

Subject: Truth in Lending - Version 2

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Proposal: Regulation Z - Truth in Lending

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Comments:

I am writing to you that I support the action of the Federal Reserve Banks new regulations on the credit card companies however I do not believe it goes far enough. The credit card companies must be required to fulfill their contract offers without exceptions. When they offer an interest rate there should be NO hidden fine print clauses. The best example I have is my latest solicitation for a credit card. The offer states: "A 0% APR (Annual percentage rate) for the first 12 billing cycles following the opening of your account. After that, 10.99 % fixed. However a footnote is added to the offer. The footnote reads: "Rates, fees and terms may change: We reserve the right to change the account terms (including the APR's) at any time for any reason, in addition to the APR increases that may occur for failure to comply with the terms of your account. The APR's for this offer are not guaranteed. APR's may change to higher APR's, fixed APR's may change to variable APR's or variable APR's may change to fixed APR's. Any changes will be in accordance with your account agreement." This type of predatory lending seems nothing more than an extension on the sub prime mortgage crisis. In reference to your proposed regulation changes in your sample G-10 B: The credit card company should be required to state what the APR percentage rate will be above the prime rate. Example: The maximum rate will be the prime rate plus 8.9%. Also the grace period requirements need to be changed