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citi

December 23, 2009

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

Re: Docket No. 1367-Proposed Changes to Regulation Z Rules for Home Equity Lines of Credit Secured by Consumer Real Estate ("HELOC"s)

Dear Ms. Johnson:

Citigroup Inc. ("Citigroup"), one of the largest U.S. financial services holding companies in the world, respectfully submits these comments in response to proposed rules (the "Proposal") issued by the Federal Reserve Board (the "Board") which would modify various provisions of Regulation Z, 12 C.F.R. Part 226, relating to home equity lines of credit ("HELOCs"). The Proposal was published in the Federal Register on August 26, 2009. The Board also proposed a modification of the provisions of Regulation Z relating to closed-end mortgage loans, for which comments are due the same day. We are commenting on the closed-end mortgage proposal in a separate letter.

Citigroup appreciates the opportunity to provide the Board with comments on the Proposal. In general, we support the Board's desire to simplify consumer disclosures by putting them into a format that makes them more meaningful and easier to understand. However, we are concerned that some of the rules in the Proposal may have unintended and unwanted consequences. Our comments on the Proposal's specific provisions are provided below.

The Proposal would make content, format and/or timing changes to the four main types of HELOC disclosures governed by Regulation Z: (1) disclosures at application and within three days after application; (2) disclosures at account opening; (3) periodic statements; and (4) change-in-terms notices. The Proposal also provides additional guidance and protections, as well as revised disclosure requirements, related to debt cancellation/debt suspension agreements, account terminations, line suspensions and credit limit reductions, and reinstatement of accounts.

1. **Application Disclosures**. Format, timing and content changes are proposed to make HELOC application disclosures more meaningful and easier for consumers to understand. The proposed changes include:

a. Eliminating two disclosures that are currently required at application - the multiple-page disclosure of generic rates and terms of the creditor's HELOC products, and the Board-published brochure explaining HELOC products and risks entitled "What You Should Know about Home Equity Loans".

b. Replacing those disclosures with a new one-page Board publication summarizing basic information and risks regarding HELOC products entitled "Key Questions to Ask about Home Equity Lines of Credit".

c. Replacing the current generic disclosure of rates and terms with transaction-specific, early HELOC disclosures (the "Early Disclosures") that must be provided within three days of application. The Early Disclosures would:

- Provide information about rates, fees, payments and risks in a tabular format;

- Highlight whether the consumer will be responsible for a balloon payment;

- Present payment examples based on both the current rate available and the maximum possible rate for the HELOC.

Comments:

In general, we are in support of the new disclosure requirements. However, we point out that requiring transaction-specific Early Disclosures as proposed will require substantial systems and operations changes, and urge the Board to allow creditors adequate transition time. We believe that creditors will need at least eighteen months to make these systems changes and to provide adequate systems testing and employee training. In addition, we offer the following specific comments:

Estimates. Providing Early Disclosures that are transaction-specific within three days after receiving an application will require creditors to rely on the consumer's estimates provided in the loan application with respect to many elements of the application, such as the estimated value of the property that will secure the HELOC and the amount of existing liens on the property. In most cases, the creditor will not have the opportunity to independently verify the consumer's estimates within three days after it receives them, so it must use those estimates in preparing the Early Disclosures.

To protect a creditor from being liable for TILA violations for inaccurate Early Disclosures, we ask that the Board clarify that a creditor may rely in good faith on the consumer's estimates when preparing Early Disclosures – such as the estimated property value – without incurring TILA liability.

Refunds of appraisal or other fees incurred due to changes in HELOC terms. The Proposal requires that the consumer must receive a refund of fees, even those fees that are paid or payable to third parties such as appraisers, if a term other than the APR that is disclosed on the Early Disclosures changes at any time before account opening and, as a result, the consumer decides not to open the account. The consumer's requested credit limit that is set forth on the Early Disclosures is one such term that could change prior to account opening.

There are many occasions where enforcement of this rule will result in substantial unfairness to the creditor. For example, the Proposal requires Early Disclosures be provided to the consumer within three days of application. As discussed above, at the time it provides Early Disclosures, the creditor will not have completed an appraisal and will therefore not be able to verify the property value. Therefore, the property value, and any amounts that are based on that value – such as the consumer's credit limit – typically reflect the estimates provided by the consumer in the loan application.

