

July 1, 2008

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Subject: Proposal to Amend Regulation Z Docket Number R-1286

Dear Ms. Johnson:

Boeing Employees' Credit Union (BECU) appreciates the opportunity to provide comments on the proposed amendments to Regulation Z, which implements the Truth in Lending Act. BECU is a state-chartered, federally insured credit union with assets of \$8.1 billion and a membership base of over 531,000.

Overall Comments

This proposal requires additional subsequent disclosures to the consumer as well as affecting how creditors do business. In our opinion consumers may not read the current disclosures provided to them; however, we feel that instead of the proposal's provisions requiring the creditor to provide additional subsequent disclosures, it would be more appropriate to require clearer account opening disclosures and not dictate how creditors do business. For example, in the account opening disclosures, creditors would have to provide clearer language informing the consumer how the creditor will allocate payments, increase interest rate due to delinquency, cut-off times for payment, etc.

Also, there are computer system concerns and constraints that would add costs to implement that would inevitably be passed on to the consumer raising rates or fees or prohibiting special lower rates from being available to consumers.

No Concerns

Some of the proposal requires verbiage changes and we're fine with those. We agree that changing the name of "Grace period" to "how to avoid paying interest on purchases" would be easier for the consumer to understand. Other revisions would require additions to our Account Opening Disclosures or placed in a different location of our Tabular Disclosure (i.e. foreign transaction and penalty rate fee information). These are reasonable revisions and we have no concerns.

Concerns

We are concerned with the allocation of payments received provision. This would require system changes to implement and the necessity of re-adjusting the promotions each time to ensure the allocation is correct. We recommend instead, that creditors clearly disclose how payments will be allocated in the Account Opening disclosure and/or the promotional material. Otherwise, this would change the economics of the promotion and prevent creditors from providing legitimate promotions to consumers.

On cash advance checks associated with the credit card, we feel this is poorly written and will be overly burdensome. We currently provide the disclosure items on a cover letter that accompanies the checks. We agree with requiring the information be provided on a cover letter vs. putting the disclosure items on the attachment to the checks.

We do not agree with the requirement to provide a 45-day advance notice to the consumer who is delinquent on their payment. This would force us to provide notice as soon as the borrower becomes one day late. We already disclose to our borrowers in our Tabular and Account Opening disclosures that if they are delinquent or in default what the consequences will be. This will require system changes and implementation costs that would be passed to the consumer.

While the change-in-terms notice is reasonable, we do not agree with requiring the creditor to carry at least two different rates on the account. There are system constraints with this and would require extensive testing and costs to ensure accuracy. Additionally, if the allocation of payment requirement passes, the balance with the lower interest rate would again be the last to be paid.

Allowing different cut-off times for the payment channel may be confusing to the borrower. If the cutoff time is reasonable and is clearly disclosed in the Account Opening disclosure, we feel the consumer would know when they need to make the payment. Allowing different cut-off times and requiring that information to be disclosed on the periodic statement would again require system changes, additional costs and consumer confusion.

We do not agree with the inability for creditors to require the borrower to sign a written affidavit or filing a police report when they are requesting an investigation of unauthorized transactions performed on their account. We feel this leaves no accountability on the consumer's responsibility to their claim made.

We have concerns with the membership fee. The normal process for this is the consumer requests the product that we provide full disclosure of the fee; they receive the card and activate it. In our opinion, if proper disclosure is provided it should not be required that we have to monitor the account for 60 days to ensure the consumer uses the card. That would place undue burden on the lender to monitor the accounts.

We do not agree with the provision requiring creditors, that access fees or security deposits at the time of account opening, provide a notice of the consumer's right to reject the account after receiving the disclosures. In our opinion, if the information is disclosed before the account is opened and the consumer is aware, we do not feel it is necessary to have to re-disclose again. This, again, would put the burden of monitoring or policing the account unnecessarily on the lender, which would add costs to the products which would be passed on to the consumer.

Thank you for allowing us the opportunity to provide comments on this proposal. We look forward to the outcome.

Sincerely,



Gary J. Oakland
President and CEO



Joe Brancucci
Executive Vice President
President – CEO, Prime Alliance Solutions, Inc.