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SECURIAN™

November 20, 2009

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

Re: Proposed Rule – Credit CARD Act Revisions to Reg Z
Docket No. R-1370

Dear Ms. Johnson:

This letter is submitted in response to the Proposed Rule revising Reg Z to implement the provisions of the Credit CARD Act that become effective on February 22, 2010.

Securian Financial Group is a provider of credit insurance programs to the bank and credit union industry, and administers debt cancellation contracts and debt suspension agreements for our clients. We are also a lending and deposit forms provider to our credit union clients, and as such, provide closed-end and open-end consumer and home equity loan forms, credit card forms, and deposit forms to hundreds of credit unions nationwide. It is with this background and knowledge that this letter is submitted. We appreciate the opportunity to provide this information.

Our comments are limited to a few select issues, including:

1. The proposed acceleration of the July 1, 2010 effective date of Reg Z provisions not relating to the Credit Card Act;
2. Over-the-credit limit transactions;
3. Internet posting of credit card agreements and submission to the Board; and
4. Clarification of the interplay between 226.9(c) change-in-terms notice and the 226.9(e) renewal notice.

PROPOSED EFFECTIVE DATES

The effective date of the Credit CARD Act provisions at issue here is February 22, 2010. As such, the Reg Z revisions directly related to or affected by the Act will also be February 22, 2010. However, the Board also seeks comment as to whether the February effective date should also apply to the provisions of the January 2009 Reg Z Rule that are not directly affected by the Act, which provisions currently have an effective date of July 1, 2010.

We strongly urge the Board to refrain from moving up the compliance date of any of the July 1, 2010 rules for which it is not required to do so by the Credit CARD Act. This is for several reasons. First, the revisions contained in the July rules are significant, including:

1. new tabular disclosures for credit card applications;
2. tabular disclosures at account opening for credit cards;
3. tabular disclosures for revolving lines of credit;
4. significant and substantial revisions to the periodic statements; and
5. for credit unions, significant changes to their multi-featured lending plans.

These revisions have a huge impact on creditors' operations, compliance, loan origination system programming, loan forms; and training. It is no easy task to implement all these changes. Creditors will be hard-pressed to comply by July 1, and moving up the compliance date by more than four months would make it nearly impossible to comply.

Second, creditors have been, and will continue to be, under severe pressure to implement other significant regulatory changes. This includes the addition of early disclosures under Reg Z for second mortgage loans that was effective in July 2009, and the very significant changes to the Good Faith Estimate and Settlement Statements under RESPA, which take effect on January 1, 2010. The change-in-term and 21-day periodic statement requirements went effective August 20, 2009. And very significant changes to the content, timing, and format of private education loan disclosures and other substantive changes to the private education loan rules take effect February 14, 2010.

Now creditors are required to comply with many significant changes required by the Credit CARD Act provisions, effective February 22, 2010, which include restrictions on increasing APRs; rules regarding a consumer's ability to pay; over-limit fee opt-in requirements; and posting credit card agreements and pricing information on websites and submitting them to the Board. The number of reg changes in 2009 and 2010 is unprecedented, and has already taxed creditors' resources in terms of money, personnel, and loan processing systems. Creditors are also reliant on third-party data processing companies to implement many of the changes, including the very extensive periodic statement requirements. Creditors have no flexibility and very little influence on the data processors' scheduling.

While the January 2009 Reg Z rules don't go into effect until 18 months after those rules were published, creditors have not had 18 months' worth of time to implement the changes. They have had to juggle various resources and adjust their implementation schedules with each new reg change. Creditors simply cannot afford to lose more than four months' time to implement the July reg changes.

Third, creditors cannot adjust to virtually no notice of the new effective date. Even if the Board published the Final Rule one month after comments were due, e.g., on December 20, 2009, this would give creditors only two months in which to become compliant with not only all the Credit Card Act provisions and Reg Z rules, but all of the July 1, 2010 rules as well. It would be asking them to adjust a 6-month schedule down to 2 months. Creditors and their data processors cannot be that flexible, and adhering to a new effective date simply cannot be done.

