, there are a wide variety of free gifts being offered. While some are of nominal value, the high level of responses in the "Other" category for pizza or "Subway sub" sandwiches or "free food" suggest that credit card companies and their subcontractors are taking advantage of students' chronic cash shortages to attract them to tables with offers of the instant gratification of free food, then getting them to sign up for cards that ironically may contribute to later cash problems.

At the same time as many gifts are low-cost or of nominal value, including cheap t-shirts, Frisbees and desk toys as well free lunch coupons, respondents noted a wide variety of gift values. Some firms are offering gifts of substantial value, including pre-loaded gift cards worth $10-$25, or in one case, an iPod shuffle (worth approximately $49 retail according to Internet sites).

C. Marketing To Students Via Mail and Phone Solicitations:

Every year, the credit card industry sends over 6 billion credit card offers through the mail to consumers. Students are getting their share. Fully 80% of respondents said they received mail from card companies. Students reported receiving an average of nearly five (4.8) mailed solicitations per month. However, a number of students simply reported "hundreds."

In addition, 22% of students reported receiving an average of nearly four (3.6) phone calls per month from credit card companies.

It appears as if credit card companies may be escalating their use of mail and phone channels in response to the growing restrictions on the use of on-campus tables.

D. How Students Reported Paying For School

Fully 61% of students relied on parents for some or all of their educational costs. The next most common sources of income reported were scholarships (40%), student loans (38%), summer jobs (32%) and part-time jobs (29%).

E. How Students Reported Using Their Cards

Nearly two-out-of-three (66%) students reporting having at least one credit card. Thirty percent (30%) reported that for their primary card, they were either a co-signer or their parents paid the bill.

Of remaining students paying their own bills, just over half of the remainder reporting (36% of the total) stated that they paid their own primary card bills in full each month. The other half of students paying their own bills, (34% of the total) stated that they carried a balance on their primary card.

When asked how they used their cards, a question for which multiple entries were allowed, more than half (55%) reported that they used them for “day-to-day-expenses. The same number (55%) reported using them for books. The next highest categories reported were “weekends and pizza” and “emergencies” but very few consumers limited their response to “emergencies.” Nearly one-quarter (24%) reported that they had used their cards to pay for college tuition.

Table 4: Characteristics of Card Ownership and Use	
How Many Students Have Credit Cards	
Reporting At Least One Card (Credit/Gas/Store)	66%
Reporting "I Have No Cards"	34%
Of Those Reporting A Card, How I Pay My Primary Credit Card	
I am only a co-signer or parents pay bill for my card	30%
I pay full amount each month, carry over no balance	36%
I carry a balance on my primary card	34%

How Students Say They Use Their Credit Cards		
For Day To Day Expenses		55%
For Books		55%
For Weekends and Pizza		40%
For Emergencies		39%
For Travel to School		40%
For Vacation		25%
For Tuition		24%
Other		10%
Common "Other" responses were "gas," online purchases, "food" and "to avoid debit card overdrafts" or "when I have no cash.” Respondents either used an "X" or ranked responses 1-8. Results include X, 1, 2 or 3 (highest responses).		

F. How Students Reported Their Card Balances

Seniors responsible for their own cards who reported carrying credit card debt had more than double the debt reported by freshmen. Students responsible for their own cards who reported that they carried credit card debt and also had student loans had slightly higher credit card balances than those who did not have loans.

Students responsible for their own cards who reported that they had previously defaulted on a credit card had much higher credit card balances than those who had not had a previous default.

Table 5: Balances Reported: Students Who Are Responsible For Their Cards and Carry A Balance

		Reported Balances Increase With Loans Or Previous Default	
	Card Balance	Also Report Student Loans	Or, Report A Previous Default On A Card
Senior	$2,623	$2,785	$4,116
Junior	$2,459	$2,521	$3,813
Sophomore	$1,896	$2,311	$3,343
Freshman	$1,301	$1,553	$2,450

G. Negative Outcomes From Cards: Late and Over-the-Limit Fees and Defaults

One in four respondents (25%) reported they had paid at least one late fee and 15% reported they had paid at least one over-the-limit fee. Over 6% of respondents reported that at least one card had been cancelled for non-payment. Nearly one in five (19%) had cancelled a card themselves in good standing. These figures include all students, including those whose parents now pay for their primary cards or who claim to carry no balances on their primary cards.

Table 6: Negative Outcomes: Late Fees, Over-The-Limit Fees, Cancelled Cards

Of All Respondents (Card Or No Card), Paid Late or Over the Limit Fees			
Have paid a late fee			25%
Have paid an over the limit fee			15%
Have Had a Card Cancelled or Have Cancelled a Card			
	Have Card Now	No Cards Now	All (Card or No Card)
Have cancelled a card myself "in good standing"	23%	12%	19%
Have had a card cancelled for delinquency	7%	4%	6%

3. The Problem of Credit Card Companies and College Campuses

The credit card industry's priority is to get their cards into the hands of undergraduate students. Credit card companies know that the first card in a wallet has the potential to become a "top-of-the-wallet" card, or the one that is used most often. For sentimental reasons, consumers may hang onto that first card longer than other cards, which they may churn (cancel and re-apply for other cards) as offers change. Therefore, targeting of undergraduates and making exclusive deals with colleges represents a long term industry strategy to become the first-in-the-wallet, top-of-the-wallet card for as many consumers as possible. Within this context, the relationships between colleges and universities and credit card companies are coming under scrutiny.

