Via Email: FACTAdates@ftc.gov

January 12, 2004

Federal Trade Commission/Office of the Secretary
Room 159-H
600 Pennsylvania Avenue, NW
Washington, DC 20580

Re: **Proposed Effective Dates for the FACT Act, Project No. P044804**

We appreciate this opportunity to comment on the Interim Final Rules (the "Rules") and the Joint Notice of Proposed Rulemaking (the "Proposal") regarding the effective dates for the Fair and Accurate Credit Transactions Act of 2003 (the "FACT Act").

Household Automotive Finance Corporation, OFL-A Receivables Corp., and Household Automotive Credit Corporation (collectively "Household") are issuers of auto-secured consumer loans and purchase motor vehicle retail installment sales contracts from dealers secured by motor vehicles. Household manages over $6.5 billion in auto credit receivables and its customer base totals over 500,000. Household employs 2,100 men and women throughout the United States, and maintains credit processing centers in San Diego, California; Newark, Delaware; Lewisville, Texas; and Jacksonville, Florida.

As enacted, we believe the FACT Act should promote the efficient consumer credit market that has evolved in this country in large part as a result of uniform national standards and regulations. We support the continuing efforts of the Board of Governors of the Federal Reserve System and the Federal Trade Commission (the "Agencies") to issue joint regulations affecting consumer credit, privacy, and credit reporting.

The Interim Final Rules

The recently enacted FACT Act amends the Fair Credit Reporting Act ("FCRA") and requires the Agencies, within sixty days of enactment, to adopt final rules establishing the effective dates for provisions of the FACT Act that do not have a statutorily prescribed effective date. The jointly adopted interim final rules establish December 31, 2003, as the effective date for the preemption provisions of the FACT Act as well as provisions authorizing the agencies to adopt rules or take other actions to implement the FACT Act. Household supports the Agencies' action to adopt interim final rules establishing December 31, 2003, as the effective date for the preemption provisions of the FACT Act, thus preserving FCRA preemption, consistent with Congressional intent.

The Proposal

The Proposal establishes a schedule of effective dates for other provisions of the FACT Act that do not contain effective dates. Specifically, the Proposal sets March 31, 2004, as the effective date for provisions of the FACT Act that do not require significant changes to business procedures. With respect to other provisions that likely entail significant changes to business procedures, the Proposal would make these provisions effective on December 1, 2004, which the Agencies believe should leave the industry a reasonable time to establish systems to comply with the statute.

In many cases, the proposed December 1, 2004, effective date will provide financial institutions with sufficient time to adjust procedures in order to comply with the new requirements. Some provisions of the FACT Act, however, are dependent on forthcoming regulations that will interpret and implement the FACT Act's requirements. In particular, Section 214 adopts new limitations and new customer notifications related to affiliate sharing of credit, application, transaction, and experience information, and its effective date should be established after the regulations pertaining to that Section are promulgated.

An effective date of December 1, 2004 is not only premature due to the lack of final requirements under the law, but is also impractical. This date offers too little time for regulations to be proposed and finalized, and for companies to then change their systems, forms and procedures, which will include providing new disclosures to customers and establishing a process to record consumer opt-outs. The abbreviated timeframe in the Proposal thus creates an undue burden on financial institutions, while providing little time to thoughtfully address the compliance requirements of the FACT Act and the forthcoming regulations.

Congress anticipated these problems and provided additional time for compliance with Section 214, compared with other provisions of the FACT Act. Specifically, Section 214(b)(4) of the FACT Act requires that the implementing regulations be issued in final form within nine months after the date of enactment of the FACT Act (i.e., September 4, 2004), and that such regulations become effective not later than six months after they are issued in final form (i.e., March 4, 2005).

We suggest that the additional time provided by Section 214 is the minimal amount of time required in order to allow financial institutions to change computer systems, adopt opt-out procedures, and revise consumer disclosures. In particular, we note that the requirements of Section 214 will require changes to the existing privacy notices that are already required under the Gramm-Leach-Bliley ("GLB") Act and privacy regulations, in two ways. First, Section 214 alters the way in which information can be shared among affiliates, and therefore all existing privacy notices will require modifications in order to reflect the change in privacy practices mandated by the FACT Act.

Second, Congress clearly had the GLB privacy notices in mind when it provided in Section 214 that the notification required by Section 214 can be "coordinated and consolidated" with other legally required notices. Most financial institutions will have already mailed their 2004 GLB privacy notices well before December 1. Compliance

with Section 214 prior to December 1, 2004, therefore, in most cases will require a subsequent separate mailing to consumers, after final regulations are issued, entailing additional printing and postage expenses that could run into millions of dollars. In contrast, an effective date in March, 2005, as envisioned by Congress, would provide financial institutions with time to include the new Section 214 notification in the 2005 GLB privacy notice, and to deliver them to consumers without disrupting the annual cycle for mailing GLB privacy notices.

The fifteen-month schedule set forth by Congress in Section 214 is by no means a lengthy rulemaking schedule, and should balance the interests of consumers, financial institutions, and regulators. Until the regulations to be promulgated under Section 214 are in final form, companies will not know what the final requirements are, and the Agencies will not be in a position to determine how much time should be allowed for compliance. The language of Section 214(b)(1) does not imply that Congress meant for the Agencies to establish the timeframe before even proposing implementing regulations, and we believe it would be reasonable to postpone a decision on the effective date until regulations are finalized.

* * *

We appreciate this opportunity to submit comments on the Rules and the Proposal, and support the agencies' efforts to create a nationwide standard on these issues. If you should have any questions or comments regarding this letter, please feel free to call me at the number listed below.

Yours truly,

Jeffrey B. Wood
Associate General Counsel

Household Automotive Finance Corporation
2700 Sanders Road
Prospect Heights, Illinois 60070
847/564-6490
jbwood@household.com