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Subject: Reg Z - Truth in Lending

Comments:

Date: Jan 31, 2010

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
Document ID: R-1366
Document Version: 1
Release Date: 07/23/2009
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My comment/opinion has to do with credit-limit reductions. The recent and current actions of many banks in the last year,through policy changes etc. has done far more to damage the economy than anything else could have. For example in light of financial concerns in the last 15 months in which the banking institutions have all used by a form "due to market conditions",we are etc these etc's include "credit-limit reductions",and interest rate increases. I'm sure most consumer's would dissagree with me on the matters of interest rate increases,I have nothing to bicker about the banks when they raised the interest rates on 8 of my revolving accounts,while I'd rather not have had to pay such increases I can understand the need to have them so as long as such interest rates are not raised beyond a 30% of available credit line,otherwise I beleive it would result in many more defaults. However "credit-limit reductions" are a whole other situation in which I beleive should be addressed in the near future. First it brings up the matters of a civil liability to the creditor that does so,in the way that it reflects towards the credit worthiness of a consumer/account holder. As the "Fair Isaac" model fails the consumer because in how credit worthiness is established and functions when compared to another corporate entity. A simple example,a consumer has a $26,000.00 yearly income,resulting in and around a $7,800.00 disposable income in which payable debts should never exceed beyond the 30% of those amounts resulting in a credit line of no more than $2,340.00 per year to safely pay on their debts. Let's say the consumer is holding credit lines totaling that amount of $2,340.00 among 4 revolving credit lines,each having an equal amount of credit of $585.00. The consumer's interest may increase due to defaults,such as late payments etc. let's say however that the account holder has had these accounts for at least four or more years without being late
on any payment,but have carried a high balance the entire time. The bank then initiates a "credit-limit reduction",this destroys a consumer's credit worthiness via credit score,because the debt ratio is increased based upon amounts owed and the new available credit lines,this artificially

mis-represents the risk management and assesments with other creditor's owing by the consumer,spurring those creditor's to possibly increase interest rates,cancel a credit line or reduce credit lines. Either way it becomes false perceived perception on the part of the banking institutions and de-values a character of the consumer. Everyone knows that a consumer's credit score is both bought,and earned by how well one manages their economics from being fiscally responsible themselves. I certainly have no problems with banking institutions making money that is their objective,and I also know that I can manage well enough not to obtain credit. I also know that those institutions have families
that also depend on them,in other words I have always had the beleif that a failure on my part to make a valid payment also means that the employee of the bank and their families may also depend upon that payment to pay their debts. So I have been very carefull in that area. But on with the point of interest,while most people know that banks loan out 9 times the amounts of their initial deposits they extend more credit than assets being held,of course this means more risks realised,but it also means there's a lack in such banks at times to pay down those multiplied debts from earnings received,which may be a good suggestion to address. It would reduce the possibility of massive bank failures for sure,but it would also allow for consumer's carrying a high debt not to be reduced in available credit lines because of a change in market conditions. I beleive this is a good answer in all areas of concern,if banks dissagree then they are not there to either be stable,responsible themselves,and could care less about the integrity of their risk management model. Btw I had 9 revolving credit lines out of the 9 only 1 reduced the amount of available credit,though it was the only revolving credit line that I seldom used,yet they reduced the credit amounts,this lowered my credit score,however it was also the only revolving account that I decided to opt out on such changes,as they also added in an interest rate increase going from an already bloated 22.9% to the previous default amount of 29.99% so the last four years of using 9 revolving accounts and never missing a payment resulted in a lowering of the credit limit and increase of interest rates in which I found unacceptable as such terms was/is illogical. I cancelled the account under the opt out provisions,and paid off the debt as agreed,though it was excelerated. In additiona couple of other cards I had through Washington Mutual which had a 17.99% interest rate for four years maxed out never late when purchased by Chase(via loan from the Federal Reserve) the interest rate went up to 24.99% as I mentioned because I am fiscally responsible I am able to pay off such debts rather quickly. In otherwords I paid off both Chase cards in a matter of a few months instead of carrying a high balance and paying the 17.99% most likely for year's,I simply paid them both off in a few months,no longer seeing the sense in paying that much more for no fault of my own. I am but one example of caution when it comes to economics,sure I probably would have continued to have given Chase bank thousands more in interest over the years had the rate stayed at $17.99% but at a 24.99% increase with the credit history I have with Washington Mutual in the last four years made it a situation in which I was uncomfortable with. I am by far from being a wealthy individual,and I often donate to many great causes that ease suffering to those that have less. Every time that I do something good it seem's something bad comes around,and it saddens me that when those means or powers at work that cause such situations to come about are working in a self interest I am bewildered to think that the very policies for the restructure of a banking system can destroy that banking institution,from within be it either debts carrying themselves owing,or to re-coupe to get monies flowing back into the economies,one thing is for sure,it's better off to pay down debts in all areas from consumer's to businesses,to banking institutions,and making banking

interests upon the sole opinion of what is perceived as a consumer that is locked in having no choice,can indeed bite one in the pants. I do hope these comments are worthy to consider discussion,for the benefit of all parties. A direct connection between consumer's and business is much prefered by me than to have government regulations. Things that are conscionable are things that are equitable to all parties concernd.