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Ms. Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington DC 20551

Fax: 202-452-3819 / 202-452-3102

RE: Regulation Z; Docket No. R-1286 Truth in Lending

Dear Board of Governors of the Federal Reserve System;

Your proposed amendments to Regulation Z, which implements the Truth in Lending Act that specifically addresses revisions to revolving –non home- secured lines of credit is an important step toward better governing a “credit culture” that often ignores the principles of 1. an ethical lender who extends credit in good faith and 2. an informed consumer who understand the use of credit and the terms.

Credit and Charge Card Application Solicitation and Disclosures. Your proposal seeks to implement terminology that is “more understandable to consumers”. Avoiding financial jargon and providing examples of how interest and grace periods work will assist non-financial savvy users in better managing their credit. As a consumer and lender, I have been astonished by the lack of knowledge that consumers have regarding basic finance. Disclosures should clearly express the days in the cycle to avoid interest and what in fact happens if payment is not received by the date due, or if it falls on a holiday. Furthermore, those revolving lines of credit that are assessed “per diems” must also disclose such information. The consumer must ultimately be accountable for late payments and for credit that has been mismanaged. It is incredible how many people have taken advantage of the Bankruptcy Protection Act all while exacerbating all credit available on purchases that provide the issuer with “no recourse”. Holding consumers liable to the extent of fully disclosing in the account application and in the subsequent disclosures will enhance the ease of use of credit. *Terminology such as “ Your due date is (at least) 25 days after your bill is totaled each month. If the bill is not paid in full by your due date, you will be charged interest on the remaining balance.” Should be followed by “ Your interest rate is XX.XX% “. Perhaps an example of how to do this calculation should be included. Repetition is important.*

Furthermore, issuers would benefit on providing a website where cardholders can calculate the interest on balances not paid in full. Such a website would allow the cardholder to learn how interest affects balances and that the minimum payment allow does not suffice. Illustrating how long it takes to pay off a revolving debt is cumbersome in a litigious society, but the outcome of not educating the card holder(s) is worse. Oftentimes, balances not paid off end up charged off or in bankruptcy court. This is obviously not a favorable position for the issuers either. An interactive website can assist users with financial management in other ways. For example, a user may learn to budget and this can lead to great success.

Sub prime Card Accounts. These accounts generally require that the consumer pay “start up fees” for their credit line. Establishing a true qualification system rather than offering the credit on fico is a much more effective means. A true qualification may be a form of application with proof of income and sources of repayment. Consumers are inundated with sub prime credit lines offers in the mail where all they have to do is “check off the card style they want”. In small print, usually in the back, it will say how much will be charged if accepted and that the consumer must “fill in the blanks and sign”. This type of sub prime lending is outrageous. The consumer who doesn’t use his card and is mailed a statement with the “start up fees” and whom is assessed a “late fee and finance charges” on the “start up fees” should be allowed to contest the account as “inactive” and consumers *should be allowed to reject the plan as is proposed*. While sub prime credit issuers will be impacted guidelines must address the vast amount of credit available to non-credit worth applicants. Those individuals that initially “accept” the sub prime account with start up fees, should be contacted via mail, and formally sign an Acknowledgement of Request. This expressed document would reiterate the guidelines and the fees charged as well as the other terminology discussed in your proposal. Upon issuer receiving a signed acknowledgment issuer’s impact may be less severe.

Changes in Consumer’s Interest Rate and Other Account Terms. Creditors should not be allowed to periodically change terms without fully expressing the impact of such change. I *agree* with your proposal to have creditor provide a tabular disclosure on the front of the statement.

Crediting Payments. Creditors who set up due dates on weekends or holidays but do not accept mailed payments on those days should *NOT* be able to consider a payment received on the next business day as late for ANY reason.

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Investigation Claims of Unauthorized Transactions of Allegations of Billing Errors. I do *not* agree that consumers should not have to cooperate. It is all too easy for an individual to claim error or unauthorized use ultimately not paying for a balance that he/she may be responsible for. Issuer should have full cooperation of the cardholder and non-cooperation would seem to me as an attempt to conceal. This should not be the case when a card holder's account has been implicated in fraudulent use.

Very Truly Yours,  
M. Guiza-Leimert