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Subject: Reg Z -- Truth in Lending

Comments:

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December 28, 2010 The Federal Reserve Washington, DC Re: Docket No. R-1393
Proposed Rule to Amend Regulation Z Truth-in-Lending Dear Board of Governors of the Federal Reserve System, I am writing to you as an employee of PREMIER Bankcard in Sioux Falls, South Dakota urging you to support Congress in opposing the proposed rule that would change the CARD Act. As an employee, I believe in the product and the service we provide to our customers. The proposed rule change is not what Congress intended, it is not good for the consumer, it is not good for business and it is not good for South Dakota. I actually work and talk with our customers and I would like to share with you how our card helps our customer base. Many of our customers have a hard time securing a line of credit and are grateful to have the chance to establish or re-build with us. Some of these people have unavoidable circumstances, unemployment, divorce, medical issues, etc... bad credit happens to good people. So, without companies like ours these people may not have the chance to attain a credit card and improve their situation. However, since these customers are a higher risk it is necessary for our company to charge start up fees. Just like with car insurance, people who have a lot of speeding tickets or a dui would be looked at as a higher risk customer, their premiums are higher. Taking away our ability to charge these fees up front puts us at risk, in effect cutting us off at the knees, and not being able to offer our product. The proposed rule would change the CARD Act passed by Congress and the implementing regulations by including pre-account opening fees in the 25% limitation during the first year after the account is opened. The proposed rule specifically states that "there has been some uncertainty as to whether those limitations apply to fees that a consumer is required to pay prior to account opening". In addition, the proposed rule states that the current practice is consistent with the current language of section 226.52(a)(1), the Board believe that it is inconsistent with the intent of Section 127(n)(1) insofar as it disturbs the statutory relationship between the costs and benefits of opening a credit card account. I object to the Board's conclusion that Congress intended for

something other than what was passed into law. Section 105 of the CARD Act specifically states: If the terms of a credit card account under an open end consumer credit plan require the payment of any fees (other than any late fee, over-the-limit fee, or fee for a payment returned for insufficient funds) by the consumer in the first year during which the account is opened in an aggregate amount in excess of 25 percent of the total amount of credit authorized under the account when the account is opened, no payment of any fees (other than any late fee, over-the-limit fee, or fee for a payment returned for insufficient funds) may be made from the credit made available under the terms of the account. There can be no mistake how the law was written and passed by Congress. If all fees were to be included in the Act, the law would have been written that way and not leave it up to the rule-writers. The Act goes on to make the point even more clear that fees assessed prior to opening are not subject to limitation, except for those already prohibited by law: No provision of this subsection may be construed as authorizing any imposition or payment of advance fees otherwise prohibited by any provision of law. Finally, the authority of the Board to "effectuate the purpose of Section 127(n)(1)" is being far exceeded and is in fact changing the Act without due process of Congress. Therefore, I would urge the Board to not adopt the proposed rule to restrict pre-account opening fees that are not charged to the account.