Similarly, speaking as a credit union forms provider, Securian has been working diligently and efficiently to implement the various credit card changes for our clients. Credit unions must also adjust their multi-featured open-end credit plans in light of the July reg changes, which will be a major overhaul to their loan forms, and we have been working to transition our clients to those forms as well. We too have been taxed and challenged to adjust our implementation schedules, priorities, and resources as rules have changed or been added over the past months. It would be a disservice to us and our clients to suddenly cut our timeframe short by more than four months. We fear that an effective date of Feb 22, 2010 is not enough time to get all of our clients fully implemented.

Finally, moving up the compliance date provides virtually no benefit to the consumer, with a disproportionate amount of risk and detriment to creditors. It only increases the possibility of non-compliance and risk to the creditors. An unrealistic timeframe helps no one. If a creditor runs out of time, it will be out of compliance. This increases the creditor's financial, regulatory, and litigation risk. Meanwhile, the consumer protections will simply not be in place. This provides no benefit to the consumer whatsoever. Moreover, Congress has obviously spoken as to which consumer protections are important to it. If it believed that the new Tabular Disclosures, for example, were crucial to consumer protection, it could have included those disclosures as part of the Credit CARD Act. It did not. Therefore, we do not believe the compliance date for those disclosures should be moved up. We strongly urge the Board to refrain from doing so.

OVER-THE-CREDIT LIMIT TRANSACTIONS

The following is our response to the Board's requests for comment regarding the over-the-credit limit rules.

Segregating the Opt-in-Notice. The Board is seeking comment as to whether creditors should be required to segregate the opt-in notice from other account disclosures. The Board believes that such a requirement may ensure that the information is not obscured within other account documents and overlooked by the consumer, for example, in preprinted language in the account-opening disclosures, leading the consumer to inadvertently consent to having over-the-limit transactions paid or authorized by the creditor.

The Board also notes that the consumer's consent must be obtained separately from other consents or acknowledgments provided by the consumer, but that it can be done so as part of the credit application.

We believe that, with the requirement that the consumer's consent be obtained separately, a requirement to segregate the disclosures is redundant and unnecessary. In order for the separate consent to be obtained, the opt-in notice must be segregated from other disclosures.

On the other hand, because the consent must be separately obtained, segregating the disclosures would not be burdensome to creditors. However, we would ask the Board to make sure that the two requirements would not be confusing or in conflict with each other. For example, if the Board requires segregation, it should be clear in the final rules that the disclosures and/or opt-in notice must be segregated from other disclosures, but can be contained in documents containing other disclosures and information, such as the credit application; it need not be a separate document.

Written Confirmation of the Opt-In. The Board also solicits comment on whether creditors should be required to provide the consumer with written confirmation once the consumer has opted in, to verify that the consumer intended to make the election. The Board states that in the case of telephone or in-person requests in particular, written confirmation may be appropriate to evidence the consumer's intent to opt in to the service. A creditor could comply with such a requirement, for example, by sending a letter to the consumer acknowledging that the consumer has elected to opt in to the creditor's service, or, in the case of a mailed request, the creditor could provide a copy of the consumer's completed opt-in form.

We are whole-heartedly opposed to such a requirement. It is overly burdensome to the creditor, provides no extra protection to the consumer, and is simply unnecessary. Mailing written confirmation to every cardholder would be expensive and, in some cases, cost-prohibitive. Requiring confirmation also requires the creditor to do the same thing twice. This takes time, money, and manpower. In today's tough times, creditors can ill afford any unnecessarily increased costs.

The benefit to the consumer is also minimal. The consumer makes his intent known the first time he opts-in; the choice is not an overly complicated or confusing one. Additionally, in the case of written, electronic, or in-person consents, the election is documented and retained by the creditor for two years. In the case of telephone consent, it is documented in the creditor's files under procedures established by the creditor. Thereafter, if the consumer incurs an over-limit fee, he is alerted to that fact via the periodic statement, and also reminded that he has elected the over-limit service and can revoke it if he wishes. The consumer is also protected by the use of the Model Form, which clearly allows him an informed election.

