June 29, 2007

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave, N.W.
Washington, D.C. 20551

RE: Proposed Amendments to Regulations B, E, M, Z and DD.

Dear Ms. Johnson:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents the interests of our nation's federal credit unions (FCUs), I am responding to the request for public comment on the Board of Governors of the Federal Reserve System' (Board) proposed rules to amend Regulations B, E, M, Z and DD.

The proposed rules would withdraw portions of interim rules adopted in 2001 (2001 Interim Rules) that incorporated certain provisions of the Electronic Signatures in Global and National Commerce Act (E-Sign Act). The Board reasons that the provisions it proposes to withdraw are unnecessary, unduly burdensome or confusing. By the same token, the Board proposes to retain certain portions of the 2001 Interim Rules the Board determined would provide regulatory relief or guidance. The proposed rule to amend Regulation Z also includes provisions that would implement the online credit card provisions contained in the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (Bankruptcy Act).

NAFCU appreciates the opportunity to comment on the proposed rules and applauds the Board for revising its regulations to alleviate confusion by extracting unnecessary and overly burdensome provisions and clarifying others. NAFCU believes that while regulations that seek to protect American consumers by requiring various disclosures are important, we believe that confusing and unnecessary provisions relating to disclosures are particularly counterproductive because they often lead to consumer confusion while also unjustifiably causing the cost of regulatory compliance to be high. Thus, NAFCU supports the Board's proposed rules to amend Regulations B, M, Z and DD in order to make the regulations relating to electronic disclosures less confusing and consequently, easier to comply with.

While NAFCU supports the proposed amendments, we seek clarification on one item in the proposed rules. Proposed new § 226.5a(c)(2) requires that variable annual

percentage rates (APR) in applications and solicitations be accurate when mailed, sent to a consumer's e-mail address or viewed by the public (i.e., on the card issuer's website). A variable APR would be accurate if it is one in effect within 60 days before mailing or 30 days before being sent electronically or viewed by the public in electronic form.

NAFCU understands the proposed provision to state that a variable APR is accurate if it was in effect within the previous 30 days (if in electronic form) or 60 days (direct mail). However, the preamble of the proposed rule states that "this new section would require issuers to update variable APRs disclosed on mailed applications and solicitations every 60 days and variable APRs disclosed on applications and solicitations provided in electronic form every 30 days, and to update other terms when they change." *See* 72 Fed. Reg. 21145. NAFCU requests that the Board clarify that an update is only required if the applicable standard for accuracy (i.e., in effect within the previous 60 or 30 days) in the proposed § 226.5a(c)(2) is not met.

NAFCU members depend on sound and effective electronic communications with their members to conduct and support the growing number of electronic transactions. As member owned institutions, credit unions have a unique interest in ensuring that communications to members are clear. Confusing regulations and unnecessary regulatory burden, however, make this goal difficult to achieve. Accordingly, NAFCU encourages the Board to continue to review its regulations to identify and address such provisions.

NAFCU would like to thank you for the opportunity to share its views on the proposed rules and looks forward to working with the Board to eliminate unnecessary, overly burdensome, or duplicative regulations that neither contribute to consumer protection nor facilitate the provision of financial services to America's consumers in a safe and sound manner. Should you have any questions or require additional information please do not hesitate to contact me or Tessema Tefferi, NAFCU's Associate Director of Regulatory Affairs, at (703) 522-4770, ext. 268 or ttefferi@nafcu.org.

Sincerely,

B. Dan Berger
Senior Vice President for Government Affairs

BDB/tt