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James S. Keller
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August 18, 2008

Jennifer J. Johnson
Secretary
Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Re: Request for Comment regarding Proposed Rule to Implement FACT Act Risk-Based Pricing Rule; Docket No. R-1316; 73 Fed. Reg. 28966 (May 19, 2008)

Dear Ms. Johnson:

The PNC Financial Services Group, Inc. (“PNC”), and its principal subsidiary bank, PNC Bank, National Association (“PNC Bank”), both of Pittsburgh, Pennsylvania, appreciate the opportunity to comment on the rule proposed by the Federal Trade Commission and the Board of Governors of the Federal Reserve’s (“Board”) to implement the risk-based pricing provisions of Section 311 of the Fair and Accurate Transactions Act of 2003 (“FACT Act”), which amends the Fair Credit Reporting Act (“FCRA”) (the “Proposal”).

PNC is one of the largest diversified financial services companies in the United States, with \$142.8 billion in assets as of June 30, 2008, with businesses engaged in retail banking, corporate and institutional banking, asset management and global investment servicing. Its principal subsidiary bank, PNC Bank, has branches in the District of Columbia, Florida, Indiana, Kentucky, Maryland, New Jersey, Ohio, Pennsylvania and Virginia. PNC also has one other subsidiary bank, PNC Bank, Delaware, which has branches in Delaware.

PNC welcomes the opportunity to submit a comment letter on this topic and we urge the Board to consider carefully the specific comments offered below.

I. General Comment

PNC appreciates the flexibility the Proposal includes for creditors to deliver the required notices. As a lender making real estate secured loans that are already subject to the credit score disclosure requirement of Section 609(g) of the FCRA, PNC would almost certainly choose the option of delivering the credit score disclosure notice to all consumers in lieu of providing a risk-based pricing notice. Therefore, we limit our comments to Sections 222.74(d) and (e) of the Proposal.

II. Specific Comments

A. Real-Estate Secured Loans; Proposed Section 222.74(d)

Proposed Section 222.74(d) enhances the credit score disclosure already required for applications for real estate secured loans under section 609(g) of the FCRA. We believe the Board has created a simple, easy to comply with requirement by substituting the enhanced credit score disclosure requirement for the risk-based pricing notice. The Board is requiring several new pieces of information to be added to the notice, including the additional requirement in subsection (E) of the distribution of credit scores among all consumers using the same scale as that of the credit score that is provided to the consumer, presented in the form of a bar graph or a clear and readily understandable statement informing the consumer how his or her credit score compares to the scores of other consumers. The explanatory material to this section states that the Board understands that some credit score vendors make such graphs available to interested persons, such as at a web site (73 Fed. Reg. at 28981), and the Board requests comment on whether requiring disclosure of the distribution of credit scores or a comparison of consumer credit scores will be unduly burdensome or costly to implement.

PNC is concerned that this requirement will be extremely burdensome to users of consumer reports unless the credit score vendors make such information readily available to the users. If individual creditors must evaluate and communicate this information to consumers, the results may be skewed or inaccurate, and will vary among lenders. It is our hope that credit score providers would provide this information to users. There will certainly be increased costs to inclusion of this information in the notices, as it is probable that it would be supplied at an extra cost by the credit score vendors. This comment is equally applicable to the credit score disclosure for non-mortgage credit, discussed below.

B. Credit Score Disclosure Exception for Non-Mortgage Credit; Proposed Section 222.74(e)

(i) Inclusion of Four Key Factors

Proposed Section 222.74(e) extends the credit score disclosure exception to loans that are not secured by one to four units of residential real property, for which creditors are not required to provide the section 609(g) notice. The Board explains that auto lenders, credit card issuers and student loan companies could use this exception.

Unlike the notice required by section 609(g), the Board is not proposing to require that this notice contain up to four key factors that adversely affected the credit score. The Agencies solicit comment on whether requiring disclosure of the key factors in this notice

will simplify compliance with the rules by making the content of the notice more similar to the content of the notice for credit secured by residential real property.

We believe strongly that the Board should not require the four key factors to be included in this notice, and that requiring their inclusion in the notice will not simplify compliance. We do not believe that the differing content requirements will complicate the compliance burden; rather it will ease compliance. Unlike the notice discussed above for real estate secured transactions, this notice is applicable to loans that have a much shorter application approval turnaround time. The four key factors are unlikely to be available instantaneously, and would delay the availability of the notice. Further, inclusion of the four key factors would substantially increase the time and expense expended by creditors in preparing and programming the printing of this notice for delivery to consumers.

(ii) Timing Requirement

The timing requirement set forth in 222.74(e)(3) matches the timing requirement for the notices required for real estate secured loans, in that the notice must be provided to the consumer as soon as reasonably practicable after the credit score has been obtained, but in any event at or before consummation of a transaction in the case of closed-end credit or before the first transaction is made under an open-end plan. This timing requirement can be satisfied without sacrificing timeliness of approvals for real-estate secured loans, which normally are subject to a three-day rescission period and/or longer underwriting and approval cycles.

However, as the Board notes in the explanatory materials, this exception is likely to be used by auto lenders, credit card issuers, and student loan companies. In these types of unsecured loans and lines of credit that may be approved instantly, the timing requirement substantially complicates compliance requirements. Personal, unsecured loans and lines of credit may be approved in a branch at the time of application, and the customer could have instant access to the funds. In this case, the credit score disclosure would have to be available at the time the loan is closed in the branch. Compliance with this timing requirement becomes nearly impossible when faced with the very specific information that must be contained in the notice.

Elsewhere in the explanatory materials, in relation to the risk-based pricing notices, the Board notes its understanding that for some transactions there may be very little time between approval of an application and either consummation or the first transaction under the plan. The Board solicits comment on whether there are any circumstances in which it should permit the providing of notice after consummation or after the first transaction under the plan. We urge the Board to consider that factor when finalizing the timing requirements for the credit score notice exception in closed-end credit transactions where consummation of the loan may transpire long before the disbursement of the loan (i.e.,

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student loans), in instant approval installment loans (i.e., auto loans and unsecured personal installment loans), and in open-end credit transactions such as immediately available personal lines of credit.

C. Effective Date

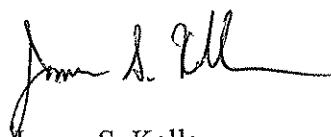
We urge the Board to provide creditors with sufficient time to implement the changes that are adopted. We suggest a one-year period for mandatory compliance, because of the substantial programming and operational changes required by the Proposal.

III. Conclusion

We strongly recommend that the Board consider these comments in finalizing the Proposal.

If you would like to discuss any aspect of this letter, please do not hesitate to call me.

Sincerely,



James S. Keller

cc: Michael D. Coldwell
Federal Reserve Bank of Cleveland

Kathleen A. Flannery
Douglas T. Shore
Melinda B. Turici
The PNC Financial Services Group, Inc.