Finally, creditors will have much incentive to thoroughly document the election (or lack thereof). For example, if the consumer thinks he consented but the creditor does not, over-limit transactions will be rejected and the consumer will be inconvenienced and upset. This becomes a customer relations issue for the creditor. On the other hand, if the consumer thinks he rejected the service but the creditor thinks he consented, over-limit fees could be charged and the creditor will be exposed to regulatory and litigation risk. As such, creditors will establish procedures to clearly document whether coverage has been elected or rejected. We would also note that many creditors may choose to provide confirmation of the election in writing for the reasons discussed; however, this should be optional to the creditor, so that the creditor can control its costs and fashion procedures that work best for its operations.

Requiring All Three Methods. The Board is also seeking comment as to whether it should require creditors to allow consumers to opt in and to revoke that consent using each of the three methods (that is, orally, electronically, and in writing).

If we are understanding the Board's request correctly, it is asking whether a creditor should be required to use all three methods. We would answer this with a vehement "no" for a couple reasons. First, the Credit CARD Act imposes no such requirement. Second, requiring all three methods to be used would significantly increase the cost and burden to creditors. It would not provide creditors with any flexibility to conform the new requirements to the procedures and operations that work best for them. For example, many creditors still prefer to avoid or limit the number and types of disclosures and information that is provided electronically. Forcing them to provide the opt-in notice electronically when they are not currently providing similar disclosures electronically would force the creditor (in an unrealistically short timeframe) to delve into an area which it has already determined is not in its best interests financially or operationally. Requiring electronic disclosure at best would require programming changes; at worst, could require new technology systems. The cost would be exorbitant, and would be one that is not required by statute.

On the other hand, some creditors will not be comfortable obtaining the consent verbally. Under the Credit CARD Act, these creditors would simply be free to refrain from offering that option. Under the Board's rules, those creditors would be forced to do something they are not comfortable doing, while at the same time effectively forcing them to confirm the consent in writing. This would just add another layer of procedures and increased costs that are simply unnecessary.

Finally, requiring all three options provides little to no additional benefit to consumers. It is not burdensome to the consumer to sign a form, or go on-line, or to pick up the telephone; it is simply unnecessary to give them all three options in all instances.

Obtaining Consent Prior to the Effective Date. The Board is seeking comment as to whether a creditor should be permitted to obtain consumer consent for the payment of over-the-limit transactions prior to the effective date of the final rule and, if so, under what circumstances. The Board notes that such an approach could allow creditors to phase in their processing of consumer opt-ins and alleviate the compliance burden that may otherwise occur if notices could not be sent, and opt-ins obtained, until February 22, 2010.

We wholeheartedly agree that creditors should be allowed to begin obtaining consumer consents as soon as possible. As a forms provider, we endeavor to provide new forms and disclosures as soon as possible to help our clients be in compliance on or before the effective date. Our clients are generally comfortable implementing Model Forms, even if they are still "proposed", prior to the effective dates. And certainly if the Model Forms are finalized, we see no downside to complying with the new rules prior to the effective date.

Implementing the new rules prior to the effective date would also serve consumers who are used to having the convenience of over-limit transactions being allowed. To suddenly cut this service off could be more than an inconvenience and could cause embarrassment to the consumer. For example, if the consumer is using the card to buy groceries for her family or gasoline to get to work, rejecting those transactions with no warning could force the consumer into dire straits. We do not believe that that is the Board's, or Congress', intent.

With that said, we believe that it is in the best interests of creditors and consumers alike to have consistency in the opt-in procedures if creditors begin implementing them prior to the effective date. As such, we believe it would be reasonable for the Board to issue a final rule stating that creditors will be deemed to be in compliance with the new rules if they have been adhering to the proposed rules and proposed model forms, or to substantially similar procedures and disclosures. If for some reason the Board significantly alters the rules and model forms upon publishing of the final rule, creditors should be instructed to convert to the new forms and rules as soon as possible, but no later than February 22, 2010.

The Content of the Model Forms. The Board is seeking comment regarding whether the rule should permit or require any other information to be included in the opt-in notice. For example, benefits of opting in such as avoiding declined transactions or other information such as that over-limit transactions may be paid at the creditor's discretion or that the payment of over-the-limit transactions is not guaranteed.

