



November 20, 2009

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Docket Number: R-1370
Submitted Via Email to: regs.comments@federalreserve.gov

Dear Ms. Johnson:

Thank you for the opportunity to comment on the proposed Truth in Lending rule implementing provisions of the Credit Card Accountability Responsibility and Disclosure Act (CARD Act) effective February 22, 2010.

The Credit Union Association of Oregon (CUAO) is a nonprofit, professional trade association representing Oregon's state, community, and federally-chartered credit unions. Since 1936, CUAO has been at the forefront of credit union issues at the state, regional, and national level; and provides a voice for Oregon's 1.4 million credit union members on issues impacting credit unions at a local level.

Oregon's credit unions support the overall efforts of Congress and the Federal Reserve Board to protect consumers from unfair credit card practices. We recognize the Board has made positive strides in balancing the statutory language and intent of Congress with effectuating the rules for implementation.

The proposal covers several areas and includes a large amount of detail. In reviewing the material through the eyes of our member credit unions' operations, and taking into consideration their respective members (consumers) benefits and protections in applying for and using credit, we make the following comments.

Section 226.7 Periodic Statement

Provision of information about credit counseling services – 226.7(b)(12)(iv)(A)

The proposal indicates that creditors must provide a toll-free number with information about credit counseling services. The creditor must provide specific contact information for at least three organizations in the state in which the billing address for the account is located (or specified by the consumer) that have been approved by the United States Trustee or a bankruptcy administrator. Additionally, upon consumer request, contact information must be provided for at least one organization that provides counseling services in a language that is specified by the consumer. Moreover, the creditor is responsible for verifying and updating the

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information on an annual basis to be consistent with the information provided by United State's Trustee.

This requirement seems overly burdensome and redundant considering the United States Trustee's website houses this information and organizes it by state as well as by languages in which the organization can provide counseling services. The information is readily available to the public and as such it does not seem reasonable that creditors have to maintain a toll-free number for this purpose. A more reasonable approach might be to direct members to this publicly available information. For instance, the creditor could post the United States Trustee's website address and phone number that contains the information on counseling services.

Section 226.11 Treatment of Credit Balances; Account Termination

Timely Settlement of Estate Debts – 226.11(c)

The Board would like comments on whether a creditor should be permitted to resume the imposition of fees and charges if the administrator or executor of an estate has not paid the account balance within a specified period of time. We do believe that setting a specified period of time is warranted in these circumstances. Without establishing a timeframe in which the administrator or executor must payoff the account, the account could continue for an unlimited period of time and the creditor would not have the right to impose interest or fees. Essentially, it would become an interest free loan. To address the situation we believe it is reasonable to set a time limit. Specifically, if the creditor provides the balance information as required in the proposal (within 30 days of request by administrator or executor) and the account is not paid off within two billing cycles following delivery of the balance, then the creditor preserves the right to impose fees and charges retroactively to the date the balance was provided to the administrator or executor.

Section 226.56 Requirements for Over-the-Limit Transactions

Reasonable Opportunity to Opt-In – 226.56(b)

If a consumer opts-in to an over-the-limit service we do not believe it is necessary to provide the consumer with written confirmation. The creditor is required to obtain consent and furthermore is required to retain evidence of that consent for at least two years, regardless of how consent is obtained.

Method of Election – 226.56(c)

The Board requested comment as to whether it should require creditors to allow consumers to opt-in and to revoke consent using each of the three methods (orally, electronically, or in writing). We agree with the proposed comment 56(c)(1) where a creditor is permitted to decide the method of consent, or revocation, to include in writing, orally, or electronically or any combination of these methods. We believe this approach is practical given the modes of communication most often employed by organizations and consumers.

Moreover, being able to use some or all of these methods affords the flexibility necessary for credit unions to tailor this requirement to the needs of their members as well as to their particular operations. For example, some of our smaller credit unions do not have the resources or ability to provide or receive communications electronically. Likewise, members may not have

the means to provide or receive communications electronically. Therefore, allowing creditors with the aforementioned options for providing opt-in consent or revocation is necessary and practical and benefits the credit union and its members.

