

July 17, 2008

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

Re: Docket No. R-1286 Truth In Lending (Regulation Z)

Dear Ms. Johnson:

Branch Banking and Trust Company and its affiliated banks and subsidiaries of BB&T Corporation (BB&T) appreciate the opportunity to comment on the Board's proposed amendments to Regulation Z related to credit cards and open-end credit that is not home-secured.

BB&T, with more than \$136 billion in assets, is the nation's 14th largest financial holding company and operates nearly 1,500 financial centers in the Carolinas, Virginia, Maryland, West Virginia, Kentucky, Tennessee, Georgia, Florida, Alabama, Indiana and Washington, D.C.

BB&T is a longtime advocate of clear, complete and effective disclosures of credit card terms, fees and interest rates that assist consumers in making informed choices about credit card products and managing their credit obligations. As such, we support the Board's intent to ensure that consumers receive easily understandable, complete and accurate information about their credit card account terms, conditions and costs. Specifically, we are in favor of the following provisions in the proposed amendments to Regulation Z:

- Use of the phrase "how to avoid interest" or similar language in describing grace periods, or the phrase "paying interest" if no grace period exists
- A \$1.00 trigger for requiring disclosure of minimum interest or finance charges, with the trigger tied to the Consumer Price Index and adjusted in \$1.00 increments
- Disclosure of foreign transaction fees at the time of application or solicitation for credit
- Disclosure in the application summary table of penalty rates that become effective when a borrower's credit privileges are terminated
- Card Issuance Fees and Security Deposits
 - For oral applications or solicitations initiated by card issuers, in cases where the issuer requires a card issuance fee and/or security deposit

and the fees/deposit are 25% or more of the minimum credit limit offered, the oral disclosure would need to include the credit amount available to the consumer after payment of any card issuance fees and/or security deposit

- In cases where the fees assessed at account opening are 25% or more of the minimum credit limit, the creditor must provide notice of the consumer's right to reject the plan if he/she has not used the account
- Disclosure of the date by which consumers must use credit card access checks in order to receive the disclosed rates must accompany the access checks
- In cases of interest rate increases and other changes in account terms, the creditor must clarify how the rate increase/change in terms affects existing and new balances
- Advertisement for deferred interest plans characterized as “no interest” must state the circumstances under which interest would be charged from date of purchase and, if applicable, that the required minimum payments will not pay off the balance by the end of the deferral period.

BB&T also supports the proposed clarification that creditors may not deny a consumer's claim of an unauthorized transaction solely because the consumer does not comply with a request to sign a written affidavit or file a police report, and also the extension of existing guidance for investigation of claims of unauthorized transactions to also cover investigation of alleged of billing errors.

BB&T is not in favor of two provisions in the proposed amendment, the first of which concerns the rules relating to crediting of payments received by mail. While we are in favor of the requirement that creditors who set payment due dates on dates for which they do not accept mailed payments must not treat payments received the next business day as late payments, we are opposed to the provision that deems “unreasonable” any deadline before 5:00 pm for crediting of payments received by mail. While we agree that banks should establish, and disclose to consumers, the cut-off time for mailed payments, we believe that a prohibition on deadlines prior to 5:00 pm is an unreasonable requirement, and that a more reasonable rule would allow deadlines of 2:00 pm or later.

The justification for an earlier cut-off relates to the fact that the majority of credit card payments received by mail, including the payments BB&T receives by mail, are processed in large-scale lockbox operations, which have the following constraints:

- Phoenix-Hecht, a respected provider of independent research for the financial services industry, assumes a four hour remittance processing window for payments received at lockbox facilities (in its report *Measuring, Modeling and Monitoring Your Lockbox: A Practical Guide*). Given this four hour processing window benchmark and a 5:00 pm deadline, many banks would not be able to complete processing payments until after 9:00 pm, which could delay nightly

updating of account records and the availability of current account information to cardholders the next day.

- A 5:00 pm deadline would mean that payments would need to be picked up and transported from U. S. Postal facilities during what is the heaviest traffic period of the day in many areas, which would result in delayed processing on a routine basis. In major metropolitan areas, where numerous credit card issuers have their payment processing sites, evening traffic delays of an hour or more are not uncommon. A deadline earlier in the day would avoid most peak traffic periods.

Additionally, the available times for mail retrieval can vary depending on the particular U.S. Postal facility, and the cut-off time for retrieving mail from the facility may be earlier than 5:00 pm. For example, a facility may not allow access to retrieve mail after 2:00 pm even though it continues to place mailed payments in the bank's box until 5:00 pm. In such cases, the bank would not be able to meet the proposed 5:00 pm or later deadline.

The second provision we oppose is the requirement from the June 2007 proposal that change in term notices for certain account terms be provided in either the body of the periodic statement or in a separate mailing to the consumer, as opposed to a notice accompanying the periodic statement. We believe that additional costs associated with modifying and reformatting cardholder statements to include this information whenever a change in terms has to be disclosed, or alternatively, the costs of printing and mailing a separate change in terms notice, far outweigh any potential benefits. We believe that a statement enclosure, meeting specifications designed to ensure that it attracts the attention of the consumer, is an equally effective method of disclosing changes in account terms and should be permitted under regulation.

Thank you for your consideration of our comments, and please feel free to contact me with any questions.

Sincerely,

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