

~~lines of credit (to the extent they are considered credit card account) would benefit from the repayment disclosures.~~

7(b)(13) Format Requirements

Under the January 2009 Regulation Z Rule, creditors offering open-end (not home-secured) plans are required to disclose the payment due date (if a late payment fee or penalty rate may be imposed) on the front side of the first page of the periodic statement. The amount of any late payment fee and penalty APR that could be triggered by a late payment is required to be disclosed in close proximity to the due date. In addition, the ending balance and the minimum payment disclosures must be disclosed closely proximate to the minimum payment due. Also, the due date, late payment fee, penalty APR, ending balance, minimum payment due, and the minimum payment disclosures must be grouped together. See § 226.7(b)(13). In the supplementary information to the January 2009 Regulation Z Rule, the Board stated that these formatting requirements were intended to fulfill Congress' intent to have the due date, late payment and minimum payment disclosures enhance consumers' understanding of the consequences of paying late or making only minimum payments, and were based on consumer testing conducted for the Board in relation to the January 2009 Regulation Z Rule that indicated improved understanding when related information is grouped together. For the reasons described below, the Board proposed in October 2009 to retain these format requirements, with several revisions. Proposed Sample G-18(D) in Appendix G to part 226 would have illustrated the proposed requirements.

Due date and late payment disclosures. As discussed above under the section-by-section analysis to § 226.7(b)(11), Section 202 of the Credit Card Act amends TILA

Section 127(b)(12) to provide that for a “credit card account under an open-end consumer credit plan,” a creditor that charges a late payment fee must disclose in a conspicuous location on the periodic statement (1) the payment due date, or, if the due date differs from when a late payment fee would be charged, the earliest date on which the late payment fee may be charged, and (2) the amount of the late payment fee. In addition, if a late payment may result in an increase in the APR applicable to the credit card account, a creditor also must provide on the periodic statement a disclosure of this fact, along with the applicable penalty APR. The disclosure related to the penalty APR must be placed in close proximity to the due-date disclosure discussed above.

Consistent with TILA Section 127(b)(12), as revised by the Credit Card Act, in the October 2009 Regulation Z Proposal, the Board proposed to retain the requirement in § 226.7(b)(13) that credit card issuers disclose the payment due date on the front side of the first page of the periodic statement. In addition, credit card issuers would have been required to disclose the amount of any late payment fee and penalty APR that could be triggered by a late payment in close proximity to the due date. Also, the due date, late payment fee, penalty APR, ending balance, minimum payment due, and the repayment disclosures required by proposed § 226.7(b)(12) must be grouped together. See § 226.7(b)(13). The final rule retains these formatting requirements, as proposed. The Board believes that these format requirements fulfill Congress’ intent that the due date and late payment disclosures be grouped together and be disclosed in a conspicuous location on the periodic statement.

Repayment disclosures. As discussed above under the section-by-section analysis to § 226.7(b)(12), TILA Section 127(b)(11)(D), as revised by the Credit Card Act,

provides that the repayment disclosures (except for the warning statement) must be disclosed in the form and manner which the Board prescribes by regulation and in a manner that avoids duplication and must be placed in a conspicuous and prominent location on the billing statement. 15 U.S.C. 1637(b)(11)(D).

Under proposed § 226.7(b)(13), the ending balance and the repayment disclosures required under proposed § 226.7(b)(12) must be disclosed closely proximate to the minimum payment due. In addition, proposed § 226.7(b)(13) provided that the repayment disclosures must be grouped together with the due date, late payment fee, penalty APR, ending balance, and minimum payment due, and this information must appear on the front of the first page of the periodic statement. The final rule retains these formatting requirements, as proposed. The Board believes that these format requirements fulfill Congress' intent that the repayment disclosures be placed in a conspicuous and prominent location on the billing statement.

Samples G-18(D), 18(E), 18(F) and 18(G). As adopted in the January 2009 Regulation Z Rule, Samples G-18(D) and G-18(E) in Appendix G to part 226 illustrate the requirement to group together the due date, late payment fee, penalty APR, ending balance, minimum payment due, and the repayment disclosures required by § 226.7(b)(12). Sample G-18(D) applies to credit cards and includes all of the above disclosures grouped together. Sample G-18(E) applies to non-credit card accounts, and includes all of the above disclosures except for the repayment disclosures because the repayment disclosures only apply to credit card accounts. Samples G-18(F) and G-18(G) illustrate the front side of sample periodic statements and show the disclosures listed above.

In the October 2009 Regulation Z Proposal, the Board proposed to revise Sample G-18(D), G-18(F) and G-18(G) to incorporate the new format requirements for the repayment disclosures, as shown in proposed Sample G-18(C)(1) and G-18(C)(2). See section-by-section analysis to § 226.7(b)(12) for a discussion of these new format requirements. The final rule adopts Sample G-18(D), G-18(F) and G-18(G) as proposed. In addition, as proposed, the final rule deletes Sample G-18(E) (which applies to non-credit card accounts) as unnecessary. The formatting requirements in § 226.7(b)(13) generally are applicable only to credit card issuers because the due date, late payment fee, penalty APR, and repayment disclosures would apply only to a “credit card account under an open-end (not home-secured) consumer credit plan,” as that term is defined in § 226.2(a)(15)(ii).

7(b)(14) Deferred Interest or Similar Transactions

~~In the October 2009 Regulation Z Proposal, the Board republished provisions and amendments related to periodic statement disclosures for deferred interest or similar transactions that were initially proposed in the May 2009 Regulation Z Proposed Clarifications. These included proposed revisions to comment 7(b) 1 and Sample G-18(H) as well as a proposed new § 226.7(b)(14). In addition, a related cross-reference in comment 5(b)(2)(ii) 1 was proposed to be updated.~~

~~Specifically, the Board proposed to revise comment 7(b) 1 to require creditors to provide consumers with information regarding deferred interest or similar balances on which interest may be imposed under a deferred interest or similar program, as well as the interest charges accruing during the term of a deferred interest or similar program. The Board also proposed to add a new § 226.7(b)(14) to require creditors to include on a~~