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Comments:

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January 3, 2011 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-1393; RIN No. 7100-AD55

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 clarifying certain provisions implementing the Credit Card Accountability Responsibility and Disclosure Act of 2009. 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. Loss of Employee Preferential Rates As noted by the Board, some lenders offer preferential or reduced rates at account opening that are not "introductory rates" as defined in § 226.16(g)(2)(ii). Currently, the loss of such a preferential rate must be disclosed in the disclosure table as a Penalty Rate. The Board proposes a new § 226.5a(b)(1)(iv)(C) and a new § 226.6(b)(2)(i)(D)(3) that would require certain information regarding the revocation of an employee preferential rate be disclosed beneath the table rather than in the table. The Board has requested comment on whether there are other types of preferential or reduced rates that should be similarly treated. Wolters Kluwer is aware that some lenders also offer preferential or reduced rates under the following circumstances: The borrower's agreement to maintain a deposit account with the lender. The preferential rate would be lost if the borrower closes the account. The borrower's agreement to maintain a minimum balance on deposit

with the lender. The preferential rate would be lost if the borrower's balance falls below the minimum. The borrower's agreement that all periodic payments will be paid pursuant to an automatic debit arrangement. The preferential rate would be lost if the borrower cancels the automatic debit arrangement. Wolters Kluwer requests that the Board provide guidance with respect to disclosures relating to the loss of these preferential or reduced rates. It is also possible that a lender may offer both an "introductory rate" as defined by § 226.16(g)(2)(ii) and a preferential rate based on employment (or other type of preferential rate as discussed above) to the same borrower. Wolters Kluwer requests that the Board provide additional guidance with respect to the disclosures required in such a scenario. Balance Computation Methods Section 226.6(b)(2)(vi) requires the disclosure of the balance computation method used to determine the balance on which the finance charge is computed for each feature of the open-end plan. Section 226.6(b)(2)(vi) references the balance computation methods listed in § 226.5a(g) which all refer to "purchases". The Board proposes to amend the commentary to § 226.6(b)(2)(vi) to provide that in cases where the balance for each feature is computed using the same balance computation method, a single identification of the name of the balance computation method is sufficient. The proposal provides the lender with two alternatives: Use of the appropriate name listed in § 226.5a(g) (e.g., "average daily balance (including new purchases)") or Revise the name listed in § 226.5a(g) to refer more broadly to all new transactions, such as using "new transactions" or "current transactions" (e.g., "average daily balance (including new transactions)"). In addition, the Board proposes to amend the commentary to § 226.6(b)(2)(vi) to address situations where the creditor is disclosing the name of the balance computation methods separately for each feature. The Board also proposes to make corresponding revisions to the commentary to § 226.7(b)(5). Wolters Kluwer requests that the Board provide additional guidance with respect to the disclosure of the balance computation methods for personal lines of credit and overdraft lines of credit. Typically, while a borrower may take advances from a personal line of credit by a number of different methods (e.g., writing a check, making a purchase using a debit card, taking a cash advance using a debit card, or overdrawing a deposit account), all advances are treated as one loan account balance subject to the same balance computation method and interest rate. Similarly, while an advance is made under an overdraft line of credit when the deposit account is drawn below a defined balance, the underlying account might be overdrawn by a number of different methods (e.g., writing a check, making a purchase using a debit card or taking a cash advance using a debit card). Use of the same two alternatives discussed above and listed below seems appropriate for personal lines of credit and overdraft lines of credit: Use of the appropriate name listed in § 226.5a(g) (e.g., "average daily balance (including new purchases)") or Revise the name listed in § 226.5a(g) to refer more broadly to all new transactions, such as using "new transactions" or "current transactions" (e.g., "average daily balance (including new transactions)"). Referring more broadly to all new advances, such as using "new advances" or "current advances" (e.g., "average daily balance (including new advances)") might be another alternative.

Respectfully submitted, Jane L. Jarnis, Wolters Kluwer Financial Services