Facing budget cuts and other funding shortages, some public colleges may appreciate the revenue that credit card companies can provide in exchange for marketing privileges. Regardless, many colleges and a numbers of states have restricted campus credit card marketing - for example, by banning free gifts or limiting the numbers of days of tabling allowed or by outright banning on-campus marketing. In response, credit card companies simply invent new, more lucrative enticements and insidious marketing schemes in a never-ending effort to ensure that students carry their cards.

A. Ways That Credit Card Companies Get Onto Campus

Here are some of the methods by which credit card issuers get on to the campus:

1. Marketing through campus tabling events: Typically, student groups and organizations set up a table in a visible location on campus to educate the student body about their group and events. Many credit card companies and their vendors will market their cards on campus in this manner, having either paid daily vendor table fees or commissions to student groups, essentially to "rent" the student group's "tabling" rights.

Even at campuses that have taken the step to ban overly-aggressive credit card marketing, a recent PIRG report found that card companies and their hired vendors often violate rules:

> "Based on the blatant disregard of university policy that occurs at the UMCP (University of Maryland at College Park) campus and other schools, it appears that the voluntary code of conduct is not effective. The desire to tap into the college student market appears to outweigh any concern for the welfare of the students."[7]

2. Using student peer pressure: In some instances, credit card companies go directly to student groups and offer fees as a fundraiser for the group. Given the limited resources on campus for student groups, this marketing tactic is particularly appealing to groups that want to be active on campus. The student group will be reimbursed for getting their friends and neighbors in their dorms and apartment buildings to fill out applications for credit. This method is a particularly insidious marketing tool in that it relies on peer pressure to ensure that students are filling out applications for the credit card.

3. Branding "college" credit cards: Many colleges are enticed into exclusive arrangements to market university-branded cards in return for lucrative fees to the university. Often these arrangements are disguised through a relationship with an intermediary entity, typically an affiliated alumni association. Here is an excerpt from a proposed 2006 agreement (renewing longstanding similar agreements) between the State University of Iowa and its alumni association. It describes in detail how much undergraduate student information is collected and then provided by the alumni association to Bank of America.

Excerpt from University of Iowa agreement with Alumni Association, which has a corresponding contract with Bank of America.

EXHIBIT A

Commitment of the University's services and information to the Association

1. Upon the Association's request, not more than six times during any academic year, provide in convenient electronic format an updated list of current University students with their local mailing addresses.

2. Permit the Association, or its representatives, to maintain an Affinity Program related informational/promotional table at the Iowa Memorial Union up to seven days per each semester. The right to have such a table from credit card information/marketing is exclusively granted to the Association until the expiration of the extended, renewed or replaced Affinity Program.

3. Upon the Association's request, not more than once per academic year, provide to the Association in convenient electronic format an updated list of current students with permanent/home mailing addresses.

4. Upon the Association's request, not more than twice per semester, provide to the Association in convenient electronic format an updated list of current students with local telephone numbers.

5. Upon the Association's request, not more than four times per semester, provide to the Association in convenient electronic format an updated list of current students with e-mail addresses.

We have posted this and other Iowa agreements on the PIRG truthaboutcredit.org website.

Last fall, a Des Moines (Iowa) *Register* investigative series[8] used a favorable new state court decision on public records to pierce the veil between secretive, exclusive contracts between Bank of America and both Iowa State University and the University of Iowa.

The newspaper obtained numerous documents that detailed the sharing of student telephone numbers, addresses and email accounts on a regular basis as a condition of the contracts. According to that Des Moines Register analysis[9] of public documents concerning the University of Iowa:

UNIVERSITY OF IOWA

Credit cards are marketed directly to students, with alumni officials suggesting that students use them to pay for books, supplies and "quick cash" in an emergency. There are 208 students actively using the cards, and they have an average balance of $1,028. Alumni officials won't release a copy of their contract with Bank of America, but they say they collect about $1 million in annual revenue from the credit cards. The alumni association gives the school $200,000 of that money each year. Some of the money given to the school is payment for $145,600 worth of football tickets used by Bank of America representatives and others.

Previously, card companies and public universities had argued that only their allegedly "private" alumni associations – supposedly exempt from public records laws – had relationships with banks. The Iowa relationships are presumably similar to those in other states. The documents show that the alumni association acts as a go-between or conduit and contracts with both the bank and with the school. The contracts and memoranda of understanding between the school and the alumni association allow the bank to obtain detailed access to regularly updated information on undergraduates.

Appendix 3 to this report is a marketing letter from the University of Iowa Alumni Association and Bank of America to undergraduate students (excerpt):

> Imagine the convenience of being able to purchase supplies for your classes, without worrying about carrying a lot of cash. You could pay for your books—or get quick cash in an emergency—and put it on one easy-to-use account. That's the kind of flexibility every student can appreciate . . . and it can be yours with the University of Iowa credit card.[10]

4. Purchasing student lists for marketing: Many credit card companies encounter no difficulty in securing information of current students at colleges for marketing purposes. It is also true that some state public records laws compel public universities and colleges to sell their lists of student information as public records, to anyone. State law may make student lists public records subject to full disclosure. The ease with which credit card issuers can access current student contact information may explain the survey results that demonstrate the high number of phone call and mail solicitations that students receive from the credit card industry.

Our survey did not encompass the use and marketing of debit cards on campus. However, recent news coverage exposes similar campus marketing approaches with bank debit cards.

