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Comments:

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Proposal: Regulation A - Extensions of Credit by Federal Reserve Banks
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I have recently been made aware of rule making by the Federal Reserve on the CARD Act that could have significant negative unintended consequences for the consumer. There is a line in the legislation that requires credit card companies to provide the consumer with a list of three credit counseling agencies each month on their statement. Though we are very happy to see this, there are ample opportunities for credit card companies to drive consumers to counseling agencies with which they have pre-determined agreements. The consumer would not receive an unbiased counseling session. The proposed rule would require card issuers to provide through the toll-free telephone number disclosure contact information for at least three certified credit counseling services. CCCSMT firmly believes that within the provisions there needs to exist a mandate that one of the three numbers provided to consumers be that of a local nonprofit credit counseling agency. It is the opinion of CCCSMT that it is imperative that consumers are given the opportunity to elect a local credit counseling agency to provide financial services. By not placing this mandate within Regulation Z, the Board will severely limit consumer choice. Providing a local agency number will provide consumers accurate representation of the services available, thereby honoring the full disclosure spirit of the CARD Act. This is reference in the federal register/Vol.74, No. 202/Wednesday, October 21, 2009/proposed rule, page 54139. 127(b)(11)(B)(iii). The importance of inclusion of a local credit counseling agency number goes beyond providing the consumer with choice. There are numerous advantages when a consumer is connected to a local credit counseling agency. The most important being the connection with the region in which the consumer lives. Predominantly, consumers seeking credit counseling services are experiencing financial difficulties.

A local credit counseling agency can often connect them with

additional resources within their communities and provide a more comprehensive approach to financial counseling. Most consumers find significant benefit to meeting in person with a financial counselor to work through their personal financial issues. This comprehensive approach to credit counseling significantly increases the consumer's ability to become financial independent. If the Board does not ensure that the consumer is made aware of the credit counseling resources in their area, consumers will be placed at a significant disadvantage. Furthermore, requiring a local counseling agency be included as one of the required choices brings this in line with a HUD ruling that requires housing counseling for seniors wishing to take a Home Equity Conversion Mortgage (HECM) be given contact information for a local HECM counselor. This was done to ensure lenders would not develop relationships with one counseling agency that would possibly steer them into options that would benefit the lender and not the consumer.

This simple requirement can easily be implemented without additional expense to the creditors if they choose to utilize a counseling locator service such as the one provided by the National Foundation for Credit Counseling, Peregrine services, or other reputable providers.