



July 18, 2008

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

RE: Docket No. R-1286, Proposed amendments to Regulation Z

Dear Ms Johnson and the Federal Reserve Board of Governors:

Thank you for providing First PREMIER® Bank with the opportunity to provide its comments to the proposed rules Regulation Z. The Federal Reserve should be applauded for its efforts to improve consumer understanding of credit card products through effective disclosures.

This comment letter focuses on the proposals for open end credit (not Home-secured) plans and credit card practices.

By way of introduction, First PREMIER Bank is an \$850 million community state chartered Federal Reserve member bank operating from 15 branches in eastern South Dakota. In addition, First PREMIER Bank is the 10th largest issuer of Visa© and MasterCard© credit cards with a portfolio consisting of \$780 million in receivables and 3.5 million cardholders. First PREMIER Bank originates its credit cards through PREMIER Bankcard, LLC and primarily markets to the underserved non-prime market.

Docket No. R-1286 Regulation Z

The proposals to Regulation Z for enhancing the June 1007 proposed rulemaking aimed at improving consumer understanding of credit card products are generally supported by First PREMIER Bank.

Grace Period Labels

The proposal's would eliminate the use of grace period and require terminology "how to avoid interest". First PREMIER Bank believes that the use of a grace period has not been misunderstood by consumers to describe the period purchases can be paid without incurring interest. There is no need for changing this term, but consistency in its usage by all issuers is essential to ensure common understanding.

Minimum Interest Charge

The proposal would add a de minimis dollar amount trigger of \$1.00 for disclosing minimum interest of finance charges. In addition, the de minimis trigger would be adjusted

according to changes in the Consumer Price Index. First PREMIER Bank supports the proposal and believes that the intent is to effectively remove the disclosure of minimum finance charges. The Federal Reserve should consider eliminating the minimum finance charge disclosure from the Schumer box and monitor if issuers change their minimum interest calculations as a result.

Foreign Transaction Fees

The proposal would require issuers to disclose fees for purchase transactions in a foreign currency in the table provided at application. Many institutions already provide this information in the Schumer Box, such as First PREMIER Bank, as it provides important information for the consumer. First PREMIER Bank supports this proposal.

Penalty Rate When Credit Privileges Are Terminated

The proposal would require issuers to disclose increased rates that apply when credit privileges are terminated. First PREMIER Bank supports this proposal so consumers understand the conditions that may impact their APR.

Oral Disclosures

The proposal would require additional disclosures for issuers that require fees or security deposit that are 25 percent or more of the minimum credit limit offered for the account. The proposal would ensure consistency of information and disclosure to consumers who acquire credit cards that assess account opening fees or security deposit over 25 percent of the minimum credit limit. First PREMIER Bank supports this proposal.

Account-Opening Disclosures

The proposal would require creditors that assess fees at account opening that are 25 percent or more of the minimum credit limit to provide a notice of the consumer's right to reject the plan after receiving disclosures if the consumer has not used the account or paid a fee. A refund policy is an important aspect of any product, but particularly for credit cards that assess fees or security deposit as a condition for issuance. First PREMIER Bank has a long history of embracing a full refund policy if a customer is not satisfied with the product. First PREMIER Bank supports this proposal.

Checks That Access Credit Card Accounts

The proposal would add additional requirements to disclose any date by which consumers must use the check to receive the disclosed rates. First PREMIER Bank supports this proposal.

Changes in Consumer's Interest Rates and Other Account Terms

The proposal would require creditors to clarify how existing or new balances would be affected by any rate increases. First PREMIER Bank supports this proposal.

Crediting Payments

The proposal would require payment due date instructions as 5 p.m. or later. Payments due on a weekend or holiday would be considered received by the due date on the next business day. As written, the proposal would not have a significant impact on most issuers, including First PREMIER Bank. Most institutions accept payments until the last postal drop of the day, which may be earlier than 5 p.m., but capture all payments made to the instructed address. Weekend and holiday delays will change some processing routines, but should be made to ensure the customer's payment is not posted a late. First PREMIER Bank supports this proposal.

Investigating Claims of Unauthorized Transactions or Allegations of Billing Errors

The proposal would clarify that a creditor may not deny a claim of unauthorized transaction solely because a consumer does not comply with a request to sign a written affidavit or file a police report. First PREMIER Bank supports this proposal.

Advertising Provisions

The proposal would require notice and proximity disclosure for deferred interest plans that advertise "no interest" or similar terms. Advertisements would be required to state the circumstances under which interest is charged from the purchase date and if applicable, that the minimum payments required will not pay off the balance in full by the end of the deferral period. The proposal does not impact First PREMIER Bank as it does not offer deferred interest plans. However, the proposal is properly defined and stated to provide consumers with relevant information and First PREMIER Bank supports the proposal.

In Conclusion:

First PREMIER Bank appreciates the opportunity to share its comments on the proposed amendments to Regulation Z. The Federal Reserve has done an admirable job in formulating proposals that are targeted to improve disclosure requirements. Both the June 2007 and the May 2008 notice of proposed rulemaking to Regulation Z make significant strides in improving consumer understanding of credit card products. These disclosure changes are the best defense to protect consumers and provide the most uniform method of understanding and comparing credit card products. These disclosure changes need to be implemented and be given a chance to work before other more onerous regulation or legislation is proposed which could have serious negative consequences on cost of and access to credit.

Respectfully submitted,

First PREMIER Bank



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