

**Jordan, Sheron**

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**From:** \_Regulatory Comments  
**Sent:** Tuesday, May 29, 2007 8:05 AM  
**To:** Jordan, Sheron  
**Subject:** FW: Harry L. Metz, Jr, NCCO Comments on Proposed Rule Part 716 (Model Form for Privacy Notice)

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**From:** Metz, Harry [mailto:harry.metz@allsouth.org]  
**Sent:** Friday, May 25, 2007 10:05 AM  
**To:** \_Regulatory Comments  
**Subject:** Harry L. Metz, Jr, NCCO Comments on Proposed Rule Part 716 (Model Form for Privacy Notice)

Ms. Mary Rupp, Secretary of the Board, NCUA:

This is in response to your request for comments on the proposed rule for Part 716 concerning the model privacy form. The currently used privacy notice is based on model wording that under this proposal will lose its safe harbor status. The propose model form consists of a multi-page single side printed form that utilizes a tabular format. There several concerns about the proposed rule.

The initial efforts to comply with the privacy notice requirements resulted in a significant level of member questions and concerns about the privacy of their information and their rights. After the new privacy notice was understood and familiar, the level of member concern was alleviated. This proposed notice promises to result in a new episode of member confusion and concern. The proposed format is not expected to be an effective means of conveying the credit union's practices concerning the use of member information. The proposed model disclosure and rule does not allow sufficient flexibility for the credit union to address its specific practices. The generalities and terminology used are not consistent with the typical statements made by the credit union. The cost of member unrest and concern is not justified by the anticipated benefits of the proposed notice format.

The proposed format is also expected to result in higher printing and mailing costs to the credit union, thereby increasing the cost and burden of compliance. The currently used format consists of stock measuring 3.5 inches by 7.5 inches and printed on both sides. This format permits a lower printing cost. This size stock is easily inserted with the member's statement and being only one sheet, minimizes the chance of overweight postage charges. The proposed notice format will result in significant additional weight that could result in increased mailing costs. This format will also affect printing and collating costs. It is possible the credit union may be obligated to eliminate other informational inserts to accommodate the proposed notice and thereby eliminating direct communication with the membership for the quarter.

There also is the concern that currently used wording will lose its safe harbor status. This will occur without any substantive changes in the regulatory requirements. This change in the status of the current wording will for many credit unions result in no choice but to utilize the model disclosure and incur the above mentioned problems. It is suggested the current model wording and a model form be provided safe harbor status to permit credit unions a true choice in the means of compliance.

Sincerely

Harry L. Metz, Jr., NCCO  
Compliance Officer  
AllSouth Federal Credit Union