



February 21, 2012

Ms. Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue NW
(Attn: 1801 L Street)
Washington, D.C. 20220

Re: *Final Interim Rules – Regulation Z, Docket No. CFPB-2011-0031, RIN 3170-AA06*
Final Interim Rules – Regulation V, Docket No. CFPB-2011-0029, RIN 3170-AA06

Dear Ms. Jackson:

The American Financial Services Association (“AFSA”) welcomes the opportunity to respond to the Consumer Financial Protection Bureau’s (“CFPB”) recently republished final interim rules for Regulation Z and Regulation V. AFSA is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. Its 350 members include consumer and commercial finance companies, auto finance/leasing companies, mortgage lenders, mortgage servicers, credit card issuers, industrial banks and industry suppliers.

I. Substantive Changes

Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) transferred rulemaking authority for a number of consumer financial protection laws from seven federal agencies to the CFPB as of July 21, 2011. The CFPB has stated that it is, “in the process of republishing the regulations implementing those laws with *technical and conforming changes* [emphasis added] to reflect the transfer of authority and certain other changes made by the Dodd-Frank Act...This interim rule *does not impose any new substantive obligations* [emphasis added] on persons subject to the existing...regulations.”¹

Contrary to the CFPB’s statement, AFSA believes that these interim final rules *do* impose new substantive obligations on covered persons. The new interim final rules require covered persons to revise both credit card application disclosures and account opening disclosures. Specifically, the new Regulation Z requires covered persons to change the credit card website disclosure from the Federal Reserve Board’s (“FRB”) site to the CFPB’s site and the new Regulation V requires covered persons to change the risk-based pricing website disclosure from the FRB’s site to the CFPB’s site.

Although these changes are not difficult to make, saying that they are non-substantive is inaccurate. Changes to the website disclosures require covered persons to revise their credit card

¹ 76 FR 79308, 76 FR 79442, and 76 FR 79768

application and account opening disclosures. This requires coordination with forms vendors (or equivalent in-house personnel), re-programming and re-loading the forms into the loan origination system, and testing the system to ensure that the forms continue to be generated accurately. These are no small tasks.

If this process is not completed correctly by January 1, 2013, the forms will be out of compliance, potentially subjecting covered persons to regulatory fines, consumer complaints and possible lawsuits. It could also cause consumer confusion, as consumers would inadvertently be directed to a website that no longer exists.

AFSA believes that a revision to a rule that causes every card issuer in America to revise their disclosures by a mandatory compliance date is, on-face, substantive, and should be clearly labeled as such. We are concerned that creditors may be unaware of this substantive change because the rulemaking was falsely characterized. Therefore, we ask that in the future the CFPB correctly characterize as “substantive” any changes that cause covered persons to revise their disclosures.

We also request that in the future, the CFPB alert covered persons to such changes. For example, the first paragraph in the Reg Z rulemaking could have said, “With the exception of changes to the credit card disclosures discussed below, this interim final rule does not impose any new substantive obligations on persons subject to the existing Regulation Z, previously published by the Board.” This would have immediately alerted the industry to the new requirements. The CFPB could also have used its website to alert the industry to such changes.

In fact, AFSA suggests that the CFPB create an “industry” section on its website specifically geared toward communicating changes to regulations, disclosures, and other pertinent information. The industry section could be modeled on the Federal Reserve Board’s “Banking Information and Regulation” tab.² Additionally, we recommend that the CFPB release important information, such as new model disclosures, as press releases, not just blog entries. Alternatively, the CFPB could consider adding a “News Now” section that would include: all recent final rules, proposed rules, and notices published in the Federal Register; new blog entries; new press releases; new speeches; new testimony; new Op-eds, etc. Having all of these in an easy to find list would be very helpful.

II. Regulation Z Clarification

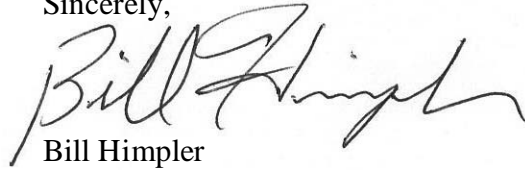
AFSA respectfully requests that the CFPB clarify the font style on the Regulation Z website disclosure. In the model forms (e.g., G-10(C)), the entire text of the disclosure (“To learn more about factors to consider . . .”) is in bold. However, in the prior G-10(C), only the address was in bold. And 12 CFR 1026.6(b)(1) generally requires that only numerical disclosures of rates and fees be in bold in the tabular disclosures.

We presume that the CFPB did not intend to have all the text of the disclosure in bold. We ask that the CFPB revise the model form to remove the bold highlighting except with regard to the address.

² <http://federalreserve.gov/bankinfo/reglisting.htm>

We look forward to working with the CFPB to resolve the concerns expressed in our letter. Please contact me by phone, 202-466-8616 ext. 616, or e-mail, bhimpler@afsamail.org, with any questions.

Sincerely,

A handwritten signature in black ink that reads "Bill Himpler". The signature is written in a cursive style with a large, prominent "B" and "H".

Bill Himpler
Executive Vice President
American Financial Services Association