

REGULATORY ALERT

NATIONAL CREDIT UNION ADMINISTRATION
1775 DUKE STREET, ALEXANDRIA, VA 22314

DATE: May 2003 **NO.:** 03-RA-09

TO: All Federal Credit Unions

SUBJECT: Regulation B Amendment – Collection of Personal Characteristics with Nonmortgage Credit

Dear Manager and Board of Directors:

The Federal Reserve Board (FRB) recently published final amendments to Regulation B, which implements the Equal Credit Opportunity Act (ECOA). The most significant amendments are:

- Permissibility of collecting personal characteristics in connection with nonmortgage credit for self-testing purposes only, and
- Record retention for prescreened solicitations.

The rule is effective April 15, 2003; however, mandatory compliance is delayed until April 15, 2004.

The amended rule allows creditors to collect personal characteristics in a self-test for compliance with the ECOA. The self-test must meet regulatory standards. Credit unions that conduct a self-test and request information about personal characteristics must disclose to applicants that the information:

1. Is optional,
2. Is being collected to monitor for compliance with the ECOA,
3. Will not be used in making the credit decision, and
4. May be noted based on visual observation or surname (where applicable).

A copy of the final rule is available on the FRB website at:

www.federalreserve.gov/boarddocs/press/bcreg/2003/20030305/attachment.pdf

Sincerely,

/S/

Dennis Dollar

Chairman