5. Debit card exclusive deals: This month, USA Today reported[11] that colleges are not only signing lucrative agreements to market exclusive credit cards branded with the university logo to alumni and undergraduates, but also that an increasing number are outsourcing their student ID card needs to banks that are then offering dual-use ID card/debit cards. In addition to information that may be obtained from ID card use, student debit card usage patterns offer a detailed map that will allow the bank to later effectively market credit cards to the students.

- Which student re-loads his or her card from their own bank accounts?
- Which student relies on parental re-loads? How many? How often?
- Which student buys the most on-line or in local stores? What do they buy?
- Which student frequently pays $35 overdraft fees because he or she uses the card instead of cash for tiny transactions at Starbucks or other local coffee shops?

USA Today also reports that a protest occurred at Portland State University (Oregon):

> Hundreds of students protested, angry that the school was promoting a bank account they felt cost students more than other banking options. Their objections now are being echoed by a growing number of consumer groups and college students across the nation.

For a fee of $20, students at Portland can get a non-debit ID card, the story notes.

B. State Attorneys General Take Action

1. New York investigates campus credit card marketing: This month, papers reported that New York Attorney General Andrew Cuomo is conducting a nationwide investigation into "whether credit card marketers have offered payments or other incentives to colleges in exchange for exclusive access to the institutions' students." At least one school, Dartmouth, told the New York Times it had received a subpoena from Cuomo's office.[12] Previously, Attorney General Cuomo had become well-known for investigating relationships between student loan companies and colleges.[13]

2. Ohio settles case with Potbelly Sandwich Works: This month, Ohio Attorney General Marc Dann announced partial settlement of a lawsuit against Citibank, Elite Marketing and Potbelly Sandwich Works over deceptive credit card marketing on campuses throughout the state. In return for being dropped from the case, Potbelly agreed to fund several showings of the credit card documentary "Maxed Out," at schools around the state and to provide 1,600 free sandwich coupons to attract students to see the movie. Citibank and the firm Elite Marketing remain defendants.[14]

4. Congress investigates credit card company practices:

A. Students and Credit Cards:

The Congress is investigating a wide variety of credit card practices, including restrictions on the marketing of credit cards to young people based on their ability to pay. Under current practices, banks may offer cards to young consumers without verifying income or credit reports or other ability to re-pay, relying solely or largely on the consumer's status as a student to qualify them.[15] The student marketing reform bills include various provisions to impose ceilings on credit limits on cards offered to youth, to limit the number of cards a young consumer can have, to require underwriting or income verification, and in some circumstances, require a cosigner.[16]

While state policymakers may be told (not always correctly) that they are limited by preemption rulings from considering similar proposals, state policymakers should consider all additional actions that better regulate campus credit card marketing and that impose greater penalties on companies that break the rules.

B. Other Credit Card Practices Under Congressional Investigation:

Among the other practices of credit card companies affecting both students and others and under review by the Congress[17] are the following:

- Raising interest rates of consumers previously in good standing from their market rate of a typical 5-15% APR to penalty rates of 30% or more as the result of one or two late payments.
- Using contract terms that allow the bank to change the terms of a card at any time for any reason, including no reason.
- Raising rates to 30% APR or more even if a consumer is currently in good standing with the bank, by claiming that the consumer was late to a different creditor or that his or her credit score declined. This practice is known as either "universal default" or "risk-based re-pricing."
- Manipulating credit card due dates from month to month to trick consumers into paying more late fees of $29-$39 and concomitant "pile-on" penalty interest increases to 30% APR or more.
- Charging "pay to pay" fees when consumers attempt to avoid late fees by paying by phone or on the Internet.
- Authorizing transactions that allow a consumer to exceed his or her limit, then charging over-the-limit fees as high as $39 each month until the account drops back below the previous limit, even though the transaction was approved.
- Applying payments only to the customer's lowest rate balance, allowing high-interest credit to pile on more and more interest. If a customer has a balance at several rates (for example, a total balance of $3,000 might include a partial balance of $1,000 of a balance transfer at 0% APR, $1,000 from purchases at 15% APR and $1,000 at a cash advance rate of 22-25% APR). If a customer sends in only the minimum payment, his or her bank would routinely apply the customer's entire payment to the 0% portion of their balance only. Yet, if the customer sends in $1,000 (e.g., an amount well above the minimum monthly payment) and attempts to direct that the amount of the payment above the minimum be applied to the 22-25% APR portion of the balance, that request would be denied and the $1,000 payment would

be applied only to the 0% interest portion of his or her balance. To our knowledge, no bank even blends the payment to apply it proportionally to multiple balances at different rates. All payments are applied to lowest rate balances only.

- Collecting interest on previous balances that have already been paid by using complex interest rate and balance calculation practices such as the "two-cycle average daily balance method including new purchases" or the "trailing" or "residual" interest methods.
- Marketing deceptively advertised and extremely profitable add-ons of little or no value to the consumer, such as credit property and credit life insurance and identity theft credit monitoring.[18]

5. The Solution: Campuses Should Adopt Fair Campus Credit Card Marketing Principles

The results of this survey support the recommendations of the truthaboutcredit.org campaign launched by U.S. PIRG Education Fund to get colleges to adopt fair campus credit card marketing principles.

These principles are the following:

1. **Prohibit use of gifts in marketing on campus.** Credit card banks, issuers, and vendors shall be prohibited from offering anything of value, including food, clothing, sports equipment, travel vouchers, coupons, or equivalents, for purposes of soliciting an application for a credit card on campus. In addition, credit card banks, issuers and vendors are prohibited from offering financial support or other goods and services to any campus employee or campus department in exchange for marketing privileges.