After incurring the costs to verify the property value by ordering and paying for an appraisal or other valuation, the creditor may determine that it cannot offer the credit limit requested by the consumer that was reflected in the Early Disclosures. If the creditor offers a lower credit limit to the consumer, the Proposal would not permit the creditor to retain or recover the costs incurred to determine the value of the property. This would be an unfair result to the creditor.

We recommend that the rule be changed to provide that, in the above situation, the creditor would not be required to refund reasonable and customary third party fees that are incurred by the creditor to: (1) verify the estimates provided by the consumer at application; or (2) otherwise confirm any information contained in the application that may impact any terms disclosed in the Early Disclosures. A disclosure explaining the consumer's responsibility for these amounts should be included in the Early Disclosures, together with an estimate of the amounts that the creditor could incur. In addition to providing a rule that is fair to creditors, this would also encourage consumers to carefully consider estimates of property values and in other information that they provide to creditors in their loan applications, resulting in a more efficient credit review process for both creditor and consumer.

Early Disclosures are not a loan commitment. The proposed Model Forms for Early Disclosures include a statement on the bottom of the forms that the consumer has "no obligation to accept these terms"[1]. This language could be interpreted to mean that the creditor has approved the HELOC on the terms set forth in the Early Disclosures and is making an offer of credit to the consumer on those terms, despite the fact that no underwriting or verification process has yet been done.

It must be clear to the consumer that the Early Disclosures are not an offer of credit or a commitment by the creditor to lend on the terms set forth in the disclosure (or, in fact, on any terms whatsoever). To prevent consumer confusion, we recommend that the following language be added to the *top* of

[1] See Early Disclosure Model Forms G-14(A) through (E), 74 Fed, Reg. 43549-43559 (August 26, 2009).

the model disclosure form, immediately after the sentence stating that the consumer has applied for a HELOC: "This is not a commitment by [creditor's name] to make a loan to you. This disclosure is based on the loan terms you have requested and estimates you have given us in your application such as the estimated value of your property. We are reviewing your request and will let you know whether you qualify for a loan from us."

Fees and charges paid by the creditor. We recommend that the Board clarify that the creditor need not disclose any fees and charges on the Early Disclosures which the creditor pays and does not charge to the consumer. This rule should be equally applicable to the HELOC disclosures provided at account opening which are discussed below.

Disclosure of HELOC options and features. Although the Proposal provides instructions for disclosing a "fixed interest rate option" on the Early Disclosures, it is unclear how other optional features, including options that the consumer may select after account opening, should be disclosed on the Early Disclosures and the account opening disclosures. We recommend that the creditor be permitted to provide a list of available options and features in these disclosures, which references an attached form that explains those options and features in detail. The heading of the "Fixed Interest Rate Option" section of both the Early Disclosures and the account opening disclosures should be modified to read "Options" so that the creditor can list in that section all the options and features applicable to the loan.

Examples of other options and features are:

Convertibility Option. Some creditors allow the consumer to convert all or a portion of the existing HELOC balance from a variable rate of interest to a fixed rate of interest, which balance is then paid down separately from the variable rate balance. As the fixed rate balance is paid down, it replenishes the line.

Reduced Rate for ACH Payments. A creditor may provide a reduced interest rate for HELOCs where the consumer provides for preauthorized transfers from the consumer's deposit account to make the HELOC payments. If the consumer subsequently cancels the authorization, the rate will typically increase back to the unreduced rate.

Relationship Discounts. A creditor may provide a reduced rate to the consumer if the consumer establishes or maintains a deposit account or other relationship with the creditor. If the consumer subsequently discontinues the relationship, the rate will typically increase back to the unreduced rate.

Discount upon Initial Drawdown. A creditor may provide a lower rate if the consumer agrees to take an initial drawdown of a specified amount.

Differences in Rates if Consumer or Creditor Pays Closing Costs. A creditor may offer the consumer different rates depending on whether the consumer or creditor pays the closing costs.

2. **Disclosures at Account Opening**. The Proposal would retain the existing TILA requirement to provide consumers with transaction-specific information about rates, terms, payments and risks at the time of account opening ("the Account Opening Disclosures"). It would make two key revisions to these disclosures:

- Require a tabular summary of key terms;

- Modify how, and when, cost disclosures must be made. For example, to facilitate comparison between terms on the Account Opening Disclosure and those provided in the Early Disclosures, similar formatting requirements would be required for both.

