



May 24, 2007

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

**Re: Proposed Rule Part 716 (Model Form for Privacy Notice)**

Dear Ms. Rupp:

On behalf of the California and Nevada Credit Union Leagues, I appreciate the opportunity to comment on the proposed safe harbor model privacy form issued by the NCUA and other banking agencies. The California and Nevada Credit Union Leagues (the League) are the largest state trade associations for credit unions in the United States, representing the interests of more than 400 credit unions and their 9 million members.

We commend the Agencies on this effort to provide consumers with simple, useful, and accurate information about their financial institutions' information sharing practices. We also appreciate the Agencies' acknowledgment that small financial institutions—especially ones that don't have permanent staff available to devote to privacy compliance—are likely to rely on the model privacy form, the use of which would involve little, if any, legal counsel review and its associated costs. We strongly believe that effective regulation should strike a balance between meaningful consumer disclosure and reasonable compliance requirements for financial institutions. And, while the proposed form does a laudable job of that in many respects, we are concerned that two requirements of the proposed model form fail this standard.

The requirement that the model form be printed 1) only on 8.5 by 11 inch paper; and 2) separately and only on one side of that paper, strikes us as an undue burden on financial institutions. No doubt the Agencies are aware that most financial institutions have long used more efficient, non-wasteful, and environmentally-friendly formats for their privacy disclosures (e.g., multi-panel disclosures or half-sheets). This is especially true for credit unions, which typically have far less complex information-sharing arrangements than banks. The proposed requirement that these disclosures now be printed on only one side of 8.5 by 11 inch paper will result in additional paper, printing, and mailing costs for all financial institutions, and will be especially burdensome for small credit unions. The proposal fails to mention whether the Agencies attempted to balance these costs against the consumer-friendly aspects of the model form.

In our opinion, this standard also raises unforeseen questions as to what constitutes a "clear and conspicuous" disclosure. The regulations upon which current consumer protection disclosures are made (e.g., Truth in Savings, Regulation CC, Regulation E,

Regulation Z, et al.) require “clear and conspicuous” disclosures. “Clear and conspicuous,” in this context, has never meant only one side of 8.5 by 11 inch paper. Indeed, the standard has long been understood in the industry as being met by providing consumers/members with multi-panel disclosures that combine the requirements of several regulations. The Financial Services Regulatory Relief Act of 2006, which mandated that the Agencies develop a model privacy form, requires that the model form also be “clear and conspicuous.” However, that standard has now been defined by the Agencies in a way never before done in a consumer protection regulation (and that was not mandated by the Regulatory Relief Act).

We believe that all consumer protection regulations, and their associated disclosures, are equally important. As a result, we fail to understand why the Agencies feel that privacy notices need so much more prominence than other important consumer information. For example, with identity theft on the rise, is it not equally important that consumers be made aware of how they are able to dispute unauthorized transactions, as required under Regulation E? We believe that this action to redefine “clear and conspicuous” as “larger” (for the most part) will serve to either 1) deemphasize other important disclosures; or 2) lead to a move to apply the standard to the other consumer protection regulations, which would lead to more unwieldy, confusing disclosure packets provided at account opening. We believe that neither option provides for more meaningful consumer disclosure.

Accordingly, we respectfully recommend that the Agencies leave the requirements for the content and appearance (i.e., type size, leading, type style, etc.) of the model form intact, but allow financial institutions the ability to place the information on the back of either an 8.5 by 11 inch sheet or a half-sheet. We believe this option provides for the non-burdensome, common sense type of regulation that NCUA has historically stated that they are committed to.

In closing, the California and Nevada Credit Union Leagues would like to thank the Agencies for the opportunity to comment on this matter. We support the ongoing efforts to provide consumers with substantive, useful information about their privacy choices, and appreciate the Agencies’ consideration of our views.

Sincerely,



Bill Cheney  
President/CEO  
California and Nevada Credit Union Leagues