



August 15, 2008

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

Subject: Docket No. R-1316

Dear Ms. Johnson:

The Regulatory Response Committee of the Virginia Credit Union League welcomes this opportunity to comment on the Federal Reserve Board and Federal Trade Commission's proposed rules to implement the risk-based pricing provisions in section 311 of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act), which amends the Fair Credit Reporting Act (FCRA). The proposed rules generally require a creditor to provide a risk-based pricing notice to a consumer when the creditor uses a consumer report to grant or extend credit to the consumer on material terms that are materially less favorable than the most favorable terms available to a substantial proportion of consumers from or through that creditor.

Regarding the methods for determining who receives notices, any of the three methods would be acceptable. With the credit score proxy method, we would suggest a 50% higher score/50% lower score cut off. We also support a 2-year recalculation period with the credit score proxy sampling approach.

As the agencies consider the final rule, we suggest clarification regarding balance transfer situations be addressed. From the proposal, we see that the risk-based pricing notice is triggered when a creditor offers credit and bases the terms of credit on information from a consumer report. What does not appear to be addressed is a situation where an existing borrower requests a balance transfer on a credit card held by the same creditor and these balance transfer promotion rates vary based on the borrower's credit score. We would hope that in these cases the risk-based pricing notice would not be required, or if the notices is required, then the notice for this type of transaction be permitted to be provided after consummation/after the first transaction under the credit card plan.

We also suggest combining model notices 1 and 2 and including an appropriate checkbox to indicate whether the notice is for a new account or for the review of an existing account. This would simplify what is going to be a burdensome task for most creditors.

Thanks you again for the opportunity to provide some comments on this proposal.

Sincerely,

Beverley F. Rutherford, Chairman

Virginia Credit Union League Regulatory Response Committee

1207 Fenwick Drive Lynchburg, VA 24502 • PO Box 11469 Lynchburg, VA 24506

P: 800 768 3344 • 434 237 9600 F: 434 239 8148 www.vacul.org