

May 22, 2009

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

Re: Regulation Z; Docket No. R-1353

Dear Ms. Johnson:

Wolters Kluwer Financial Services is pleased to provide this comment letter to the Federal Reserve Board (Board) regarding its recently proposed amendments to Regulation Z implementing a new disclosure regime required by the Higher Education Opportunity Act of 2008 for private education loans.

#### **About Wolters Kluwer Financial Services**

Wolters Kluwer Financial Services is a leading provider of content, compliance, technology, and services to banking, indirect lending, insurance, mortgage, and securities organizations in the United States. More than 15,000 financial services organizations look to Wolters Kluwer Financial Services to help address compliance and operational risk management issues. One of the many compliance services provided by Wolters Kluwer Financial Services is helping financial institutions comply with the disclosure requirements of Regulation Z.

#### **Summary of the Proposed Rule**

The proposed rule would add disclosure requirements for “private education loans” defined as closed-end loans not secured by real property or a dwelling the proceeds of which are used *expressly, in whole or in part*, for “postsecondary educational expenses”. Postsecondary educational expenses are broadly defined to “include tuition and fees, books, *supplies, miscellaneous personal expenses*, room and board, and an allowance for any loan fee, origination fee, or insurance premium charged to a student or parent for a loan incurred to cover the cost of the student’s attendance”. [emphasis added]

Under the proposed rule, in addition to the current § 226.18 disclosures, creditors making private education loans would be required to provide the consumer with new disclosures at application, approval and consummation.

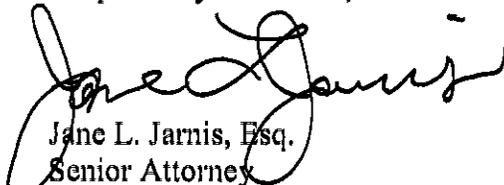
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### **Multi-Purpose Loans**

If any portion of the proceeds of a multi-purpose loan would be used for postsecondary educational expenses, the creditor would be required to provide the new approval and consummation disclosures, but not the application disclosures. Comment 37(b)(5)-2 of the proposed rule would clarify that, with respect to multi-purpose loans, the creditor may “rely on a check-box, or purpose line, on a loan application to determine whether or not the applicant intends to use loan proceeds for postsecondary educational purposes”.

The Board has requested comment on whether multi-purpose loans should be excepted from all of the private education loan disclosure requirements. Wolters Kluwer Financial Services is concerned that, in order to avoid an inadvertent Regulation Z violation, creditors who are not in the business of making student loans would need to change their application documents to collect an affirmation from the borrower that no portion of the loan proceeds would be used for “postsecondary educational expenses”. Excepting multi-purpose loans from all private education loan disclosure requirements would avoid such an inadvertent Regulation Z violation.

Respectfully submitted,



Jane L. Jarnis, Esq.  
Senior Attorney  
Wolters Kluwer Financial Services

JLJ/dlm  
By email