



April 14, 2011

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

Re: Proposed Rule / Risk-Based Pricing (Credit Score Disclosures) – Docket No. R-1407

Dear Ms. Johnson:

On behalf of the League of Southeastern Credit Unions (LSCU), I appreciate the opportunity to comment on the proposed rule put forth jointly by the Federal Reserve Board (Fed) and Federal Trade Commission (FTC) that requires creditors using a credit score in risk-based pricing to disclose the credit score and other related information to applicant(s) and revise the Notice of Adverse Action found in Regulation B of the Equal Credit Opportunity Act (ECOA). As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) these requirements are effective July 21, 2011.

LSCU generally supports the agencies effort to improve the information applicants receive related to their credit requests under the Fair Credit Reporting Act (FCRA) and Equal Credit Opportunity Act (ECOA). However, we do not support the timing of these revisions nor do we agree with format changes to the model forms presented by the Fed. In addition, we urge the Board to work to minimize the revisions regulatory cost, particularly those expenses borne by small credit unions.

Specifically, the Dodd-Frank Act amended Section 615(h) of the Fair Credit Reporting Act by requiring credit unions to provide statements (disclosures) to applicants detailing 1) how a credit score is impacted by credit information in a credit report, 2) the specific numerical credit score used in reaching a credit decision, 3) a range of FICO scores (300 to 850), 4) which key factors may have adversely effected the applicants credit score, and 5) the identity of the bureau that issued the score used. In addition, model forms available under ECOA must be revised to accommodate the disclosure requirements of this proposal and these revisions must be completed by July 21st. This is a very ambitious effective date for financial institutions still dealing with numerous regulatory changes brought about by Dodd-Frank.

At this time it is unnecessary to implement the proposal as presented. Current adverse action disclosure requirements provide for the dissemination of "reasons for adverse action" to credit



applicants. If credit score is a leading contributor to a denial, that information is required to be disclosed by institutions using credit scoring as its primary approval measurement. We urge the Board not to adopt this proposal at this time.

We view as flawed this approach to informing credit union loan applicants of their credit status. A process that requires credit union personnel to discuss and explain the details of the effects of credit scoring places those employees in difficult situations given the overall understanding of credit scoring among the general public. We are concerned that the proposal as presented may have an initial negative impact on those credit unions that are now expanding their credit efforts after a period of low volume and overall industry constriction. This issue is particularly important to small credit unions impacted by the costs of assessments, reduced credit numbers, and lower fee income. Add to these issues the impact of pending interchange legislation and you can see that the addition of these disclosures add to the burden rather than achieve the intended informational benefit.

We agree with comments already provided to the Fed and FTC by credit unions that urge the Board to delay the implementation of these Dodd-Frank requirements and thus provide a measure of relief to credit unions already burdened by revisions to RESPA, Regulation Z, the Home Mortgage Disclosure Act, Regulation CC and others. LSCU members continue their efforts to meet the obligations placed upon them by these and other regulatory revisions and will continue to do so. It is our opinion however; that the efforts of credit unions, members and governing agencies would be best served by delaying implementation of this proposal until a later date.

Finally, LSCU would like to suggest that a revised timeline for this proposal be created for use by the supervisory agencies. Such a step would provide credit unions valuable time needed to adequately administer the Act. The additional benefits of cost reduction, prudent implementation, and additional forethought could assist both credit unions and examining agencies (NCUA) in situations where staff expertise may be less than desired.

Thank you for the opportunity to comment. I appreciate your consideration of our views.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick La Pine", is positioned above the typed name.

Patrick La Pine
President/CEO
League of Southeastern Credit Unions