2. **Control passive marketing techniques.** Posters and flyers shall comply with college posting regulations. Credit card banks, issuers and vendors shall be prohibited from leaving their marketing materials posted or displayed for longer than the posting regulations that govern the campus.

3. **Block acquisition of student lists.** Purchase (or sharing as a condition of exclusive marketing arrangements) of student lists shall be prohibited on campus. Credit card banks, issuers and vendors are prohibited from purchasing <u>or otherwise acquiring</u> lists of students of any kind currently enrolled at the campus. If state law on public records is subject to interpretation on whether detailed student information is a public record, schools should interpret it in favor of privacy. If state law makes student lists public records subject to full disclosure, then policymakers should consider changes. The purpose of open government laws is so that citizens can evaluate the effectiveness of their government, not so that students can be targeted by credit card companies. At a minimum, as an interim step, universities should only sell lists after students have opted-in to agree to have their names shared.

4. **Stop group sponsorship.** Student group or departmental sponsorship shall be prohibited. Credit card banks, issuers and vendors are prohibited from negotiating deals with student groups and other campus departments such that the student group or department will receive financial support or any other goods and services for applications collected on behalf of a credit card company.

5. **Increase financial education.** Financial education shall be enhanced on campus. Colleges and universities shall increase resources to support training and educational programs that increase students' consumer awareness and ability to navigate issues of student debt responsibly.

6. **Credit card contractual terms and conditions that take advantage of students as consumers shall be discouraged.** Colleges and universities should discourage specific credit card terms that take advantage of the consumer. Such practices include universal default – where a company will increase a consumer's interest rate based on her payment record on another account not associated with the card; hidden fees – where a company does not disclose certain fees for paying by phone or ordering a copy of a bill; mandatory arbitration – where the consumer gives up the

right to legal action against the company; changing contracts – where the company reserves the right to change all terms on the credit card at any time for any reason; and penalty interest rates above 20% that stay in place indefinitely.

6. Recommendations for Students and Other Credit Card Consumers:

Students and others who are overwhelmed by credit card marketing offers should contact the federally-mandated credit bureau solicitation “opt-out” list at 1-888-5-OPT-OUT (1-88-567-8688). Placing your name on this list will reduce the number of pre-screened credit card offers you receive. Adding your name to this list will not eliminate all offers, since if you use a credit card to buy something at a store, or fly on an airline, that store or airline has obtained your name from a business relationship, not a credit bureau.[19] Signing up for the list is reversible; if you decide you want credit card offers in your senior year or after you graduate, you can reverse your opt-out.

Students and alumni should ask their universities not to share your names with its credit card partners. Student governments should pass resolutions in support of this position and also in support of the other principles.

Pay off balances in full each month. Companies keep the minimum monthly payment low so that you'll extend your payment over time and rack up additional debt in interest.

If you can't pay off the card in full, then make the largest payment possible each month. Always pay more than the minimum required. Make your payments as early as possible every month (at least 7-10 days before it is due) to avoid late charges.

Watch for changing due dates. Call your credit card company and ask for a lower rate. It is cheaper for a credit card company to keep a customer than find a new one, so if you think that your interest rate is too high, call the number on your card and ask for a lower one. In a recent U.S. PIRG study, over half the consumers who called lowered their rates by a third or more.[20]

7. Conclusion

This report is based on a large survey of students on college campuses. Its findings on the demographics of student use of credit cards track those of other investigators:[21] the majority of students are using credit cards, credit card use increases with the number of years in college, students are using cards to pay for increasing costs of higher education and significant numbers of students have paid punitive credit card fees or are trapped in credit card debt.

The survey adds to the literature several important points:

- Credit card companies are marketing through a variety of channels to reach students and are adapting to marketing restrictions by using near-campus tables, telephone calls, direct mail marketing and exclusive affinity card arrangements designed to bypass marketing limits.
- Students strongly support the establishment of fair credit card marketing principles.

The report shows that banks are reaching deeper into college students' lives, to trap them deeper into debt. This is troubling, since the credit card debts are piled onto increasingly untenable student loan debts. High debt-loads make it hard for young consumers[22] to get a start in the working world and limit their opportunities to choose public interest careers.[23]

The U.S. PIRG Education Fund intends to work closely with college administrations on solutions on to the campus credit card trap. We are encouraged that many schools and academic associations have demonstrated recognition of the problem and a keen interest in pursuing real reform.

8. Methodology and Demographics:

Between October 2007 and February 2008, U.S PIRG campus staff and student volunteers approached random students in student unions and in popular campus locations asking them to take part in a survey. A total of 1584 students from 40 schools in 14 states participated (See Appendix 1).

Fifty-seven percent of participants reporting their gender were female and 43% male. Students were primarily single, fulltime undergraduates. We believe that the survey provides a representative sample of undergraduate attitudes toward credit card marketing.[24]

The survey was ethnically diverse. Seventy-one percent reported that they were white or Caucasian; 13% Asian; 8% Latino/Hispanic and 7% Black/African-American. By age, respondents were young and primarily undergrads. The average age was 21 years; the median 20 years of age. (See Appendix 2).

ENDNOTES

[1] "Although profitability for the large credit card banks has risen and fallen over the years, credit card earnings have been consistently higher than returns on all commercial bank activities." See "Report to the Congress on the Profitability of Credit Card Operations of Depository Institutions," July 2007, Federal Reserve Board of Governors. The 2007 and previous reports are available at http://www.federalreserve.gov/pubs/reports_other.htm (last visited 18 March 2008).

