

From: William J. Rissel
Subject: Regulation Z - Truth in Lending (Credit Card Act)

Comments:

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551
Via email:
Re: Docket No. R-1370

Dear Ms. Johnson:

While we all understand the Federal Reserve is attempting to correct some abuses in the system by a few users, we are concerned about the costs and additional regulators' burden that will be created for the vast majority of legitimate card issuers. Several proposed changes to Regulations Z as cited in above docket will cause our credit union severe difficulty in trying to provide our members with good credit card products. Please consider our comments in succeeding paragraphs.

We ask that you do not accelerate the July 1, 2010 date for compliance with all Regulation Z provisions not covered by the CARD Act. The July 1 requirements are preceded by a series of new requirements with effective dates of August 20, 2009 and February 22, 2010. We need time for our processor to verify the functionality of changes required to meet February 22, 2010 requirements before moving on to July 1, 2010 requirements. Our processor advises that, despite our best efforts, it would be virtually impossible to meet a more compressed schedule.

We suggest you provide model language for the partial grace period which is scheduled to be effective February 22, 2010. Model forms and language always assist us in properly framing communications with our members. This will assist us and others with uniformity with regard to this disclosure requirement.

We have a serious concern over the methodology proposed to raise credit limits. We ask that you continue to allow financial institutions the ability to raise credit limits based on a member/consumer's demonstrated ability to responsibly manage it. If you require income and assets to be a part of the decision, input will be required from the consumer. This will be costly and cumbersome. A significant part of properly managing a card portfolio includes making credit line adjustments. Adjustments are made using empirical data which factors in the borrower's past performance. These periodic increases have allowed credit unions, which historically are very conservative when they set original credit limits, to raise lines as accounts mature. Under the proposed regulation, credit unions would be penalized for conservative lending practices. The proposal actually gives the lender the incentive to be liberal in establishing a limit so they will not have to handle additional paperwork in the future.

We request you increase the de minimis threshold exception from 10,000 to 25,000 open accounts. Our processor advises that this number is more

reflective of small credit card portfolios which should be except from providing and maintaining credit card data on various web sites. We believe that issuers with less than 25,000 accounts have historically not committed the abuses the proposal is attempting to correct.

Thank you for the opportunity to submit comments on the Board's proposed changes to Reg Z.

Sincerely,

William J. Rissel
President & CEO