Time to Implement Consumer Revocation – 226.56(i)

The proposed rule 226.56(i) states a creditor must comply with a consumer's revocation request as soon as reasonably practicable after the creditor receives it. The Board requested comment as to whether a safe harbor for implementing revocation requests would be helpful in facilitating compliance. We believe that a safe harbor would not be beneficial, nor particularly aid in compliance, for the following three reasons:

- 1) creditors need flexibility in processing these requests considering the manner in which they are received by the creditor will vary based on their election of the permissible methods of receiving such requests (in writing, orally, or electronically). The Board echoes this sentiment in its section-by-section analysis. The Board discusses that it is not prescribing a specific time period in which the creditor must honor the consumer's request because the appropriate time period may depend on a number of variables, including the method used by the consumer to communicate the revocation request (for example in writing or orally) and the channel by which the request is received (for example, if a consumer sends a written request to the creditor's general address for receiving correspondence or to an address specifically designated to receive consumer opt-in and revocation requests);
- 2) this proposed rule mirrors the recently issued Reg. E final rule (Docket No. R-1343) for processing revocation requests relating to a consumer's opt-in for ATM and one-time debit overdraft services. The Board's discussion in the section-by-section analysis of the Reg. E rule 205.17(f) is identical to, and consistent with, this proposed rule 226.56(i);
- 3) we welcome and appreciate taking advantage of opportunities to create consistency across regulations that for all intents and purposes serve the same goal – as is the case here with processing revocation requests under Reg. Z and Reg. E. This greatly aids in complying with rules.

Section 226.58 Internet Posting of Credit Card Agreements

Offers

The proposal states that card issuers will be required to submit credit card agreements it "offers" or "offers to the public" to the Board so the Board can post them on a publicly-available website. The proposed commentary to the definition of "offer" also referred to as "offers to the public" includes instances where the issuer solicits, or accepts applications from a limited group of persons.

As stated in the proposal the Board believes the primary benefit of making credit card agreements available on the Board's website is to assist consumers in comparing credit card agreements offered by various issuers when shopping for a new credit card. Consumers wanting to join a credit union must meet specific eligibility requirements according to the Credit Union's charter and field of membership. Credit unions, because of their charters and respective fields of membership, are not permitted to establish accounts or extend credit to persons that do not meet membership

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requirements. For instance, a credit union's field of membership may be community-based, which allows them to serve those that live, work, or worship within a well defined geographic area. Under this type of membership requirement the credit union would not be able to extend credit to anyone outside the specified geographic area which means they aren't able to serve everyone in the state, let alone the nation.

If the benefit to consumers is the ability to shop around, then posting credit card agreements for credit card plans a small group of consumers could actually enjoy is not meaningful. A large segment of the population would be prohibited from establishing an account because of the unique nature of the credit union chartering system and eligibility requirements. In the proposal the Board recognizes this and applies this logic with respect to credit card agreements that are no longer in effect. Under the proposal issuers would not submit agreements that are no longer offered to the public because it would not facilitate comparison shopping as consumers could not apply for the cards subject to the discontinued agreements. Therefore, if credit cards plans are not offered to the general public they should not be required to be submitted to the Board for posting on its website. Doing so would not facilitate a consumer's ability to comparison shop thus defeating the purpose and intent of this requirement. Furthermore, credit unions would expend significant costs and administrative burdens in posting and providing the required quarterly updates for credit card plans that a large segment of consumers could not obtain.

Additionally, consumer shopping would not be precluded by not submitting agreements to the Board. A consumer that has a credit card plan that is not offered to the general public would still have the ability to comparison shop. The proposal requires credit card issuers to provide cardholders with access to their specific credit card agreement. A consumer could obtain a copy of their agreement and use it as a basis for comparison to credit card plans offered to the general public and posted on the Board's website. They could also use it to compare to other types of credit plans offered by the same card issuer.

De Minimis Exception

As proposed, card issuers would not be required to submit any credit card agreements to the Board if the card issuer has fewer than 10,000 open credit card accounts. We believe this exception should apply if there are fewer than 10,000 open credit card accounts tied to the credit card plan/agreement that is required to be submitted to the Board for posting on its website. For instance, if a card issuer has three separate, current credit card agreements and there are fewer than 10,000 open cards under each separate agreement the card issuer would be exempt from submitting the agreement to the Board. To further illustrate, card issuer has 4,500 open cards under Agreement A; issuer has 15,000 open cards under Agreement B; and has 7,800 open cards under Agreement C. The issuer in this example would only be required to submit Agreement B to the Board.

One final note, considering the number of rules covered in this proposal and the overlapping nature of all the recent amendments to Regulation Z, we strongly urge you to make as many provisions as possible effective July 1, 2010.

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Thank you again for affording us the opportunity to comment, and I sincerely appreciate your consideration of our comments and related analysis.

If you have any questions or would like further information, please feel free to contact me at the CUAO office, 800-688-6098 ext 214.

Respectfully,

A handwritten signature in cursive script that reads "Jennifer Grant". The signature is written in black ink and is positioned above the typed name and title.

Jennifer Grant, CUCE, BSACS
Compliance Officer
Credit Union Association of Oregon