[2] For discussion of these tricks and traps, see testimony of this report's author, Ed Mierzwinski (and also that of Kathleen Keest of the Center for Responsible Lending) at a hearing of the Subcommittee on Financial Institutions and Consumer Credit of the U.S. House Financial Services Committee. (7 June 2007), available at http://www.house.gov/apps/list/hearing/financialsvcs_dem/press060707.shtml (last visited 17 March 2008).

[3] Another key target is certain immigrant populations who are good credit risks but have previously obtained their credit needs without credit cards. See, e.g., the report "Latino Credit Card Use: Debt Trap or Ticket to Prosperity," February 2007, Beatriz Ibarra, National Council of La Raza, available at http://www.nclr.org/content/publications/detail/44287/ (last visited 18 March 2008). Banks can also seek customers from populations who've previously had a credit card and lost it through default. There is a growing business of sub-prime, high fee credit cards. As one banker has noted, these consumers already "have a taste for credit."

[4] No reliable chart of state laws or individual school policies is available and compiling one was not the subject of this report. In 2007, at least 12 states considered legislation to regulate credit card marketing on campus (personal communication to author from Heather Morton, National Conference of State Legislatures, October 2007). For additional background, some sources include the following:

"College Students and Credit Cards," US General Accounting Office, Report GAO-01-773, June 2001, available at http://www.gao.gov/new.items/d01773.pdf (last visited 18 March 2008) and see "Graduating Into Debt: Credit Card Marketing on Maryland College Campuses," February 2004, Maryland PIRG and the Maryland Consumer Rights Coalition, available at http://www.uspirg.org/home/reports/report-archives/financial-privacy--security/financial-privacy--security/graduating-into-debt-credit-card-marketing-on-maryland-college-campuses (last visited 18 March 2008)

[5] "Selling Students into Credit-Card Debt" by Jessica Silver-Greenberg, Business Week Magazine, 1 October 2007, available at http://finance.yahoo.com/college-education/article/103663/Selling-Students-into-Credit-Card-Debt (last visited 18 March 2008).

[6] The comparison of state law proposals begins on page 255. See Creola Johnson, "Maxed Out College Students: A Call to Limit Credit Card Solicitations on College Campuses," New York University Journal of Legislation and Public Policy, Vol. 8, p. 191, 2005. The paper is also available for download at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=925234 (last visited 19 March 2008).

[7] See "Graduating Into Debt: Credit Card Marketing on Maryland College Campuses," February 2004, Maryland PIRG and the Maryland Consumer Rights Coalition, available at http://www.uspirg.org/home/reports/report-archives/financial-privacy--security/financial-privacy--security/graduating-into-debt-credit-card-marketing-on-maryland-college-campuses (last visited 18 March 2008).

[8] See "U of I, Iowa State use student data to sell credit cards," 23 September 2007, by Clark Kauffman, the Des Moines Register, and related stories in the series, available at http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=/20070923/NEWS/709230350/1001 (last visited 18 March 2008).

[9] "U of I, UNI refuse Regents' request on credit cards," Clark Kaufmann, the Des Moines Register, 7 October 2007, available at http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=/20071007/NEWS10/710070332 (last visited 18 March 2008), see sidebar). Note that in a subsequent public hearing, university officials disputed the newspaper reports: "Mr. Vince Nelson, Director, Alumni Services, UI, stated that the university limits campus credit card solicitations to students by offering exclusive marketing rights to one affinity credit card organization, thereby eliminating all other credit card solicitations, that the target audience for the program is alumni, not students, and that students comprise a very small percentage of cardholders." See Summary of the Hearings of the Government Oversight Committee of the Iowa Legislature at Page 5, hearing of 29-30 October, available at http://www.legis.state.ia.us/lsadocs/BriefOnMeetings/2008/BMRSN000.PDF (last visited 18 March 2008).

[10] See Appendix 3, undated sample credit card solicitation letter on behalf of Bank of America.