We believe that creditors should be allowed to add additional information that is pertinent to the consumer's understanding of the risks and benefits of choosing one option over the other. It is crucial for consumers to understand that avoiding an over-limit fee means that over-limit transactions will be declined. Creditors must also be able to provide contractual terms or safeguards as well. As such, we agree that the creditors should be allowed to state that over-limit transactions will be paid at the creditor's discretion. We believe the language on the Model Form would be enhanced if it read as follows:

> Even if you request over-the-credit limit coverage, in some cases we may still decline a transaction that would cause you to go over your limit, such as if you are past due or already over your credit limit, or for any other reason we deem appropriate.

Other Comments Regarding the Model Forms. While we generally like the content of the Model Consent Form, we do have some reservations. First, the title states, "Your *right* to request over-the-credit limit coverage". However, the Credit CARD Act gives consumers no such right. Additionally, the Board has already stated that creditors can choose to have a policy where all over-limit transactions are declined, and that creditors may pay over-limit transactions at their discretion. Therefore, the form should not state or imply that consumer have the right to request over-limit coverage. As such, it would be more accurate to use a title on the form such as, "Election of over-the-credit limit coverage".

We also think the utility of the form can be improved. As currently drafted, it allows the consumer to indicate nothing - i.e., if he wants to elect over-limit coverage later by telephoning, he does not need to do anything with the form at the time it is presented. There is also no place to note the consumer's declination of coverage. This will cause confusion as to whether the consumer elected the coverage or not. We suggest the following for the actual election, which would replace the Model Form's final paragraph:

Do you want us to authorize transactions that go over your credit limit?

__ Yes, I want you to authorize transactions that exceed my credit limit. I understand that if I go over my credit limit, I will be charged the fee indicated above and that my APRs may be increased.

__ No, I do not want you to authorize transactions that exceed my credit limit. I understand that any transaction that would exceed my limit will be declined.

You may revoke or elect over-the-credit limit coverage at any time by [writing us at ________] [calling us at ______] [visiting us at www._______].

Opt-in For Existing Cardholders. We respectfully disagree with the Board's contention that the Credit Card Act applies to consumers with accounts that were opened prior to the effective date of the Act. This would amount to a retroactive application of the law and would unilaterally revoke a service that the cardholders are currently using.

We do agree with the Board, however, when it states that Congress was silent on this issue and, as such, is open to interpretation. In the interest of safeguarding the consumer and avoiding undue burden on the creditors, we suggest an alternative solution - to allow an "opt-out" for existing cardholders, and to apply the revocation rules to those cardholders. This would provide the consent that Congress is asking for, but would lessen the burden on creditors and avoid inconvenience to the consumers. We explain our reasoning as follows.

As the Board knows, consumers tend not to sign and return forms or otherwise contact their financial institutions on various matters. Whether the mailing gets buried on the consumer's desk, or they intend to call but simply don't, people just don't follow up. This is the case even for services that the consumer wants, and is especially so when the service is not used very often. For example, a consumer may want over-limit coverage in theory, but knows that he very rarely, if ever, exceeds his credit limit. So contacting the creditor to elect the coverage falls to very low on their priority list. Or the consumer may believe that he could never exceed the limit, and therefore does not act on electing coverage. Even if the consumer knows he exceeds the credit limit often, there is no guarantee that the consumer will ever get back to the creditor to sign up.

If the consent is not returned, however, creditors cannot authorize the consumer's over-limit transactions (or, more accurately, they won't because they cannot afford to allow over-limit transactions without charging the fee to offset the costs). The consumer will be caught off-guard when a transaction is declined, even though the consumer and creditor may have a long-established pattern and practice of allowing over-limit transactions. This will be very inconvenient and embarrassing for the consumer and could cause hardship to the consumer. It would be tantamount to unfair surprise and could even spark complaints and litigation risk when the consumer accuses the creditor of changing its practices and breaching a long-established contract.

With this in mind, we believe a fair application of the rules would be to allow an "opt-out" for existing cardholders, and to apply the revocation rules to those cardholders. For example, creditors could send a mailing to the existing cardholders (most probably with their periodic statements to minimize costs) informing them that (a) they currently have over-limit coverage on their accounts; (b) the amount of the current over-limit fee is $XX; (c) they may avoid this fee by revoking the coverage, in which case over-limit transactions will be declined; and (d) they may revoke coverage by using the following method(s) [____]. Creditors can also publicize the new rules by posting them on their websites, in newsletters, in their branches, etc. And creditors could be required to provide the notice on the periodic statement when a consumer does incur an over-limit fee, so that consumers are well aware that they can revoke the service and avoid the fees in the future.

