

From: Chris Slaba
Subject: Reg Z -- Truth in Lending

Comments:

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Proposal: Regulation Z - Truth In Lending Act
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RE: Docket No. R-1393; RIN 7100-AD55 Overview Summary: 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 confusion 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. Citizen Concern: I do not agree with 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: It's very clear that no provision of this subsection may be construed as authorizing any payment of advance fees otherwise prohibited by any provision of law. Passing and approving a law, but then enforcing a different rule can lead to additional unintended consequences/impacts. 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 restrict pre-account opening fees that are not charged to the account. Thank you for allowing and considering my comments. Respectfully, Chris Slaba