[11] See "Colleges' debit-card deals draw scrutiny," by Kathy Chu, page 1, USA Today, 17 March 2008, available at http://www.usatoday.com/money/industries/banking/2008-03-16-cover-college-debit_N.htm (last visited 18 March 2008). The story reports that New York Attorney General's investigation of credit card practices has been expanded to include debit card arrangements.
[12] "Inquiry Into Bank Practices." By Jonathan Glater, the New York Times, 1 March 2008.
[13] "Cuomo Testifies Before House Education Committee On Student Loan Industry." News release, Office of New York Attorney General Andrew Cuomo, 25 April 2007, available at http://www.oag.state.ny.us/press/2007/apr/apr25b_07.html (last visited 18 March 2008). "Cuomo also announced that two of the nation's largest banks, JP Morgan Chase and Bank of America have now agreed to Cuomo's Student Loan Code of Conduct in their student lending practices. JP Morgan Chase and Bank of America are the nations' third and fourth largest loan originators. Citibank and Sallie Mae, the two largest lenders, have already adopted the Code of Conduct."
[14] News release, 10 March, 2008, "Attorney General Announces Agreement with Potbelly," Office of Ohio Attorney General Marc Dann.
[15] Although the author has no citations for this thesis, he has been a participant at one "summit" between bankers, consumer groups and members of Congress, and an observer at a recent hearing, where senior officials of Citi and Chase made statements to the effect that merely being "in college" was a significant plus factor in their internal decision-making algorithm for granting card applications.
[16] For proposed bills specific to restricting credit card offers to college students, see, for example, The Student Credit Card Protection Act of 2007, introduced by Rep. Louise Slaughter (NY) in the House as S 3347 and Senator Herbert Kohl (WI) in the Senate as S 1925 and Credit Card Reform Act of 2008, S 2753, introduced by Senator Robert Menendez. The bills include various provisions to impose ceilings on credit limits on cards offered to youth, to limit the number of cards a young consumer can have, to require underwriting or income verification, and in some circumstances, require a cosigner.
[17] On the broader issue of unfair credit card practices in general, major bills have been introduced by Rep. Carolyn Maloney (NY), chair of a key House subcommittee (the Credit Cardholders Bill of Rights, HR 5244), Sen. Carl Levin, who chairs the Senate Permanent Subcommittee on Investigations (the Stop Unfair Practices in Credit Cards Act of 2007, S 1395), and many others. For explanations of the problems of credit card marketing, see especially the testimony of Professor Elizabeth Warren and other professors at a recent hearing (13 March 2008) on the Maloney bill, available at http://www.house.gov/apps/list/hearing/financialsvcs_dem/hr031308.shtml. Although anticipated testimony from several credit card victims was suppressed at the 13 March 2008 Maloney hearing, also see testimony of victim Wesley Wannamaker, accompanied by Alys Cohen of the National Consumer Law Center, at a hearing of the Permanent Subcommittee on Investigations, available at http://www.senate.gov/~govt-aff/index.cfm?Fuseaction=Hearings.Detail&HearingID=421 (all sites last visited 18 March 2008).
[18] Credit life, property or disability insurance is among the worst insurance values. Instead of paying several dollars each month for these questionable, but profitable products, consumers should make higher monthly payments. Identity theft credit monitoring may have some value in warning of past identity theft. Nevertheless, at $5-14/month, credit monitoring is extremely over-priced, in addition to often being deceptively marketed. A better solution for most consumers would be to obtain a free credit report from one of the three credit bureaus, every 3-4 months. Under law, each bureau must provide one free report annually on request, from the government-mandated shared website at annualcreditreport.com. Nothing requires consumers to obtain all three at once. Consumers can also fight identity theft before it starts by taking advantage of their rights to place security freezes on their credit reports.
[19] More information and opportunities to opt-out by phone or Internet is available at the Federal Trade Commission webpage http://www.ftc.gov/bcp/conline/pubs/credit/prescreen.shtm (last visited on 18 March 2008).
[20] Deflate Your Rate: How To Lower Your Credit Card APR, U.S. PIRG and MASSPIRG, March 2002, available at http://www.uspirg.org/home/reports/report-archives/financial-privacy--security/financial-privacy--security/deflate-your-rate-how-to-lower-your-credit-card-apr (last visited 18 March 2008).
[21] See, e.g., "Undergraduate Students and Credit Cards in 2004: An Analysis of Usage Rates and Trends A study by Nellie Mae," May 2005, available at http://www.nelliemae.com/library/research_12.html; see "Generation Debt: Student Loans, Credit Cards, and Their Consequences," 27 November 2006, available at http://www.demos.org/pubs/yaes_web_debt.pdf; see "Variables Influencing Credit Card Balances. of Students at a Midwestern University," Mattson, Sahlhoff et al, NASFAA Journal Of Student Financial Aid, Vol. 34, No. 2, 2004, available at http://www.nasfaa.org/annualpubs/journal/Vol34n2/mattson.pdf; see "Credit Card Nation," by Robert Manning, Basic Books, 2000, abailable at http://www.creditcardnation.com; and see "The Credit Card Trap: How To Spot It, How To Avoid It," U.S. PIRG and MASSPIRG, 1 April 2001, available at

http://www.uspirg.org/home/reports/report-archives/financial-privacy--security/financial-privacy--security/the-credit-card-trap-how-to-spot-it-how-to-avoid-it (all sites last visited 19 March 2008).
[22] See “Strapped: Why America’s 20 and 30 Somethings Can’t Get Ahead,” Tamara Draut, Random House, January 2007. Draut is director of the Demos (note *supra*) Economic Opportunity Program. Available at http://www.strappedthebook.com/ (last visited 19 March 2008).
[23] See “Paying Back, Not Giving Back: Student Debt's Negative Impact on Public Service Career Opportunities,” 1 April 2006, U.S. PIRG Higher Education Project, available at http://www.uspirg.org/home/reports/report-archives/affordable-higher-education/affordable-higher-education-reports/paying-back-not-giving-back--student-debts-negative-impact-on-public-service-career-opportunities (last visited 19 March 2008).
[24] The survey may, however, understate average credit card debt. It is a known fact that consumers tend to under-report debt in personal surveys. Personal communication by the author with Steve Brobeck, Ph.D., executive director, Consumer Federation of America.