By following this compromise solution, it fulfills the spirit of the Credit Card Act; allows consumers to keep a service that they are currently using (or revoke it if they do not want it); avoids undue burden and increased risk to the creditor; and allows the consumer and creditor to continue established practices. We respectfully request that the Board allow this solution for existing cardholders.

INTERNET POSTING OF CREDIT CARD AGREEMENTS & PRICING INFORMATION

The following are our comments with regard to internet posting of the credit card agreements and pricing information.

Definition of "Agreement". We agree with the Board that, in order to allow consumers to shop and compare credit card offerings, there should be some pricing information included in the definition of "agreement". However, we have concerns with the Board's definition of "pricing information" under proposed 226.58(b)(4) and Appendix N. We have no objection to including the minimum payment formula, and no objection to including credit limit, if the credit limit can be given as a range of credit limits available generally.

However, we do have concerns with the other disclosures. The Board defines "pricing information" by essentially mirroring the account-opening disclosures. The account-opening disclosures require actual figures to be disclosed for a particular cardholder, e.g., the actual APR that a consumer qualified for on a risk-tiered basis. These figures, however, cannot be known for purposes of the internet posting requirements.

We also note that a consumer "shopping" on the creditor's or the Board's website has not yet entered into a contract with the creditor, and has probably not even submitted an application. The creditor and consumer have no way of knowing what terms, if any, the consumer may qualify for, and the consumer should not be lured into a false belief that he may qualify for the terms posted. As such, we believe the more appropriate definition of "pricing information" would be to use the application & solicitation tabular disclosures, rather than the account-opening written disclosures. If the application and solicitation disclosures are good enough for a consumer who submits an application, they should be good enough for a consumer who is doing research via the internet. Using the application and solicitation disclosures would also allow creditors the flexibility regarding a range of risk-based APRs, etc.

At the very least, if the Board retains the definition as proposed, it should clarify the interaction between the 226.58(b)(4) definition and Appendix N. The way the proposal is currently written, it is not clear whether the guidance contained in Appendix N is meant to supplement the definition contained in 226.58(b)(4), or if it merely contradicts it. For example, can ranges be used for figures that cannot be known for a particular consumer, including APRs and credit limits? Currently, the 226.58(b)(4) definition answers it in the negative, and Appendix N seems to answer it the affirmative, but only for agreements submitted to the Board, not for agreements posted on creditors' websites.

We would also ask the Board to clarify that creditors are allowed to state on the website that the terms posted represent cards that are available generally and that any particular terms are not guaranteed, that consumers must apply and qualify for any posted terms, and that the terms of a particular card may change at any time.

Compliance Date for the "Pricing Information" Disclosures. As the Board notes, its definition of pricing information is based on the new disclosure rules which go into effect July 1, 2010 (e.g., "tabular disclosures"). As we discussed in an earlier section of this letter regarding the compliance date of these rules generally, we strongly urge the Board to retain the July 1 effective date for these disclosures. We have no objection to using the new disclosures as the basis for the pricing information definition; however, this should not be cause for the July 1, 2010 compliance date to be accelerated. As the Board notes, it can make technical and conforming changes to the proposed definition so that the internet posting requirement does not cause the 226.5a and 226.6(b) effective date to be moved up. As noted earlier, creditors need every minute available to meet the July 1, 2010 (and February 22, 2010) deadlines, and as such need all the flexibility they can get. Keeping the compliance dates as they currently are would provide the creditors with that time and flexibility.

Cardholder's Ability to Request a Copy of the Cardholder's Agreement. We support the Board's proposal that, as an alternative to posting agreements for open accounts that are no longer offered to the public on the creditor's website, the creditor may provide a copy of the agreement upon the consumer's request. However, we are strongly opposed to the requirement that the consumer be allowed to make such a request electronically by using the creditor's website. We believe this would cause a severe hardship to small creditors who do not have interactive websites. We note that this requirement has not been publicized by the Board or the industry, and many small creditors without the resources to delve deeply into the Board's very detailed proposal may not be aware of this requirement, and thus will not submit comments.

