



National Association of Consumer Credit Administrators

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October 10, 2007

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

Reference 12 CFR 226-Regulation of Credit Cards
Docket No. R-1286
regs.comments@federalreserve.gov

Dear Ms. Johnson:

The following comments to the above Docket No. R-1286 is being offered by the National Association of Consumer Credit Administrators (NACCA). The association consists of state regulators responsible for the administration of state usury and consumer credit laws. All fifty states are represented in the association in addition to Alberta, Canada, the District of Columbia and Puerto Rico.

The proposed changes for open-end (revolving) credit that is not home secured are needed as to required disclosures at the time of the account opening and clarification and highlighting of key terms on periodic statements. Consumers must be able to shop for and understand the cost of credit. They must be able to identify and understand the key terms of open-end credit accounts both when the account is opened and on each periodic billing statement.

Increasing the advance notice before a change in terms, new delinquency, or default charges can be imposed from 15 days to 45 days will allow customers to consider alternative financing or change their account usage.

The grouping of fees on periodic statements along with the total dollar amount of fees and interest for each cycle as well as a total for year to date

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will provide needed information. We do note that specifically limiting those fees that are required to be disclosed either at the time the account is opened or as part of a change in terms notice could encourage creditors to become creative in what fees are assessed.

The proposed revisions to advertising provisions in regards to minimum monthly payments and fixed rates are a positive. This is also true as to cut-off times, late-payment fees, and any type of penalty pricing.

We support the proposed change to provide for closed-end disclosures rather than open-end disclosures when the credit being extended is for individual loans that are individually approved and underwritten. The changes that would require that the checks mailed by card issuers to access a credit card account be accompanied by cost disclosures are useful. The new disclosures involving subprime accounts, balance computation method, credit insurance, debt cancellation and debt suspension coverage are also helpful.

The issue of the usefulness of the disclosure of the effective Annual Percentage Rate (APR) on periodic statements is one that has no easy answer. As noted in the proposal, an APR on open-end credit is not generally as meaningful as closed-end credit. However, an APR on a periodic billing statement could still provide useful information for comparison shopping. As such, we are supportive of better clarification of the calculation of the effective APR by explaining what specific costs are included in the effective APR on the periodic billing statement rather than elimination of the APR or the use of a "range" of possible APRs on the billing statement.

We do note that the Board has not addressed some areas that have generated widespread concern including universal default concerns and penalty pricing that is retroactive.

Finally, we applaud the Board for not only using consumer testing, but for the first time conducting comprehensive in-depth interviews with individual consumers. We suggest that the Board expand this approach. New proposals can assist in bringing greater clarity of key terms on credit card accounts; enable consumers to better evaluate credit offers and to use their open-end credit account while also enhancing competition in the market.

Sincerely,

Joseph L. Mulberry

Joseph L. Mulberry, President, NACCA