



OHIO CREDIT
UNION LEAGUE

April 14, 2011

VIA E-MAIL TO: regs.comments@federalreserve.gov

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

RE: Regulation B; Docket No. R-1408

Dear Ms. Johnson,

The Ohio Credit Union League (OCUL) appreciates the opportunity to comment on the Federal Reserve System's Proposed Rule regarding Regulation B, Docket No. R-1408.

The comments reflected in this letter represent the recommendations of the Ohio Credit Union League. The Ohio Credit Union League is the trade association for credit union in Ohio and advocates on behalf of 390 credit unions and their 2.7 million members in the state of Ohio. We appreciate the opportunity to provide suggestions and feedback to the Federal Reserve System prior to adoption of any rules as proposed.

Summary of Proposal

Section 701 of the Equal Credit Opportunity Act (ECOA) requires a creditor to notify a credit applicant when it has taken adverse action against the applicant. Section 615(a) of the Fair Credit Reporting Act (FCRA) also requires a person to provide a notice when the person takes an adverse action against a consumer based in whole or in part on information in a consumer report. Certain model notices found in the Federal Reserve System's Regulation B contain the information required by both the ECOA and the FCRA.

Section 1100F of the Dodd-Frank Wall Street Reform and Consumer Protection Act directs new content requirements for the notices under Section 615(a) of the FCRA. This Proposed Rule reflects this changed content requirement.

Adverse Action Notices

Previously, under section 701(d) of the ECOA, a creditor must provide to applicants against whom adverse action is taken either: (1) A statement of reasons for taking the adverse action as a matter of course; or (2) a notification of adverse action which discloses the applicant's right to a statement of reasons within thirty days after receipt by the creditor of a request made by the applicant within sixty days after the written notification. Section 615(a) of the FCRA requires a person to provide in an adverse action notice information regarding the consumer reporting agency supplying the consumer report used in taking the adverse action and further notifying the consumer of a right to a free credit report and a right to dispute the accuracy or completeness of any information in a consumer report.



AMERICA'S
CREDIT
UNIONS™

10 W. Broad St., Suite 1100, Columbus, Ohio 43215
614-336-2894 ■ 800-486-2917 ■ fax 614-336-2895 ■ www.OhioCreditUnions.org

Section 1100F of the Dodd-Frank Act amends section 615(a) of the FCRA to require disclosure of further information on a FCRA adverse action notice. The statute generally requires that a FCRA adverse action notice include: (1) A numerical credit score used in making the credit decision; (2) the range of possible scores under the model used; (3) the key factors that adversely affected the credit score of the consumer in the model used; (4) the date on which the credit score was created; and (5) the name of the person or entity that provided the credit score. In appendix C to part 202, model notices which incorporate the new required disclosures are provided for use by financial institutions.

The model notices C-1 through C-5 provide the disclosures that a credit score was used in making the credit decisions and further define that a credit score is a number used to reflect information in a consumer's credit and that this number can change over time. The model notices also provide space to add information specific to the consumer, such as the consumer's credit score, the date the score was created, the range of possible scores, and up to four key factors that adversely affected the consumer's credit score.

OCUL notes that the addition of the consumer specific information from the consumer credit report includes a list of 4 key factors that contribute to determination of the consumer credit score. These key factors may not reflect the same reason for the adverse action taken listed in the first part of the model form, which may lead to further confusion for the consumer rather than the desired clarity. OCUL suggests revision of the content of the form to provide the distinction between the specific cause of the adverse action as opposed to the more general factors which determined the consumer's credit score. In particular, model form C-5, to be used when the creditor does not provide the specific cause for the adverse action taken, but rather discloses the consumer's right to request the specific cause, must still contain the disclosures regarding key factors which determine the consumer's credit score.

Impact on Smaller Credit Unions

Previously, the adverse action notices required under Regulation B were somewhat generic, and could be mass-produced in a format on two sides of a sheet of 8.5 X 11 inches of paper. The new required information adds a significant amount of text to such forms, potentially pushing the final disclosures to a second sheet of paper, increasing the cost to produce the forms and creating more content and confusion for the consumer. Additionally, other than the contact information for the consumer, the adverse action notice could be completed by checking which of the listed reasons resulted in the adverse action taken. The new disclosures will require more personalization of the adverse action notice, resulting in increased costs in materials and labor to produce.

Implementation Date

The Proposed Rule is effective July 21, 2011, however, no mandatory compliance date has been stated. OCUL requests clarification regarding mandatory compliance and suggests a date of January 31, 2011, to allow credit unions, in particular smaller credit unions, sufficient time and resources to revise notices currently in use.

Jennifer L. Johnson, Secretary
Board of Governors of the Federal Reserve System
April 14, 2011
Page 3

Conclusion

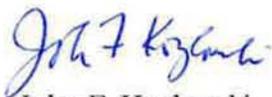
The Dodd-Frank Act mandates the additional disclosures regarding the use of consumer credit reports in making adverse action credit decisions. The information, which is intended to educate consumers regarding their credit report information and their right to request a copy of the report and dispute information provided in it. However, in cases where the cause of the adverse action is not one of the 4 -5 key factors used in determining the consumer's credit score, the model forms as proposed might serve as a source of confusion between the specific cause of an adverse action taken and the more general reasons used in determination of the consumer credit score.

The Proposed Rule will also impact smaller financial institutions due to required changes in formatted forms, increasing costs of production and labor costs in completion.

Finally, the Proposed Rule does not state a mandatory compliance date allowing a period of time for financial institutions to modify current policies, practices and forms.

OCUL appreciates the opportunity to present comments on behalf of Ohio's credit unions to the Board on its proposed debit interchange rules. Thank you for your consideration of the comments presented. If you have any questions, please contact me at (614)923-9766 or jkozlowski@ohiocul.org

Sincerely,



John F. Kozlowski
General Counsel



Carole D. McCallister
Manager, Member Compliance Services

CC: Mary Dunn, CUNA, General Counsel
Michael Edwards, CUNA, Senior Assistant General Counsel
Tim Boellner, OCUL Chair
Paul Mercer, OCUL President