As noted, many small creditors do not have interactive websites. Small creditors' websites are informational only and do not generally contain the creditor's disclosures and agreements. The requirement to allow consumers to request the agreement electronically would require these creditors to elevate their level of website sophistication when they have already determined, for a number of reasons, that they will not offer that level of sophistication. Such reasons may include prohibitive costs regarding the initial building of the technology and maintenance of the site; an inability or lack of desire to maintain the data security that would be required; a lack of technology expertise; the lack of compliance expertise; and the lack of appetite for complying with the additional data security and privacy laws that would be required. The Board's requirement would require the consumer to enter, and the creditor to store, the consumer's personal non-public information, including the card's account number. The level of required programming and data security would increase exponentially, and the number of laws and regulations that the creditor would need to comply with would increase significantly, including Gramm-Leach-Bliley, the FFIEC's data security guidelines, and state laws regarding safeguarding of personal private information. It is relatively simple for a creditor with a non-interactive website to post a notice clearly indicating that the consumer can request the agreement and the method to accomplish the request; it is another thing entirely to require that the consumer be allowed to request the copy electronically. Such a requirement defeats the purpose of providing an alternative means to comply with the rule. More importantly, it would require creditors with non-interactive websites to create interactive websites, thus launching them into a world they are ill-prepared to navigate and, in some cases, simply cannot explore. We do not believe that this is the Board's intent, and we implore the Board to withdraw this requirement.

Submission of Credit Card Agreements to the Board. We believe that the Board has taken a thoughtful approach regarding the logistics of submitting agreements to the Board. We do, however, have one particular concern regarding the proposal.

We do not believe that non-substantive changes to the agreements should be required to be re-submitted. While most changes to an existing card offering would probably be substantive, there are some instances where they are not. For example, typographical errors that do not alter the terms of the agreement or pricing may be corrected; an agreement may be changed from a pre-printed booklet format to a laser-printed 8x11 format; the creditor may change its corporate brand, logo, tag-line or color palette; it may add, delete, or change branch locations that may be listed on the document for the consumer's information; or the creditor may change forms providers, which in turn may alter the look or language of the agreement without changing the substantive terms or pricing information. As such, we request that the Board (1) revise proposed 226.58(d)(3) to require that only "substantive" changes must be re-submitted; and (2) provide guidance in the Commentary as to what constitutes "substantive" versus "non-substantive" changes, as noted above.

RENEWAL DISCLOSURES & INTERACTION WITH THE CHANGE-IN-TERMS RULES

We seek clarification of two issues regarding renewal disclosures. First, we would like clarification of the interaction between the renewal disclosures under 226.9(e) and the change-in-term rules of 226.9(c) and the consumer's right to reject under 226.9(h) – i.e., are the renewal rules in addition to, or instead of the change-in-terms rules? Second, we seek clarification of the required disclosures that must be contained in the renewal notice.

Renewal Notices and Change-in-Terms. As the Board notes, the Credit Card Act revised the renewal requirements. Previously, renewal requirements only applied if the creditor imposed an annual fee or renewal fee. The amendments require a second category of applicability: i.e., if a creditor changes any terms of the account that have not been previously disclosed. The Board has conformed proposed 226.9(e) to comply with the Act. We ask clarification, however, as to how the requirements of 226.9(e) interrelate or interact with the new change-in-terms requirements (e.g., 45 days notice; rate increases cannot apply to existing balances; and consumer's right to reject) under 226.9(c) and 226.9(h).

Many creditors will review their accounts at renewal time, based on market conditions and/or the consumers' creditworthiness, and unilaterally increase rates if warranted. Creditors may also increase or add fees at that time. Under the old rules, the renewal notice was only required if an annual fee was charged; only 15 days notice was required for rate changes; the rate changes could apply to existing balances; and the consumer only had the right to reject or cancel the card if an annual fee was being charged. So, creditors who did not charge an annual fee did not have to follow the renewal disclosures, and there was no inconsistency between the renewal rules or change-in-term rules.

