



Office of the President

May 29, 2007

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

Re: Model Privacy Form

Dear Ms. Rupp:

Navy Federal Credit Union provides the following comments in response to NCUA's and other regulators' development of a model privacy notice for financial institutions to provide to consumers. As a credit union with a lasting commitment to our members, we believe it is important to educate and inform each member by providing notices that are brief, unambiguous, and readable.

To develop our current privacy notice, we took steps to include "plain English" wording and grammar, while ensuring that the policy accurately reflects our practices. Our privacy notice also includes information concerning our privacy-related practices that the regulation does not require but that we believe benefit members. We believe the steps we have taken have helped to make our notice more readable and informative.

With respect to the proposal, Navy Federal agrees that the model form should be optional. While the form may be helpful to ensure regulatory compliance, certain institutions may consider their current notices to be more accurate, and therefore, advantageous to members. To impose undue restrictions on the ways credit unions can disclose privacy practices (beyond that required by law) ultimately would be a disservice to members. When provided with options, credit unions tend to gravitate toward choices that best suit their unique membership bases. Along these lines, we oppose eliminating the safe harbor protections provided by the sample clauses in the Appendix to Part 716, so that credit unions may continue using them without fear of penalty. If the sample clauses were removed, credit unions not ordinarily inclined to do so, would be forced to adopt the model notice to maintain the same levels of protection they currently enjoy. We ask NCUA to retain the sample clauses, as removing them only serves to eliminate a desirable option available to credit unions.

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Navy Federal does not believe that the model form optimally benefits consumers. At two to three pages, the model form is longer than many consumers would likely take the time to read. The fact that consumers conceivably could receive several lengthy and virtually indistinguishable disclosures from various institutions each year would increase the likelihood that consumers would ignore them altogether. To satisfy the requirements of the Gramm-Leach Bliley Act and Part 716, a model notice can and should be simpler. We observe that the adage "less is more" applies to privacy notices. For example, nutritional disclosures on food labels routinely disclose a large volume of clear and comprehensible information in a brief manner. Likewise, in a fraction of the space required for the proposed disclosure, financial institutions could briefly disclose their policies and practices with respect to disclosing nonpublic personal information, including to whom the information may be disclosed, the personal information collected, and policies maintained to protect this information. Further, this information could be placed in a tabular format to facilitate readability.

With respect to the size of the notice, regulatory agency studies demonstrate that consumers prefer single-sided 8½ by 11 pages for each section of the disclosure, and therefore this requirement is being proposed. We laud the agencies' decision to rely on consumer studies in designing the form, but we do not agree that every finding is backed solidly by the testing. In the study, it appears that subjects were provided sample disclosures printed only on 8½ by 11 sheets of paper. Since testing variables were limited and subjects were not provided with alternate sizes, it seems misleading to state that consumers "preferred" 8½ by 11 pages, even if the subjects stated as much in an interview. As a result, credit unions should have the option to use the model form without being obliged to conform to paper size requirements, provided the form is large enough to be legible, as is the case with many current privacy policies. Effective disclosure is predicated on multiple factors, and we do not believe that a specific size or number of documents is essential, as neither is likely to facilitate or hamper the process to an appreciable degree.

In conclusion, we applaud the agencies' efforts to afford financial institutions a safe harbor model privacy form and appreciate the opportunity to comment on this proposal. If you have any questions on the issue, please contact Patrick Caldwell, Policy Analyst, at (703) 206-4161.

Sincerely,



Cutler Dawson
President/CEO

CD/pc