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Proposal: Regulation Z - Truth in Lending
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Comments:

Dear Ladies and Gentlemen: As a consumer I would like the Federal Reserve to consider the following comments on the proposed amendments to Regulation Z - Truth in Lending, Docket No. R-1286: 1) On the topic of credit card applications and solicitations specifically payment allocation, currently there is no easy way to determine how payments will be applied, which leads to erroneous conclusions by the consumer. Consumers most often assume that after payment of interest and fee charges, the remaining payment is applied to balances in the descending order of the applicable interest rate (the transactions and balances with the highest applicable interest rate are paid first). The proposed amendment to Regulation Z, is a "new disclosure (that) would alert consumers that they will pay interest on the purchases until the transferred balance is paid in full." This will alleviate some but not all of the confusion on the payment allocation. I recommend the table include in clear language the order payments are allocated to grace period transactions and outstanding balances. Further, I recommend that periodic statements clearly show how the current minimum payment will be allocated (such as a mortgage payment coupons show) because the consumer may not recall the application statements on payment allocation months or years after opening the account. 2) In regard to penalty rate notices and the solicitation for comment on "whether a shorter time period than 45 days' advance notice would be adequate," I believe that 45 days is sufficient. I believe anything less than 45 days would not give the consumer sufficient time to consider alternatives or enact those alternatives to avoid penalty rate repercussions. 3) Finally, regarding proposed amendments on credit insurance, debt cancellation, and debt suspension coverage where the current proposal is; "to exclude the cost of debt suspension coverage from finance charges and APR, creditors must inform consumers that the coverage suspends, but does not cancel, the debt." I believe this proposal should be modified to include a statement on interest accrual if the debt will continue to

accrue interest during suspension. This will help the consumer better understand debt suspension. The modified proposal I believe should read; "to exclude the cost of debt suspension coverage from finance charges and APR, creditors must inform consumers that the coverage suspends, but does not cancel, the debt. The creditor must also inform the consumer whether or not the debt will accrue interest during suspension." Thank you for your time and the opportunity to comment on the Regulation Z amendments. Sincerely, Ryan Milakovich