



CUNA & Affiliates
A Member of the Credit Union System

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VIA E-MAIL – regcomments@ncua.gov

February 3, 2006

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

Re: Part 707 – Truth in Savings (Overdraft Privilege Plans)

Dear Ms. Rupp:

The Credit Union National Association (CUNA) appreciates the opportunity to comment on the amendments to the rules that implement the Truth in Savings Act that address the adequacy of information provided to consumers regarding overdraft privilege services. CUNA represents approximately 88 percent of our nation's 8,900 state and federal credit unions, which serve nearly 87 million members.

CUNA generally supports these amendments and is pleased that regulatory changes regarding overdraft privilege services are being addressed in the rules that implement the Truth in Savings Act, as opposed to Regulation Z, the Truth in Lending Act. The Federal Reserve Board (Fed) had earlier considered changes to Regulation Z, which we have and continue to oppose, although the Fed has indicated that it may still consider such changes in the future.

The proposed amendments will strengthen the full and fair disclosures that are required under these rules, which CUNA supports. However, we strongly urge NCUA to delay the required compliance date, which is currently scheduled for July 1, 2006.

We recognize this is the same date that applies to banks and other financial institutions under the Fed's rule that was issued in May 2005. However, under the Fed's rule, the July 1, 2006 mandatory compliance date provides those institutions approximately one year to comply from the time that the rule was issued by the Fed.



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We believe credit unions should also have at least one year to comply from the time that NCUA's rule was issued. A January 1, 2007 required compliance date will provide credit unions with a similar one-year period to prepare for these new regulatory requirements. A number of our credit union members have expressed concern as to whether they, or their vendors, will be able to comply with these new requirements by July 1, 2006.

Even if systems can be in place by July 1, 2006, there would be no means in which they can capture the information on overdraft and returned item fees that have been charged for the year-to-date, as required under these regulatory changes, since that information has not been collected. Delaying the mandatory compliance date until January 1, 2007 should provide sufficient time to have these systems in place and to ensure that the collection of the year-to-date information corresponds to the beginning of a new year.

We also have a substantive concern regarding the proposed requirement to provide cumulative disclosures for overdraft and returned item fees for both the statement period and the year-to-date. While credit unions support reasonable consumer disclosures, a number of credit unions are concerned about the additional burden that will be required to make these changes.

Other credit unions, while not expressing direct concerns regarding the burden, have questioned whether their members will review and use the information and also do not understand why this proposal also includes returned item fees, which are not directly related to overdraft privilege programs. Providing information on the total of returned item fees for the year-to-date also makes little sense since credit unions generally take measures when the number of returned checks on an account becomes excessive. Consumers currently receive a significant amount of disclosure information, and we believe the additional cumulative information regarding overdraft and return item fees may actually confuse consumers, without providing significant benefits.

Although NCUA is required under the Truth in Savings Act to issue rules that are substantially similar to those issued by the Fed, which includes these cumulative disclosure requirements, we request that NCUA review this issue to determine if some flexibility is possible for credit unions to disclose this information in a less burdensome manner or to work with the Fed to provide flexibility for the entire industry.

Thank you for the opportunity to comment on the proposed changes to the rules that implement the Truth in Savings Act. If you or other Board staff have questions about our comments, please give Associate General Counsel Mary Dunn or me a call at (202) 638-5777.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey Bloch", is written over a light blue rectangular background.

Jeffrey Bloch
Assistant General Counsel