



May 21, 2004

Jennifer J. Johnson
Secretary, Board of Governors of the Federal Reserve System
20th St. and Constitution Ave. NW
Washington, DC 20551
regs.comments@federalreserve.gov

Re: Docket # R-1188
Comments on Proposed Fair Credit Medical Information
Regulations by Navigator Credit Union

Dear Ms. Johnson:

As a provider of financial services, Navigator Credit Union appreciates the opportunity to comment on proposed regulations that affect delivery of service to our members. As such, we would like to make the following suggestions for the above proposed regulations to better implement the Fair and Accurate Credit Transactions Act.

The proposed regulation contains a fairly complicated three part test (proposed sections __.30(c) and (d)) defining an exception to the use of medical information. This test is meant to allow lenders to satisfy "prudent underwriting criteria" while preventing the abuse of medical information.

We feel, however, that the complex nature of the proposed test will make it difficult to implement in practice. The test requires individual lenders to determine what uses of medical information are legitimate. This opening for interpretation invites litigation against the lender.

A second issue with the proposed test is its absolute prohibition on the use of an applicant's medical prognosis in the credit decision. A medical prognosis so severe that it will require the applicant to stop working, for example, is directly relevant to the applicant's ability to repay a loan. While this scenario would be relatively rare, it is possible under the proposed rule that lenders will be forced to engage in loan contracts they have good reason to believe will default.

An exception to the above prohibition should be added that would allow lenders to engage in the "prudent underwriting criteria" required by the proposed regulation and the statute. This exception could be worded so that a lender could take a medical condition into account if this condition is so severe that the lender has a reasonable belief that it will significantly impact the applicant's ability to repay.

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*Building a legacy of excellence
for our members through
service, commitment and
substantial value.*

Again, we appreciate your attention to these issues.

Thank you,



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