Now, however, there are inconsistencies. Under the new rules an increase in APRs based on creditworthiness cannot apply to existing balances; forty-five days notice must be given; and the consumer has the right to reject any change in significant account terms. The renewal rules, however, state that a renewal notice must be given if changes are being made that were not previously disclosed, e.g., changes being made at the time of renewal. The renewal notice requires only seven very specific disclosures:

1. The APR(s) that will apply if the card is renewed;
2. Fees for issuance or availability;
3. Minimum Interest Charge;
4. Transaction Charges on purchases;
5. Grace Period;
6. Balance Computation Method; and
7. If a charge card, a statement that payment is due in full.

We note that absent from this list are cash advance and balance transfer fees, late fees, over-limit fees, and returned payment fees. However, these are "significant account terms" that require 45 days notice and the consumer's right to reject.

The renewal notice must be provided thirty days prior to the renewal date; the change-in-terms notice must be given 45 days prior to the effective date of the change. The renewal notice need not be in a tabular format nor in a retainable form, and can be provided with the periodic statement. A change-in-terms notice, on the other hand, cannot be sent with a periodic statement, unless it is in a tabular format embedded directly onto page 1 of the periodic statement; and it must be given in retainable form.

The renewal rules are silent as to whether they are in addition to, or instead of, the change-in-terms rules and vice versa. For example: if the creditor is increasing the APR at renewal, must a change-in-terms notice be given 45 days prior to the effective date of change which, in this case, would be the renewal date? And then must the creditor also send a second renewal notice at least 30 days prior to the renewal date? Can these two notices be combined? Can the change-in-terms notice satisfy the renewal notice requirements?

We believe that, if the renewal notice requirements are in addition to the change-in-term requirements, the change-in-terms notice should be able to satisfy the renewal requirements. It will inform the consumer of the changed term(s); that those changed terms will only apply to new transactions; and that the consumer has the right to reject the changes and cancel the card. This notice will be given 45 days before the renewal date (i.e., the effective date of the change), which is more notice than the 30 days required under the renewal notices.

The rules also do not clarify whether rate increases at the time of renewal can apply to existing balances. The renewal rules imply that they can. However, the change-in-terms rules would seem to prohibit such treatment.

Based on the above, we respectfully request that the Board address the following questions, either in the text of Reg Z or in the Commentary:

1. Are the renewal notice and other requirements of 226.9(e) in addition to, or instead of, the change-in-terms provisions of 226.9(c)?
2. If the requirements of 226.9(e) are in addition to the requirements of 226.9(c), can the two notices be combined, or, alternatively, can the change-in-terms notice under 226.9(c) satisfy the requirements of the renewal notice under 226.9(e)? Or must the creditor send two distinct notices?
3. Can additional disclosures be added to the renewal disclosures, such as increased cash advance or balance transfer fees?
4. If a creditor increases an APR at renewal, can the increased APR apply to existing balances?
5. If a creditor increases an APR or adds or increases a fee (other than an annual or renewal fee), at renewal, does the consumer have the right to reject under 226.9(h)?

We would appreciate clarification on the above issues.

CONCLUSION

On behalf of Securian and its credit union and bank clients, I appreciate the opportunity to comment on the Proposed Rule. Securian and its clients are dedicated to providing consumers with compliant and beneficial loan programs and products that provide useful, meaningful disclosures regarding the cost of credit.

As explained above, we respectfully submit comments as follows:

We request that the Board retain the July 1, 2010 effective date for any and all provisions that it is not required to accelerate by the Credit Card Act.

We also believe that the over-the-credit-limit Model Form can be improved, and that an opt-out requirement should be used for existing cardholders.

We believe that the definition of “pricing information” with regard to internet posting of credit card agreements and submission to the Board should be clarified to ensure that pricing information can be given as ranges available generally. Creditors should also not be required to allow consumers to request a copy of their credit card agreements electronically through their websites, as this would require creditors with non-interactive websites to create interactive websites. This will increase costs and compliance risk while increasing the level of sophistication of the website to a level that the creditors are not prepared to offer.

Finally, we request clarification as the relationship between the 226.9(e) renewal rules and the 226.9(c) and 226.9(h) change-in-term rules. Specifically, are the renewal rules in addition to, or instead of, the change-in-terms rules? Can an APR that is increased at renewal apply to existing balances?

If you have any questions regarding these comments or we can otherwise provide assistance, please do not hesitate to contact me at 651-665-3285.

Sincerely,

/s/

Catherine Klimek
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