

From: Wolters Kluwer Financial Services, Jane L. Jarnis  
Subject: Regulation Z - Truth in Lending (Credit Card Act)

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Comments:

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Proposal: Regulation Z - Truth in Lending  
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Name: Jane L Jarnis  
Affiliation: Wolters Kluwer Financial Services  
Category of Affiliation: Commercial  
Address:  
City:  
State:  
Country:  
Zip:  
PostalCode:

Comments:

November 20, 2009 Ms. Jennifer J. Johnson, Secretary Board of Governors of the Federal Reserve Board 20th Street and Constitution Avenue Washington, DC 20551 regs.comments@federalreserve.gov Re: Regulation Z; Docket No. R-1370 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 the provisions of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (Credit Card Act) that are effective on February 22, 2010. 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. Proposed Rule and January 2009 Rule On December 18, 2008, the Board adopted a final rule making comprehensive changes to the Regulation Z open-end (not home-secured) credit disclosure requirements. This final rule impacts card applications and solicitations, account-opening disclosures, periodic statements, change-in-terms notices, and advertisements. The effective date of the January 2009 Rule is July 1, 2010. The Credit Card Act includes some provisions that are similar to the provisions of the January 2009 Rule. The effective date of the Credit Card Act provisions of the proposed rule is February 22, 2010. Effective Dates The Board has requested comment on whether the effective date of certain, if not all, of the provisions of the January 2009 Rule should be accelerated to February 22, 2010 or whether the original mandatory effective date of July 1, 2010 should be retained. The Board recognizes that there are many provisions of the January 2009 Rule that are not required by the Credit Card Act. As noted by the Board, financial institutions and their service providers are working diligently to update documentation and systems to meet the requirements of the January 2009 Rule.

Wolters Kluwer Financial Services is concerned that a change in effective date would unnecessarily burden the financial services industry. Further, we believe that both financial institutions and consumers will benefit if institutions are permitted to continue to pursue current implementation plans. Accordingly, unless otherwise directly required by the Credit Card Act, we request that the mandatory effective date of the provisions of the January 2009 Rule remain July 1, 2010. Over-the-Credit Limit Transactions and the Opt-in Notice Under the proposed rule, a creditor may not assess a charge on a consumer's credit card account under an open-end (not home-secured) consumer credit plan unless the consumer has consented to the creditor's payment of an over-the-limit transaction. However, the creditor may, in its discretion, choose to pay an over-the-limit transaction without assessing a fee. The proposed commentary provides that even if the consumer has consented to the creditor's payment of over-the-limit transactions, the creditor may, in fact, decline to do so. The Board has proposed a model consent form. Use of the model form or a substantially similar notice will constitute compliance with the rule. Wolters Kluwer Financial Services is concerned that the proposed model may confuse consumers. It states that the creditor will decline any over-the-limit transaction unless the consumer has affirmatively consented to the creditor's payment of such transactions. Thus, the consumer may not realize that a creditor may, in its discretion, honor such transactions. In addition, the model states that, even if the consumer consents, the creditor may still decline a transaction. However, it seems to imply that this may occur only in limited circumstances, rather than at the discretion of the creditor. We request that the Board provide additional guidance with respect to the over-the-limit opt-in requirements. Respectfully submitted, Jane L. Jarnis, Esq. Senior Attorney  
Wolters Kluwer Financial Services