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April 1, 2010

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

Re: Comments on Proposed Rule – To Implement the Credit Card Accountability, Responsibility and Disclosure Act – Truth in Lending (Regulation Z)

Dear Ms. Johnson and Governors of the Federal Reserve Board:

I am writing on behalf of the Board of Directors and management team of Visions Federal Credit Union which is headquartered in Endicott, New York and serves over 124,000 members in southern New York and northern Pennsylvania.

Our credit union has already spent hundreds of hours of work complying with the other changes mandated by the CARD Act, but this final part of the CARD Act implementation promises to have the most far-reaching effects. It will no doubt eliminate many card programs being offered by small and mid-sized institutions throughout the country because of the complexity and permanence of the compliance requirements and regulation of fee income. Enactment of the final CARD Act rule will in fact damage the economic recovery of this country by raising the price of running a credit card program and limiting credit choices to consumers. I understand that you are responsible for implementing the law, and I believe this was neither your intent nor the intent of Congress, but this will be the effect of the rule.

Our specific comments:

Section 226.6 - Account Opening Procedures

We agree that it makes sense that if an exact amount of a fee is not known, that the disclosure should require the "Up to $X" amount be in bold.

Section 226.7 - Periodic Statement

We believe that no change is necessary and an issuer should be able to voluntarily disclose that the late payment fee may be less than the disclosed amount. We do not see the sense in requiring this change.

Section 226.9(c) (2) - Rules Affecting Open End Loans (Not Home-Secured)

Again, we cannot understand why a new rule is necessary to limit the reasons for increasing the APR to *no more than four*. We also believe that you need to clarify that your examples

concerning the 100 point decline in the credit score or an issuer's cost of funds increase of 105 are only examples and will not be interpreted as guidelines for acceptable reasons for APR increases.

Section 226.9(g) - Increases in Rates Due to Delinquency or Default or as a Penalty

Once again, we do not believe there is a practical reason to be limited to only four reasons; although, in this area it is unlikely we would need to list more than four.

Section 226.52(b) – Limitations on Penalty Fees/Section226.52(b)(1) General Rules

The proposal requires issuers to limit penalty fees based on either the cost of the type of violation, set the fee at a level it can determine through empirical evidence will deter the type of violation, or adopt a safe harbor fee determined by the board that will be included in the final rule, but the fee may not exceed the amount of the violation.

Firstly, in regard to the limitation of the amount of the fee, we understand the perception of unfairness to members/customers in good standing of a $15 fee being assessed on a $1 late payment, returned payment, over the limit transaction, or a declined transaction. In many cases, however, financial institutions will waive this fee as a one-time courtesy. The cost of automation, postage, printing, review, and materials may exceed the $1 amount by $3 to $5 depending on the institution's costs. This also does not take into account the cost of the risk, albeit small in this example. Although we object to *any limitations* on fees and feel the consumer should be able to self select among different programs and institutions' penalties for violations, under $15 may be the appropriate place for the "Safe Harbor" fee to be used as you suggest. A flat range like this would be easier to program and reduce the cost of compliance.

Any larger exception over $15 should not be regulated by percentage or empirical proof tying the amount of cost or amount needed for deterrence as your proposal suggests. We say this because you fail to take into account that every capital investment and every employee that works for a bank or even a credit union is expected to produce more than just the investment or salary - or the financial institution will fail to make a profit (bank) or build/maintain capital (credit union) and go out of business. True, we are only talking about one area, but if you are allowed to structure income for financial institutions so that no profit is made, you are regulating yourself out of business unless you plan on nationalizing the banks and credit unions in the United States.

Therein lies the fallacy in your proposal to only allow the strict cost of penalty to be recouped.

As to the exact amount it costs to deter a behavior, we fail to see how any good empirical evidence could ever be used since each financial institution has a unique product mix. We would have to have the liberty to experiment with thousands of customers/members with different penalty fees to have anything approaching a statistically valid sample on which to base the decision. And of course, this would have to be reevaluated every 12 months according to the proposal. It is just not practical.

In short, your requirements to base penalty fees on strict costs or proof of deterrence are impractical and unworkable and will invite abuse.

226.52(b)(2)(ii) – Multiple Fees

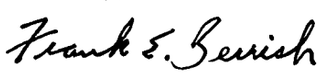
We agree with this part of the proposal.

226.59 – Reevaluation of Rate Increases

Again, we understand the motivation behind this part of the regulation due to some bad actors who raised rates to unconscionable levels after January 1, 2009, but do not believe that this is necessary and will be difficult to administer. We are already seeing consumers move to lower rate credit unions or pay off debt after some other financial institutions raised their rates. We believe that unless you take moves to close down other credit card programs by overregulation of the industry, consumers will choose lower cost options.

Thank you for the opportunity to comment on the proposed rule.

Sincerely,



Frank E. Berrish
President/CEO

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Cc: Mr. Fred Becker, President – NAFCU
Mr. Dan Mica, President - CUNA