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June 4, 2009

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

Regulations Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
Attn: OTS-2009-0006

Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: Federal Reserve System: Docket No. R-1314
Federal Reserve System: Docket No. R-1286
Office of Thrift Supervision: OTS-2009-0006
National Credit Union Administration: RIN 3133-AD62

Dear Sir or Madam:

The Independent Community Bankers of America (ICBA)¹ appreciates the opportunity to comment on the clarifications to regulations and staff commentary to: (1) the Federal Reserve's final rule amending the Regulation Z provisions that apply to credit card disclosures published in the Federal Register on January 29, 2009; and (2) the agencies' final rule under the Federal Trade Commission Act that addresses credit card practices,

¹*The Independent Community Bankers of America represents nearly 5,000 community banks of all sizes and charter types throughout the United States and is dedicated exclusively to representing the interests of the community banking industry and the communities and customers we serve. ICBA aggregates the power of its members to provide a voice for community banking interests in Washington, resources to enhance community bank education and marketability, and profitability options to help community banks compete in an ever-changing marketplace.*

With nearly 5,000 members, representing more than 20,000 locations nationwide and employing nearly 300,000 Americans, ICBA members hold \$1 trillion in assets, \$800 billion in deposits, and \$700 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

also published in the Federal Register on January 29, 2009. We appreciate the agencies' efforts to provide further clarification on these regulations so that community banks can better understand and properly comply with the rules. We find these clarifications to be very helpful and are grateful for the agencies' work in providing them. We have some comments to provide regarding these proposed rules; however, we plan to reserve any further comments on some of these issues for the expected proposed rules that will address passage of the Credit Card Accountability Responsibility and Disclosures Act of 2009 (Credit CARD Act of 2009). We urge the Federal Reserve to publish proposed amendments to address this new law as soon as possible so that community banks have time to develop the necessary systems changes to comply with the new law before the applicable effective dates.

Following are our specific comments regarding the proposed clarifications to Regulation Z and Regulation AA:

Regulation Z Proposed Clarifications:

In the proposed clarifications to Regulation Z, the Federal Reserve stated it may be appropriate to permit creditors offering open-end credit secured by real property that is not the consumer's dwelling to continue to comply with the existing rules under 12 CFR § 226.5b until the review of the rules applicable to home-secured open-end credit is completed, at which time the Federal Reserve would determine the appropriate treatment for these plans. The Federal Reserve solicits comment on whether these plans should comply with the new disclosure requirements contained in the January 2009 Regulation Z rule or the current Regulation Z rules regarding home-secured open-end credit, and whether it would be appropriate to subject these plans to the same disclosure requirements that apply to home-secured plans or alternatively, open-end credit that is not dwelling-secured.

ICBA strongly believes that open-end credit secured by real property should not be subject to the same disclosure requirements as credit cards or other open-end unsecured lines of credit because they are completely different types of products. While some of the disclosure requirements of the open-end amendments to Regulation Z make sense for credit cards and other open-end unsecured lines of credit, many of these disclosures will not be as helpful for consumers with open-end loans secured by real property. ICBA believes that open-end plans secured by real property should comply with the current Regulation Z rules in § 226.5(b) and that the Federal Reserve should write separate rules to specifically address these types of products after conducting consumer testing and consulting with the banking industry regarding any potential issues in providing disclosures.

Regulation AA Proposed Clarifications:

The agencies provide guidance regarding when the limits on opening a new account apply where a bank has previously issued an account to a consumer. The agencies

proposed to add a clarification that, when a consumer has a credit card account with an institution and the consumer opens a new credit card account with the same institution (or affiliate or subsidiary), then the opening of the new account constitutes an “account opening” if the consumer retains the ability to obtain additional extensions of credit on both accounts. When a replacement would occur during the first year after account opening, the agencies clarify that the institution may not increase an APR in a manner otherwise prohibited. The agencies solicit comment on whether the appropriate amount of time for the replacement of one consumer credit card account with another should be 15 days, 30 days or a different period. ICBA believes the amount of time allowed should be at least 60 days. This extra time should provide for any delayed activity that may occur on the original account and also provide consumers with enough time to update their current account information if they have automatic withdrawal for certain payments. Thirty days would not be enough time and could result in consumers having their charges rejected because their account changed over too quickly.

Thank you for the opportunity to comment on these proposed clarifications. ICBA looks forward to providing additional comments once the proposed rules are published to address the Credit CARD Act of 2009. If you have any questions or need additional information, please do not hesitate to contact me at 202-659-8111 or by email at Elizabeth.Eurgubian@icba.org.

Sincerely,

/s/

Elizabeth A. Eurgubian
Regulatory Counsel