APPENDIX 1: Schools Where Students Were Surveyed, By State

	State
Arizona State University	AZ
University of Arizona	AZ
UC Davis	CA
UC Berkeley	CA
UC Irvine	CA
UC Riverside	CA
UC Santa Barbara	CA
UC Santa Cruz	CA
UC San Diego	CA
University of Southern California	CA
University of Colorado at Boulder	CO
University of Colorado at Denver (Metro)	CO
Iowa State University	IA
Indiana University	IN
Berkshire Community College	MA
Bristol Community College	MA
Fitchburg State	MA
Mass School of Pharmacy	MA
Mass College of Art	MA
Mass Bay Community College	MA
Middlesex Community College	MA
Mass College of Liberal Arts	MA
North Shore Community College	MA
UMASS Amherst	MA
UMASS Boston	MA
UMASS Dartmouth	MA
Westfield State	MA
Worcester State College	MA
University of Maryland at College Park	MD
University of Maine	ME
University of Southern Maine	ME
St. Louis Community College Meramec	MO
Rutgers University	NJ
University of New Mexico	NM
Eastern Oregon University	OR
Southern Oregon University	OR
The Evergreen State College	WA
University of Washington	WA
University of Wisconsin at Madison	WI
University of Wisconsin at Milwaukee	WI

Appendix 2: Demographics of Respondents	
Gender	
Male	43%
Female	57%
Age	
Average Age	21
Median Age	20
Single or Married	
Married	5%
Single	95%
Full or Parttime Student	
Fulltime student	92%
Parttime	8%
Race/Ethnicity	
White/Caucasian	71%
Black/African-American	7%
Latino/Hispanic	8%
Native American	2%
Asian	13%
Other	4%
Multiple responses to Race/ethnicity allowed	

THE UNIVERSITY OF IOWA
Alumni Association
your gateway to the university

APPENDIX 3
Campus Credit Card Trap

OUTSTANDING FINANCIAL BENEFITS FOR STUDENTS

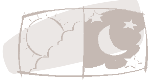
- *Immediate savings with no annual fee.*

4.9%

- *Even more savings with a low introductory 4.9% Annual Percentage Rate (APR) on cash advance checks and balance transfers until November 2007.*

- *Valuable credit card information at ww.smartcredittips.com*

- *Secure online account access and electronic bill payment service.*



- *Around-the-clock fraud protection.*
- *Help when you need it. Toll-free, 24 hours a day.*

REPLY BELOW TO REQUEST YOUR CREDIT CARD TODAY OR CALL TOLL-FREE 1.866.875.6252

A NEW OPPORTUNITY ESPECIALLY FOR STUDENTS. SIMPLY RETURN THE FORM BELOW TO REQUEST YOUR NO-ANNUAL-FEE UNIVERSITY OF IOWA MASTERCARD® CREDIT CARD.

Dear Sample A. Sample:

Imagine the convenience of being able to purchase supplies for your classes, without worrying about carrying a lot of cash. You could pay for your books—or get quick cash in an emergency—and put it on one easy-to-use account.

That's the kind of flexibility every student can appreciate . . . and it can be yours with the University of Iowa credit card. This unique financial tool can help you save money, simplify your life, build a good credit history, and show your pride every time you make a purchase. Simply complete the form below to apply for your card today or call toll-free 1.866.875.6252.

Great Opportunities. Great Resources. Establishing credit is not without risks. We recognize that there may be challenges along the way. That's why Bank of America is dedicated to giving you the tools you need to learn to manage credit wisely. Check out **www.smartcredittips.com** for information and handy budgeting tools. And look for a brochure with your new Bank of America® credit card that'll help you understand what you need to do to maintain and build your credit for the future.

Plus, this credit card program offers a customized credit line and no annual fee. You'll also appreciate the low Introductory 4.9% APR† for cash advance checks and balance transfers until November 2007. This Introductory APR applies only to cash advance checks and balance transfers, and may end sooner if your account is paid late or if your balance exceeds your credit limit. For retail purchases, you'll also enjoy a great low APR right from the start. (Please note that payments are applied first to balances with the lowest APR and balance transfers* and cash advance checks are subject to a 3% transaction fee, no less than $10.)

(over, please)

†Please see the reverse side and the enclosed Disclosure Summary for rate, fee, and other cost information. All terms, including the APRs and fees, are subject to change at any time, for any reason, in accordance with the Credit Card Agreement and applicable law.

▼ Detach here

YOUR PERSONAL REQUEST FORM

YOUR SCHOOL *Please print clearly in black or blue ink.*

School ____________________

Campus ____________________

Major field of study ____________________

Graduation Date ____________________

Class: ☐ Freshman ☐ Sophomore ☐ Junior ☐ Senior ☐ Graduate

Indicate your preferred mailing address: *(Please print alternate address clearly on this form.)*

☐ The address above ☐ The street address at right‡ ☐ An alternate address

YOUR FINANCES

Source of Personal Income‡‡ (check all that apply): ☐ Parent(s) ☐ Part-time job ☐ Full-time job ☐ Other

‡‡ Alimony, child support, or separate maintenance income need not be revealed if you do not wish it considered as a basis for repayment.

Total Annual Personal Income $ __________

Employer (if applicable) ____________________

Position ____________________ ☐ Current ☐ Future ☐ Summer

Please complete and mail this application for the University of Iowa MasterCard® credit card.

X ____________________ Date ____/____/____

BY SUBMITTING THIS APPLICATION I AGREE TO THE CONDITIONS ON THE REVERSE SIDE OF THIS FORM, THE TERMS OF THE DISCLOSURE SUMMARY, AND TO BE BOUND BY EACH OF THE TERMS OF THE CREDIT CARD AGREEMENT, INCLUDING ARBITRATION.

Print your name as you would like it to appear on the card.‡

Social Security Number‡ __________ Birth Date‡ ____/____/____

Mother's Maiden Name or Password (for security purposes) __________

Your Permanent Home Address (No P.O. Boxes)‡ __________

City __________ State ______ ZIP ______

Monthly Housing Payment $ __________ Are you: ☐ Homeowner ☐ Renter ☐ Living in campus housing ☐ Living with parents

Resident Status: U.S. Citizen or Permanent Resident? ☐ Yes ☐ No

Permanent Home Phone (______) __________

School Phone (______) __________ Cell Phone (______) __________

E-mail Address (optional—see reverse) __________

☐ Yes, keep me informed via e-mail about special marketing offers from Bank of America.

