

terms that the 45-day advance notice to consumers that the new terms will be applied to transactions occurring more than 14 days after the 45-day notice is provided. In other words, the only way for a consumer to avoid paying the increased rate (or avoid application of the other significant change) during days 15 through 45 of the required notice period is for the consumer to fully repay those charges before the effective date of the change on day 45.

Because the operation of the interim final rule has the potential to surprise consumers and without sufficient time to change their account usage, and until this issue is clarified by the FRB's ongoing rulemaking process, the FDIC recommends that when creditors apply changes or increases to future transactions, the 45 days' advance notice should include a statement to alert the consumer to the imposition of the new terms on transactions occurring more than 14 days after the notice is provided. This statement should explain that, regardless of whether a consumer accepts or rejects a change or increase, the change will apply to transactions occurring more than 14 days after the notice has been provided, and the notice should specify this date. For example, the statement might read: "Whether or not you reject this change in terms, the new terms will apply to any transactions you initiate after [month/day/year]." This statement should be included with other information required to be provided in the notice.

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