From: Keiser University, Bernice Rockower

Subject: Reg Z - Truth In Lending

Comments:

May 26, 2009

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington DC 20551
Via: Federal Rulemaking Portal
Re: Docket No. R-1353
Dear Ms. Johnson:

Keiser University is a private, regionally-accredited, tax-paying university, with 14 campuses located across Florida. Statewide, more than 13,000 students attend the institution, and students are prepared for careers in business, criminal justice, health care, technology, hospitality and education. All of our degree programs provide students with a general education foundation for career-focused professional skills.

Thank you for the opportunity to remark on proposed regulations amending Regulation Z, Truth in Lending, as published in the March 24, 2009 Federal Register. While Keiser University believes in providing information to students and parent borrowers, we suggest the following changes in 37(b): "Creditor" - Keiser University believes higher education institutions should be exempt from this definition for purposes of application of the new Subpart F with respect to installment payment plans or institutional loans made to students attending Keiser University. The application of Subpart C would be retained for such installment payment plans or institutional loans if Keiser University otherwise meets the definition of "creditor."

Keiser University supports the following assessment and modifications provided by the Career College Association (CCA). According to (CCA), "the Higher Education Opportunity Act of 2008, which amends Truth in Lending with respect to these proposed regulations, does not speak to the term "creditor." Rather, the HEOA amendments to TILA impose disclosure requirements on "private educational lenders." Section 1011(b) of the HEOA, setting out the TILA amendments, defines "creditor" as including "a private educational lender as that term is defined in section 140 for purposes of this title.'' Section 140 defines "private educational lender" as including persons "engaged in the business of soliciting, making, or extending private education loans." Before the HEOA amended TILA, TILA would not classify an entity as a creditor unless its agreement with the borrower, among other things, required more than four payments (15 U.S.C. § 1602(f)). Now this same provision adds the following statement at the end of the section: "The term 'creditor' includes a private educational lender (as that term is defined in section 140 [15 USCS § 1650]) for purposes of this title [15 USCS §§ 1601 et seq.]."

Since the definition of a "private educational lender," has no minimum number of payment requirements, CCA believes a school should not be considered a "creditor" under TILA, regardless of the number of payments it requires in its agreement with student borrowers. This argument applies to institutional payment plans as well. Under these plans, institutions allow students to make installment payments on a remaining balance on their student account rather than taking out a private educational loan. Some institutions also require students to pay a nominal amount on a recurring basis throughout the

educational term, since making regular cash payments of any amount can make students more invested in their education. In both these scenarios, subjecting institution to all of the new Subpart F requirements would be burdensome and offer no additional protections to the student consumer; instead, it could dissuade institutions from offering these benefits to their students."

"Institutional loan" - this should be modified so the definition excludes student loans made by a covered higher education institution for attendance at that institution. These loans would therefore be subject to the Subpart C requirements but not those of Subpart F. These modifications would make institutional loans at covered institutions subject to all key consumer disclosures, but would allow exemption from the Subpart F provisions, many of which raise compliance difficulties, and create undue burdens on higher education institutions.

The definition of "preferred lender arrangement" in 37(b)(4) should be amended to clarify that a covered educational institution making institutional loans to students attending that institution would never be considered to be in a preferred lender arrangement with itself. The definition in proposed 226.37(b)(4)-1 states the term refers to "an arrangement or agreement between a creditor and a covered educational institution." This definition should not apply because an institution does not make an arrangement or agreement with itself to provide loans. This would impose problematic reporting and disclosure requirements. More importantly, there is no real benefit to our students from this requirement.

Thank you in advance for considering these suggestions. Please contact me if you have any questions.

Respectfully yours,

Arthur Keiser, PhD