

From: David E
Subject: Regulation Z - Truth in Lending (Credit Card Act)

Comments:

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Proposal: Regulation Z - Truth in Lending
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Dear Madam/Sir: 11/9/09 Re: July 15, 2009 (Regulation Z - Truth in Lending - R-1364). September 29, 2009 (Regulation Z - Truth in Lending - R-1370) Both R-1364 and R-1370 do not appear to specifically address a "change in terms" after an account has been closed (other than 226.55's continuing application of the ban on "increases in "annual percentage rates, fees, and finance charges applicable to outstanding balances.") For example: Let's assume a credit card issuer mails a 45 day change in terms (significant change) notice with an opt out provision to a cardholder. Let's also assume that the cardholder properly rejects the change and the credit card issuer subsequently closes the account. Although R-1370 clarifies that the ban on increases in "annual percentage rates, fees, and finance charges applicable to outstanding balances" would continue to apply to balances on closed accounts, neither R-1364 or R-1370 specifically address whether a significant change other than an increase in annual percentage rates, fees, and finance charges would still require 45 days notice and the right to opt out (meaning would also continue to apply). Having read through both regulations, it seems clear that the 45 day notice and right to opt out of significant changes would continue once the account is closed. Nevertheless, it would be beneficial to consumers that the regulations specifically address this issue, as is the case with 226.55's continuing application of the ban on "increases in "annual percentage rates, fees, and finance charges applicable to outstanding balances." To continue with the example, once the change in terms have been rejected and the account has been closed, there appears to be nothing preventing the card issuer from sending the cardholder a new round of change in terms notices with the right to opt out. This would mean that the cardholder would have to opt out again. This process can take place every 45 days, resulting in 8 occurrences per year (365days/45days = 8 times per year). So every 45 days the card issuer can send the cardholder a notice of changes and the cardholder would have to opt out of each change. In theory the notice can provide for the exact same changes that were previously rejected. The regulations don't appear to set a limit to the number of times a card issuer can attempt to change the terms with accompanying notice and right to opt out. What about minimum payments? Can the cardholder

send notices every 45 days telling the cardholder that the minimum payment will be changed (in this case it is a significant change requiring notice but not requiring the right to opt out). Of course for non-significant changes the cardholder must also receive a form of notice, but there would be no right to opt out and the changes would most likely not be something that the cardholder would care much about. I would like to see the above issues addressed in the final regulations. Thanks David