NAVY FEDERAL Credit Union

Office of the President

June 29, 2007

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

Re: Dockets R-1281, R-1282, R-1283, R-1284, R-1285 Electronic Disclosures

Dear Ms. Johnson:

Navy Federal Credit Union appreciates the opportunity to comment on the Federal Reserve Board's proposed amendments to Regulation B (Equal Credit Opportunity), Regulation E (Electronic Fund Transfers), Regulation M (Consumer Leasing), Regulation Z (Truth in Lending), and Regulation DD (Truth in Savings) involving electronic disclosures. Navy Federal is the nation's largest natural person credit union with over $29 billion in assets and nearly three million members.

The proposal would withdraw portions of the Interim Final Rules issued in 2001, clarify selected provisions, and implement certain requirements of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005. Although the compliance date was previously lifted, we applaud the Board for eliminating this unnecessary and impractical regulatory burden. We pointed out in our August 8, 2001 comment letter that certain provisions of the Interim Final Rules were not practical and we fully agree with the Board that removing these sections will reduce confusion and simplify the regulation.

The Board's proposal to disallow delayed disclosures for certain Internet Web site requests, however, would deny many consumers the ability to receive financial services on a timely basis. Low and moderate income consumers unable to afford their own personal computer systems will likely be affected most by the proposal. Navy Federal urges the Board to permit delayed disclosures at § 230.4(a) for opening deposit/share accounts and at § 226.17(g) for making closed-end loans requested via an Internet Web site.

Communications via a financial institution's Web site can be described in two general categories. First, consumers with expectations for recurring secure communications with their financial institutions may request access via a unique identifier and password with appropriate

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dual authentication measures such as today's "home banking systems." These home banking systems permit secure two-way communications and provide a mechanism for delivery of required disclosures before consummating the transaction. However, the second category of communication, designed for consumers who do not have expectations for recurring secure communications with their financial institutions, does not involve unique access identifiers and passwords. Typically, this category of communications involves making applications for financial services broadly available to the public via the institution's Web site. Financial institutions may accept the applications but there is no practical way to deliver account opening disclosures upon approval of the consumer's request and prior to consummating the transaction. With no provision for delayed disclosures, consummation of the consumer's request must be delayed until disclosures are delivered. We believe the second category of communication is more likely to be used by low and moderate income consumers who must rely on occasional computer access at the public library or their place of employment.

To further illustrate, a recently deployed Marine has a family emergency and requests a loan, via the second communication category described above, using his employer's computer. He requests that the loan proceeds be placed in his checking account for immediate access. Navy Federal has no practical way to provide the required disclosures prior to consummation and cannot, because of an unnecessary regulatory requirement, meet the Marine's financial need on a timely basis. Again, we urge the Board to permit delayed delivery of disclosures in such situations.

We believe the Board has authority under the Truth in Savings Act (TISA) to permit financial institutions to delay the delivery of initial disclosures for applications received over an Internet Web site because, like mail and telephone applications, they are not submitted in person. TISA § 266(b) states:

> "*Distribution in case of certain initial deposits.* If-
>
> (1) a depositor is not physically present at an office of a depository institution at the time an initial deposit is accepted with respect to an account established by or for such person; and
> (2) the schedule required under section 264(a) has not been furnished previously to such depositor,
>
> the depository institution shall mail the schedule to the depositor at the address shown on the records of the depository institution for such account no later than 10 days after the date of the initial deposit."

In drafting the Truth in Lending Act (TILA), Congress clearly anticipated that certain situations would warrant a delay in the delivery of disclosures. TILA § 128(c)(2) states:

> "If a creditor receives a request for a loan by mail or telephone without personal solicitation and the terms of financing, including the annual percentage rate for representative amounts of credit, are set forth in the creditor's printed material distributed to the public, or in the contract of loan or other printed material delivered to the obligor, then the disclosures required under subsection (a) may be made at any time not later than the date the first payment is due."

Navy Federal believes timely and accurate disclosures are an integral part of a financial transaction to help consumers make the best savings or credit decision. The proposed regulations, if modified as we have requested, would allow financial institutions and others to provide required disclosures in electronic format without undue burden for consumers or financial institutions.

Navy Federal would like to thank the Board for the opportunity to comment on the proposed rules to reduce regulatory burden and confusion on how to provide electronic disclosures to consumers. If you have any questions on our comments, please contact Elizabeth Salazar, Senior Policy Analyst and Compliance Officer, at (703) 206-2404.

Sincerely,

Cutler Dawson
President/CEO

CD/es