Comments:

"No Obligation" disclosure. The proposed Account Opening Model Forms include language similar to that included in the model forms for Early Disclosures, stating that the consumer has "no obligation to accept these terms"[2]. However, because the Account Opening Disclosures are typically presented immediately before the consumer signs the HELOC account agreement that will contractually bind the consumer to these disclosed terms, we suggest that the Account Opening Disclosures further state the following, directly after the "no obligation" language: "Do not sign the HELOC account agreement if you do not want to accept these terms."

[2] See Account Opening Model Forms G-15(A) through (D), 74 Fed. Reg. 43560-43568 (August 26, 2009).

Loan originator's unique ID. Many HELOCs will involve more than one individual who is a loan originator. We do not believe that it is helpful to list the IDs of all the originators as the Proposal suggests. We recommend that the creditor should be required to list only one ID, and that the creditor should be permitted to use any reasonable method to determine which loan originator is the primary loan originator whose ID is used.

3. **Periodic Statement**. To make disclosures on the periodic statement more understandable, the Proposal would revise the format and content of the periodic statement for HELOCs, largely conforming to the periodic statement requirements finalized in the January 2009 Regulation Z Rule for credit cards (the "January 2009 Rule"). The proposed changes include:

- Eliminating the disclosure of the effective APR;

- Grouping fees and interest charges separately, and requiring disclosure of separate totals of interest and fees for both the period and year-to-date.

Comments:

We have no objections to these provisions of the Proposal.

4. **Change-in-terms Notice**. The Proposal would revise the format and content of the change-in-terms notice for HELOCs, largely to conform to the January 2009 Rule. The proposed changes include:

- Expanding the circumstances in which advance written notice of a rate change is required;

- Increasing advance notice of a change in a HELOC term from 15 to 45 days in advance of the effective date of the change.

Comments:

We have no comments on these provisions of the Proposal.

5. **Credit insurance and debt cancellation and debt suspension coverage**. The Proposal would require creditors provide new disclosures to consumers. It would also require a creditor to verify that the consumer is

eligible for certain benefits prior to enrollment in order for the creditor to exclude the fee from the finance charge.

Comments:

Employment eligibility criteria. We urge the Board to eliminate the requirement to determine whether the consumer meets employment eligibility criteria because the burden outweighs the benefit. The determination of whether a consumer meets employment eligibility criteria requires a detailed inquiry. For example, based on the product terms, a creditor might need to establish whether the consumer is employed at least 30 hours per week in a permanent and continuous job for someone other than a family member. It would be extremely difficult to obtain this information in some circumstances, such as in connection with prescreened solicitations. Moreover, consumers may be hesitant to provide this information. For example, they may be reluctant to discuss their employment status at point of sale in a retail environment.

The burden of obtaining this information is not outweighed by the benefit, as employment eligibility at time of enrollment is not determinative of the value of the product. For example, a consumer who is between jobs or temporarily working part-time may still want the product because the consumer expects to meet the employment eligibility requirements in the near future. Moreover, current ineligibility for one aspect of the product does not undermine the value of the product as a whole, and thus should not prevent the consumer from purchasing it. Debt cancellation and debt suspension products typically provide coverage in a variety of circumstances, only some of which will be relevant (e.g., marriage or birth of a child) and only some for which the consumer will be eligible (e.g., loss of income) at a given time. Thus, determining that a consumer is ineligible for a product based on employment would deny them the opportunity to participate in a bundle of benefits that are valuable over time. In addition, other people may be eligible for protection. For example, if a consumer's spouse loses his or her job, the consumer could claim benefits.

Although the Proposal does not directly prohibit creditors from providing products to consumers who do not meet the employment eligibility criteria, it would generally have that effect. If a consumer is ineligible based on age or employment, the product would be deemed "required." However, the account disclosures would not have disclosed the product as required because the product is not in fact contractually required. Thus, the creditor would be unable to provide the product to the consumer in these circumstances.

Post-sale review. In response to the Board's request for comment, creditors should not be required to review employment eligibility criteria after the product is sold. Determining continuing employment eligibility would be impractical as it would require creditors to conduct a periodic personal interview with the consumer. Even those interviews would only determine employment eligibility at a specific point in time, which may not be relevant, if, for example, the person is temporarily unemployed. (Moreover, they would likely be collecting the benefits in that case).

