



November 20, 2009

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

RE: Regulation Z; Docket No. R-1370

Dear Members of the Board:

On behalf of GECU, we appreciate the opportunity to present our comments on the proposed amendments to Regulation Z. With over \$1.5 billion in assets and over 285,000 members we recognize the impact the proposed changes will have on today's consumer and we fully support the Federal Reserve Board's efforts to promote the informed use of consumer credit to allow the consumer to attain high-quality financial services while being protected.

Compliance Date

We understand that certain provisions must be effective by February 22, 2010 as required by the Credit CARD Act. However, the compliance date for the provisions of the Regulation Z Open-End Credit final rules issued earlier this year should be effective no earlier than July 1, 2010 as originally provided. This additional time is necessary as those provisions require substantial changes to our credit card and open-end lending processes. The credit union is also focused on complying with other final rules that will be effective in early 2010. Advancing the effective date of the other Open-End Credit final rules would overwhelm our resources and increase the possibility of noncompliance with some provisions due to the limited timeframe given to implement the required changes.

Change in Terms Notice

Although we agree that a change-in-terms notice should be provided when card features are changed as a result of a substitution or replacement to an existing card, we do not agree that this requirement should apply in all instances. This provision should not apply to the renewal of a card when all existing terms remain the same and a new card is issued to replace the expired card.

Information about Credit Counseling Services

The proposal would require that financial institutions provide certain information, through a toll-free number, for at least three organizations that have been approved by the United States Trustee or a bank administrator. Additionally, the information must be verified and updated annually. Institutions should not be required to provide and maintain such information. By providing the contact information of three specific organizations this may appear to be a referral or affiliation by the credit union. We do not

want to appear to be endorsing or supporting organizations we do not maintain a relationship with and have not assessed to determine if they are able to provide services that meet the needs of our members.

Institutions should not be required to provide information that is already publicly available. This information is collected and maintained by the United States Trustee and is available to the public through its website. It would be more beneficial to refer members to the website so that they may have access to all the approved organizations and select the organization that best suits their needs rather than the organizations selected by the financial institution. It would be very time consuming to provide individual members with the information of an organization that is in their state or that provides services in their language of preference as is required by the proposed rule. By directing members to the website, the possibility of providing incorrect or outdated information is eliminated.

Payment Cutoff Times

We agree that the cut-off time for payments should be as specified by the creditor. This should not be restricted to the time zone where the financial institution is located to accommodate those institutions that do not accept payments at their branches. For example, our credit union does not accept in-person payments since we do not process the payments. Our card processor, located in another time-zone, receives and processes the payments. In situations such as this, it is more appropriate to use the time zone of our card processor not our credit union.

Ability to Repay

Although we agree that a member's ability to repay should be assessed for new card accounts and credit limit increases, we do not agree that verification of income should be required in every instance. Income is typically assessed at the time the credit card account is opened. Throughout the existence of the card, member's "ability to repay" is assessed by analyzing a credit report obtained from a consumer reporting agency. It is not feasible to verify the income of every cardholder when determining their ability to repay, such as when increasing credit limit. Verifying income should not expressly be required as a means to determine a member's ability to repay if this determination can be obtained by other methods.

Determination of "Near Campus"

The proposal provides that a card issuer or creditor may not offer a student at an institution of higher learning any tangible item to induce the student to apply for or participate in an open-end consumer credit plan if such offer is made on the campus, near the campus or at an event sponsored by or related to an institution of higher learning. The Board proposes that a location that is within 1,000 feet of the border of the campus is defined to be near the campus. This should not include any branches of a financial institution that may be located within the boundary. If a student comes to a branch to apply for a credit card and meets our underwriting criteria, it is very likely the credit union will not be made aware that they are a student since it is not relevant to the credit application if the *student is employed* and provides sufficient proof of income. This greatly differs from a creditor going to a campus or campus-sponsored event to solicit credit card applications and should not be subject to the proposed prohibitions.

Non-substantive Changes

We do not agree that credit card agreements should be resubmitted to the Board following *any* change, regardless of whether that change affects the substance of the agreement. Resubmitting technical changes to an agreement that do not substantively affect the agreement does not provide any benefit to our members. The Board should clearly define the types of changes that would require resubmission to the Board and identify changes that are considered "non-substantive" to avoid confusion or misinterpretation.

GECU appreciates the opportunity to comment on this proposal. Thank you for your time and consideration.

Sincerely,

GECU