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**Proposal:** Regulation AA - Unfair or Deceptive Acts or Practices

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**Comments:**

The proposed rules should be amended so that they require all credit unions who receive National Credit Union Administration insurance on their accounts to voluntarily comply or be ineligible for NCUA insurance. I belong to the Massachusetts State Employees Credit Union which touts this federally provided and backed insurance but is regulated by the state. For more than 10 years, I had a credit card through the credit union at 7.99% and religiously paid \$300 per week toward an outstanding balance. Then all of a sudden when the new Unfair or Deceptive Acts or Practices proposed rules were announced by the Federal Government, the Massachusetts State Employees Credit Union, without any vote of the membership, instituted experienced based pricing on its credit cards, including on all outstanding balances, contrary to the exact practices that the new federal regulations seek to prohibit for banks. My rate on an outstanding balance which I had paid on time for years at \$200 or more weekly (far more than the minimum payment due) suddenly went from 7.99% fixed to a whopping 12.99%, a 5% increase. I received a cryptic letter saying that they had checked my credit score and based on that 3rd party controlled credit score which has nothing to do with my payment history with the credit union or on this card,

they were increasing my rate to 12.99%. Just for the record my score is still in the good range where it has been for several years, not perfect, but good, and in the same range as when I opened the account. A 5% point increase definitely constitutes severe adverse action, and is costing me more than a thousand dollars of interest a year, yet the Massachusetts State Employee Credit Union did not offer, nor provide any of its credit card customers with free copies of their credit reports as I believe is required by Federal law. I have been a loyal and good customer of this credit union for over 15 years, and instead of being rewarded for making regular ontime, more than the minimum, payments and also paying off a 60 month car loan with no late payments whatsoever, I am being punished with 5% rate hikes while the Federal Government continues to bail out mortgage companies and financial institutions who like the Mass State Employees Credit Union are simply taking the relief from the government and then literally extorting more money from their customers. It's very wrong. State regulated credit unions depend on NCUA federal insurance for their deposits and tout it to all their customers every day on their websites. Please take a serious look at integrating these rules with the NCUA so that any credit union that wishes to still be eligible for NCUA insurance must voluntarily abide by the new regulations regarding unfair or deceptive acts with credit cards. It can work and will not raise any pre-emption issues. Credit Unions who wish to continue to extort their customers can simply choose to forego the NCUA insurance, and bear the risk. Incidentally, I have other credit cards with major banks, and not a single one of them yet has gone ahead and implemented such unfair a practice as the Massachusetts State Employees Credit Union has done as of May 1, 2008 shortly after the Federal Government made a very strong statement against doing so by banks by announcing the proposed regulations. The Massachusetts State Employee Credit Union's timing betrays their very bad faith intentions toward their members who they are supposed to be helping as a member run, non-profit credit union. Clearly, this area requires federal attention as well as it seems the announced regulations even encouraged at least this credit union, if not others as well, to get ahead of the curve to take unfair advantage of their members before it was too late! The regulations should also contain a retroactive lookback period of at least 6 months or more that would invalidate any unfair or deceptive practices instituted by any bank or credit union within that period of time or they should simply be retroactive to the date they were proposed and made public. Experienced based pricing should also not apply to anyone who has a documented track record of 3 or more consecutive ontime payments/more than the minimum payments, until they have missed or been late on two or more consecutive payments. People who pay ontime as agreed should not have the rug pulled out from under them

on some whim or based on a credit scoring system that the financial institutions themselves control and manipulate to reduce peoples' scores for paying off debt and cancelling credit cards for example. There should also be a federally mandated cap on credit card interest rates, 10 points over prime would be more than fair. 29.99% or more is simply userous, especially when the fed continues to lower preferred lending rates for banks and financial instituions and those same institutions turn around and simply hike rates on consumers to ridiculous levels.