Suggestions. Rather than add a disclosure that overlaps with other required disclosures, the Board should integrate any additional required disclosures into the disclosures currently required for national banks and extend those required disclosures to all creditors. Current regulations require national banks to make disclosures for debt cancellation and debt suspension products.[3] These disclosures address many of the same issues as the proposal. For example, they advise the consumer that there are eligibility requirements, conditions, and exclusions that could prevent the consumer from receiving benefits. However, these disclosures are worded differently than those proposed by the Board. Given these differences, we believe that adding the Board's proposed disclosures is likely to confuse rather than inform consumers.

Avoid redundancy if the Board retains the Proposed Model Forms. If the Board retains Proposed Model Forms G-16(C) and G-16(D), Citigroup urges the Board to revise them so that they are accurate and conform with other regulatory requirements without any redundancies. In general, the model language is misleading to the extent it suggest debt cancellation and suspension products are insurance when they are not. Thus, we request that language suggesting the product is insurance, such as "this policy" and "other types of insurance" be deleted or revised. In addition, the first bullet is inaccurate. Even if a consumer has insurance, these products would provide benefits in circumstances not typically covered by insurance, such as getting married, adopting a child, or moving – all of which impact income. The second bullet is also untrue because no other product, even credit

[3] See 12 C.F.R. 37.6 and Appendix B to 12 C.F.R. Part 37.

insurance, offers the same breadth of possible benefits. The third bullet is misleading to the extent it implies that all benefits have age or employment requirements, which is untrue. For example, death benefits have no such requirements. The last bullet and introductory sentence overlap with current bank disclosure requirements and should be deleted. Finally, Citigroup requests that the Board delete the use of the word "STOP." We are unaware of any other required disclosure that begins this way and think that it could unduly alarm consumers and unfairly prejudice creditors. Also, the Board does not address how the model language should be delivered if the product is purchased over the telephone. In a telephone conversation, the word "STOP" should not be required as it would be nonsensical for a customer service representative reading a script to inject STOP. Moreover, the length and redundancy of the disclosures makes them ill-suited to oral delivery.

Web disclosures. Disclosures directing the consumer to a website should reference the creditor's website. Only creditors can provide consumers with accurate information about eligibility criteria, limitations, costs, and benefits of the specific products they offer. Thus, to assist consumers in understanding this type of information, the disclosures should reference the creditor's website for additional information rather than the Board's website. Alternatively, the disclosure could be revised to reference the Board's website for general education information and the creditor's website for product-specific information.

6. Suspensions and Credit Limit Reductions. The Proposal contains a number of additional consumer protections related to temporary suspensions of advances and credit limit reductions. The proposed changes include:

- Establishing a new safe harbor for creditors who suspend or reduce a line of credit based on a "significant" decline in property value on HELOCs with combined loan-to-value ratios of 90 percent or higher, to provide that a five percent decline in the property would be "significant";

- Providing additional guidance on when a creditor may suspend advances or reduce the consumer's credit limit based on a "material change in the consumer's financial circumstances".

Comments:

Declines in Credit Scores. The Proposal does not provide a definitive rule as to whether a creditor may consider a decline in a consumer's credit score, in and of itself, as a "material change in financial circumstances" that would allow the creditor to reduce or suspend credit availability on that consumer's HELOC. The Board solicits comment on whether it should prescribe more definitive rules relating to declines in credit scores. We agree with the Board's decision not to provide specific rules on this subject.

A decline in a consumer's credit score may or may not indicate to a creditor that the risk of nonpayment on that consumer's loan has increased. That is largely dependent on the circumstances that led to the decline and to other factors that affect the borrower. We strongly believe that a creditor must have the flexibility to decide whether, and how, a credit score decline should be taken into account under the risk management standards that govern its lending activities. Allowing the creditor to make decisions about the credit quality of loans in its portfolio is central to its management of risk.

Suspicious activity. We recommend that the Board clarify that a creditor may reduce or suspend credit availability under a HELOC if the consumer engages in suspicious activities under money-laundering rules. This would include, but not be limited to, activity that requires the creditor to file one or more "Suspicious Activity Reports" under those rules.[4]

Adverse affect on creditor's security. Under current Section 226.5b(f)(3)(vi), a creditor would be permitted to prohibit additional extensions of credit or reduce a consumer's credit limit if the value of the security property significantly declines, or if its security interest is adversely affected by government action so that the value of the security interest is less than 120% of the value of the credit line. We request that the Board include an additional provision in that section to provide that a lender is also permitted to prohibit additional extensions or reduce a consumer's credit limit during any period in which the account becomes unsecured for any reason.