‡ Federal law requires us to collect and verify this information. If the address we mailed to was not a street address, we are required to obtain a street address.

The Benefits and Services You Deserve. You'll be glad to know you can reach a Bank of America credit card customer satisfaction specialist any time you need help—24 hours a day, 7 days a week. Not only that, but you're in line for all kinds of quick, secure online tools to assist with managing your credit card. For example, www.bankofamerica.com lets you view statements and recent transactions online, schedule electronic payments for your Bank of America bill, and more.

Use your credit card at school and at millions of locations around the world. And if it's lost or stolen, you're protected against liability for fraudulent charges when you report the loss immediately.

Don't miss this unique opportunity to show your University of Iowa pride, while you enjoy truly outstanding credit card benefits and services. Request your credit card today by completing your Personal Request Form or apply online at www.newcardonline.com (priority code XXXXXX).

Sincerely,

Vince Nelson
President, UI Alumni Association

P.S. Bank of America helps support the University of Iowa with every account opened, and for every purchase made with the card. All at no additional cost to you. Request your card today.

SUMMARY OF ANNUAL PERCENTAGE RATES

†The Variable Annual Percentage Rate (APR) for Purchases, Balance Transfers, and Cash Advance Checks is currently 18.24%. The APR for Bank and ATM Cash Advances is a variable rate, currently 24.24%. The current Introductory APR for Balance Transfers and Cash Advance Checks is 4.9% (see Disclosure Summary for duration of Introductory APR). Your Introductory APR is fixed, meaning that the Introductory APR will not be changed during the Introductory period. Keep in mind if your payment is late or your balance exceeds the credit limit, the Introductory APR will end before the advertised expiration date. A Default APR up to 29.99% may be applied to your account for all Purchases and Cash Advance balances if your payment is late or your balance exceeds the credit limit. Default APRs are not variable rates. Transaction fee for Bank and ATM Cash Advances is 3% (min. $10). Transaction fee for purchases of wire transfers and other cash equivalents is 3% (min. $10). Transaction fee for Balance Transfers and Cash Advance Checks is 3% (min. $10, max. $75).

The Variable APRs for your account may change in accordance with the Variable-Rate Information accompanying your card. In addition, we reserve the right to change the APRs, fees, and other terms of the account at any time.

If your account has balances with different APRs, payments are applied to the balance with the lowest APR before any payments are applied to balances with higher APRs. This means that balances with higher APRs are not reduced until balances with lower APRs have been paid off.

The number of days between your statement Closing Date and your Payment Due Date (the grace period) may vary from one Billing Cycle to another.

The enclosed Disclosure Summary and your Credit Card Agreement contain additional details about the rates, fees, other costs, and terms of the account.

SD-V-AD.0906

***BALANCE TRANSFERS.** If the total amount you request exceeds your credit line, we may either send full or partial payment to your creditors in the order you provide them to us or we may send you Cash Advance Checks. Allow at least 2 weeks from account opening for processing. Continue paying each creditor until the transfer appears as a credit. Balance Transfers incur finance charges from the transaction date. Balance Transfers are subject to transaction fees in the amount of 3% of the transaction (min. $10). If you have a dispute with a creditor and pay that balance by transferring it to your new account, you may lose certain dispute rights. Balance Transfers may not be used to pay off or pay down any account issued by FIA Card Services, N.A. BT.0107

Certain restrictions apply to each benefit. Details accompany new account materials. PF.CR.0307

CONDITIONS

I have read this application, and everything I have stated is true. I am at least 18 years of age or I am at least 21 years of age if a permanent resident of Puerto Rico. I authorize FIA Card Services, N.A. (hereinafter "you" or "your") to review my credit and employment histories and any other information in order to approve or decline this application, service my account, and manage your relationship with me. I consent to your sharing of information about me and my account with the organization, if any, endorsing this credit card program. I authorize you to share with others, to the extent permitted by law, such information and your credit experience with me. In addition, I may as a customer later indicate a preference to exempt my account from some of the information-sharing with other companies ("opt-out"). If I accept or use an account, I do so subject to the terms of this application, the "Details of Rate, Fee, and Other Cost Information" and the Credit Card Agreement as it may be amended; I also agree to pay all charges incurred under such terms. Any changes I make to the terms of this application will have no effect. I accept that on a periodic basis my account may be considered for automatic upgrade at your discretion. I consent to and authorize you, any of your affiliates, or your marketing associates to monitor and/or record any of my phone conversations with any of your representatives. PR.0107

We use your e-mail address to communicate with you about your application and/or account. See the Bank of America Privacy Policy for additional information. The Privacy Policy is available at bankofamerica.com and accompanies the credit card.

If the enclosed postage-paid envelope has been misplaced, send application to: Bank of America, PO Box 981052, El Paso, TX 79998-9935. BAC.ABP.EMAIL.0906

This credit card program is issued and administered by FIA Card Services, N.A. Any account opened in response to this application shall be governed by the laws of the State of Delaware. Travel planning services are provided to customers by an independently owned and operated travel agency registered to do business in California (Reg. No. 2036509-50); Ohio (Reg. No. 87890286); Washington (6011237430) and other states, as required. MasterCard is a federally registered service mark of MasterCard International Inc., and is used by the issuer pursuant to license. Platinum Plus is a trademark of FIA Card Services, N.A. Bank of America is a registered trademark of Bank of America Corporation.

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