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August 18, 2008

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

Re: FACT Act Risk-Based Pricing Rules, Project No. R411009

Dear Ms. Johnson:

Thank you for the opportunity to comment on the proposed rulemaking to implement the risk-based pricing provisions in the FACT Act, which amends the Fair Credit Reporting Act.

KeyCorp (“hereinafter Key”), one of the nation’s largest bank-based financial services companies with assets of approximately \$100 billion, is pleased to comment on the Federal Reserve Board’s proposed rules to implement the risk-based pricing provisions of the FACT Act. Key companies provide retail finance, investment management, commercial banking, retirement, and investment banking products and services to individuals and companies throughout the United States and, for certain businesses, internationally. Key delivers products and services through a network of branches, ATMs, affiliate offices, telephone banking centers and a website, Key.com®.

Key offers a variety of credit products and services to consumers including real estate secured loans, secured and unsecured consumer loans and lines of credit. Key uses consumer reports and credit scores as part of our credit underwriting process. After reading this proposal, we appreciate the Board’s approach to compliance by offering alternatives for compliance. This will allow us the flexibility to select the options best suited to our own unique circumstances.

After carefully reviewing the proposal, we have a number of comments we would like to offer for consideration:

1. Consumer vs. business credit – we support the Board’s proposal to limit the risk-based pricing disclosure requirements to consumer credit. We do not believe there is a need to expand the protections offered under the risk-based pricing rules to business clients.

2. Material terms – we support the proposed use of Regulation Z APRs to define “material terms.” The APR is currently used to define the cost of credit and will therefore provide a meaningful standard without the need to define a separate standard for this purpose.

3. Materially less favorable – the proposal contains a definition of “materially less favorable” which includes a statement that the cost of credit “would be significantly greater than the cost of credit granted or extended to the consumer.” We suggest that the definition be refined further than currently proposed to incorporate the rest of the text from the supplementary information, which says: “In assessing the extent of the difference between two sets of material terms, a creditor should consider how much the consumer’s cost of credit would increase as a result of receiving the less favorable material terms *and whether that difference is likely to be important to a reasonable consumer.*” The “reasonable consumer” standard will assist creditors to quantify the difference,

4. Credit score proxy method and tiered pricing method – provides the methodology for determining an appropriate cut-off score at which a risk-based pricing notice would be required. The proposal for the credit score proxy method states that the creditor can determine the point at which approximately 40 percent of its consumers have higher credit scores and approximately 60 percent of its consumers have lower credit scores. The notice would then need to be provided to those that fell below that cut-off. The same philosophy is applied to the tiered pricing method - eliminate the very top tiers and send notices to those that fall within the bottom tiers.

The proposed methods are intended to determine the population of consumers who are granted or extended terms that are “materially less favorable than the most favorable terms available to a substantial portion of consumers” from or through the creditor. Although the supplementary information states that the creditor may determine that the notice does not necessarily need to be sent to a majority of consumers, the methodology suggests otherwise. We are questioning why, if the requirement is to provide a notice to consumers that fall outside the “substantial portion of consumers,” we will, in fact, be sending notices to the majority of consumers? This appears to contradict the Act’s requirement. We ask the Board to reconsider this interpretation so that only those consumers that fall outside the “substantial portion of consumers” receive the notice.

5. Separate Notice for consumers without credit scores. The proposal requires creditors to differentiate between those consumers that have credit scores and those that do not, so that a different version of the notice can be sent depending on whether or not the consumer has a credit score. We strongly encourage the Board to reconsider this requirement because of the operational challenge and expense it presents. The risk-based pricing notice requirements will be expensive for creditors to implement and this additional requirement will

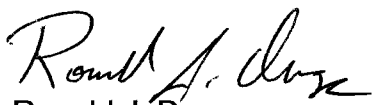
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add a complexity that will undoubtedly increase these costs. Since the costs are ultimately shared with consumers, we encourage the Board to limit the number of notice variations required. We ask the Board to revise and combine the text of the notices so that only one version of the notice will be required, whether or not the consumer has a credit score.

6. Model forms – credit score disclosure exception forms. We appreciate the Board's flexibility in providing the option to send credit score notices instead of the risk-based pricing notice. However, we are concerned about the content of the exception notices. The proposed notices require the inclusion of a bar graph showing the percentage of U.S. consumers within certain credit score ranges. We strongly encourage the Board to eliminate this information from the notice. Creditors do not compile or maintain this data and therefore will not be in a position to answer consumers' questions about the data. Rather than providing this information with the credit score disclosure exception forms, we request that the information be included with the consumer's free annual credit report from the consumer reporting agency.

We thank the Federal Reserve Board for the opportunity to provide our thoughts and comments on the proposed changes to the regulation. If you have any questions regarding our comments, please do not hesitate to contact me at 216-689-4286 or ronald_dugas@keybank.com

Sincerely,


Ronald J. Dugas
Executive Vice President