Copy of valuation report for AVMs. The Proposal would require the creditor to provide a consumer with a copy of the property valuation report if

[4] 31 C.F.R. § 103.18.

suspension or termination of the consumer's credit line is based upon a significant decline in the value of the collateral property. In some cases, the creditor will use an automated valuation model ("AVM") to determine property value. Often AVMs are provided to the creditor in an electronic format or on a spreadsheet, so that there is no individual AVM "report" in a format that can be readily provided to consumers. In this case, the Proposal does not specify how the creditor may comply with the requirement that it must provide the consumer with a copy of the valuation report.

We ask that the rule be clarified to allow a creditor that obtains an AVM to provide to the consumer information that can be created or printed from the AVM, as long as that information includes the specific property address, the date of the valuation and the estimated value of the property.

7. **Reinstatement Requests**. The Proposal contains additional requirements regarding reinstatement of accounts where credit availability has been temporarily suspended or reduced. The proposed changes include the following:

- Notices of suspension or reduction must inform the consumer of his or her ongoing right to request reinstatement and the creditor's obligation to investigate any requests;

- A creditor must complete any investigation of a consumer's request for reinstatement within 30 days of receiving the request, and provide specific disclosures to consumers whose lines will not be reinstated;

- The creditor must bear the cost of the consumer's first reinstatement request.

Comments:

Reinstatement requests after suspensions or reductions due to a decline in property value. We support the provisions in the Proposal that would retain the current rule that places no restrictions on the number of times a consumer can request credit line reinstatements, and that allows the creditor to obtain reimbursement from the consumer for its bona fide and reasonable costs of investigation in response to these requests.

However, the Proposal would permit the consumer to request his or her first reinstatement at the creditor's expense. The reinstatement request could be made by the consumer at any time, even within a few weeks or months after availability under the line has been suspended or reduced. We believe an exception to this rule should be made where the creditor's suspension or reduction was due to a decline in the value of the property.

Suspensions or reductions due to property declines are not likely to be reversed in the short term, due to the nature of the real estate market. Consumers should not be encouraged to make reinstatement requests until property values have had a chance to rebound. If a consumer does not have to pay for the investigation costs, there will be little downside in the consumer making a reinstatement request without giving the market sufficient time to recover. Not only will this subject creditors to unnecessary costs and paperwork, but it will also result in significant consumer frustration.

We are reluctant to suggest a rule that would limit a consumer's ability to make reinstatement requests a short time after his or her credit line is suspended or terminated due to a decline in property value, since there could be isolated instances where these requests will be approved. However, we suggest that creditors only be required to absorb the costs of these requests if they are made after twelve months have elapsed since the date of the suspension or termination, since in the vast majority of cases reviews within twelve months will result in wasted time and costs. Consumers who wait for a twelve month period to request reinstatement would be benefitted as well, since after that period they have a more reasonable chance of reinstatement.

Finally, if the Proposal is adopted, creditors are likely to be deluged with first-time reinstatement requests from consumers who would not otherwise make these requests because of the associated investigation costs. We therefore ask the Board to specify that this rule, if adopted, applies only to HELOCs that are opened after the effective date of the new rule.

Timing of Creditor's Response. We suggest that the final rule allow a creditor forty-five days, rather than the proposed thirty days, to respond to a reinstatement request. A creditor tends to experience periods when it is inundated with requests, and this additional time is needed to allow the creditor to respond to those spikes in customer activity. For example, creditors tend to reduce or suspend credit lines in waves, due to market factors such as declining property values or an increase in the number of payment defaults. They typically receive numerous reinstatement requests as a result of these reductions and suspensions. Another spike in requests can occur when consumers become aware that market factors have improved. In these cases, creditors may be unable to process and respond to all requests in a short period of time, since each request requires a fact-specific investigation.

Reinstatement requests must be in writing. As stated above, a creditor tends to receive reinstatement requests in spurts due to market factors. During peak times, a creditor may find it challenging to effectively log, track and investigate requests and meet the response date on all the requests it receives within the required time period. To do this properly, a creditor must require consumers to submit reinstatement requests from consumers in writing. We ask the Board to make this clear in the final rule, and to specifically provide that creditors are not required to accept telephone requests for reinstatement.

Monitoring. Under the current rule, if a creditor complies with the provisions of 226.5b(g)(2)[5], it is permitted to forgo ongoing monitoring of an account that it has reduced or suspended, and instead may require the consumer to request reinstatement if and when there has been a change in the consumer's circumstances. The Board requests comment on whether it should require a creditor to conduct ongoing monitoring of all lines it reduces or suspends, including specific information about the potential benefits and burdens of this approach.

We believe that imposing such a broad monitoring requirement on creditors would have significant negative effects on both creditors and consumers, and urge the Board to retain the current rule that makes consumers responsible for initiating reinstatement requests.

The nature of a reinstatement request requires a case-by-case investigation of facts and circumstances that are unique to the individual account being reviewed. It is less burdensome, and more efficient, to require an individual consumer to request account reinstatement rather than to foist this responsibility on the creditor because the consumer has access to and

[5] 12 C.F.R. §226.5b(g)(2). For example, the creditor must disclose to the consumer that credit availability will only be reinstated at the consumer's request and not automatically by the creditor.

can provide the creditor with the relevant information the creditor needs to determine if it should reinstate the consumer's credit line.

If the creditor were required to monitor all suspended or reduced lines for possible reinstatement, the creditor would be required to review and analyze a wide range of information on an ongoing basis, some of which it may not presently track, and much of which would be better known by the consumer. (In fact, the creditor may not even have access to certain types of relevant information.) This could result in creditors reinstating fewer accounts than they would under the current rule, where the consumer has the opportunity to supply the creditor with fact-specific information in support of the reinstatement. When the responsibility for requesting reinstatement is borne by the consumer, the creditor can more efficiently respond to case-by-case reinstatement requests, resulting in a more accurate and timely process for both creditor and consumer.

If the creditor were required to conduct account monitoring as suggested, it would have to develop systems and procedures to institute such monitoring at significant expense. This cost would be reflected in the overall cost of HELOC credit to consumers. Furthermore, when making decisions to suspend or reduce credit lines, creditors should not have to take into consideration the considerable costs that suspension or reduction would entail. To limit their exposure to risk, creditors must be free to make decisions to suspend or reduce credit availability when legally permitted to do so, without concern for how difficult or expensive it would be to subsequently monitor those accounts for reinstatement.

Final rules on HELOC reinstatements should apply only to new accounts. Due to recent market conditions, creditors have been forced to reduce or suspend numerous HELOCs. Notifications provided to affected consumers were made in reliance on the current TILA reinstatement rules. It would be costly and procedurally difficult for creditors to change the reinstatement rules for accounts where notices have already been issued.

In addition, as discussed above, the final rule is likely to result in a surge in consumer requests for reinstatement if the creditor must pay for the first reinvestigation. Consumers with existing accounts that have been suspended or reduced, and who have not previously requested reinstatement, would have nothing to lose by asking the creditor for a reinstatement if the rule suddenly allows them to do so. This could encourage unsubstantiated reinstatement requests that would result in additional costs for creditors and, unless circumstances have significantly changed, ultimate frustration for consumers.

It would be especially difficult for creditors to process these requests if the Board adopts a specific time frame within which the creditor must respond to them. This difficulty would be compounded by the fact that the creditor would have to review the specific consumer's account history to determine whether that consumer had already made a previous reinstatement request.

To prevent these unwanted consequences, we ask the Board to clarify that any final rule that it adopts regarding account reinstatement will be applicable only to HELOCs opened after the effective date of that final rule.

8. Implementation time. The Board has requested comment on the appropriate implementation time of the final rule.

Comments:

Under the Proposal, creditors will be required to provide Early Disclosures that are transaction-specific in lieu of the previously-required generic disclosures. They will be required to significantly modify their Account Opening Disclosures and periodic statements, their procedures for issuing change-in terms notices and reviewing credit line reinstatement requests and their risk management standards and processes. All these changes will require significant modifications to a creditor's systems, operations and processes, and will require substantial retraining of a creditor's employees. Consequently, we recommend that the Board provide for a period of at least eighteen months before the Proposal is due to take effect.

On behalf of Citigroup, I thank you again for the opportunity to provide these comments on the Proposal. Should you have any questions or wish to discuss any of these issues further, please call Carl Howard at (212) 559-2938 or me at (212) 559-9342.

Very truly yours,

Joyce V. ElKhateeb
Associate General Counsel