



March 19, 2015

Gerald Poliquin, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

RE: Comments on Regulatory Review Pursuant to EGRPRA

Dear Mr. Poliquin,

Thank you for the opportunity to comment on the National Credit Union Administration's regulatory review pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA). I am writing to you today on behalf of Credit Union ONE in regards to disclosure requirements under Truth in Savings, NCUA 707. Credit Union ONE is a Michigan State Chartered Credit Union with 18 branches, over 120,000 members, and \$870 million in assets.

As you are aware the purpose of the Truth in Savings Act (TISA) of 1991 as codified in NCUA regulation, is to enable credit union members and potential members to make informed decisions about accounts at credit unions. TISA requires credit unions to provide account disclosures so that members and potential members can make meaningful comparisons among credit unions and depository institutions.

Credit unions are required to provide these disclosures to a member or potential member under 707.4 before an account is opened or a service fee is assessed. In the event a member is not present at the credit union when the account is opened or the fee is assessed, the credit union has ten days to deliver the required disclosures to the member. The current disclosure requirement is outdated, costly, and burdensome. It also does not adequately allow for technology to have a role in the comparison and disclosure process.

In 1991 members may have comparison shopped by going from branch to branch obtaining disclosures to compare rates, terms, and features. Today things have changed. Members and potential members no longer draw comparisons this way. Rather, the internet is the main tool for researching financial institutions and their products and services. The E-Sign act also was not in place at the time TIS was adopted. Since the enactment of TIS, appropriate amendments have not been made to account for the advances in technology, shift in comparison shopping, and E-Sign act.

As a result credit unions must continue to provide account opening disclosures to members who open accounts in a branch via paper. The current Credit Union ONE disclosure booklet is 30 pages in length and contains the Membership and Account Agreement, Funds Availability Notice (REG CC), Electronic Fund Transfers Disclosure (REG E), TIS and Fee guide Disclosures. The ability to provide these disclosures in electronic format is needed; however, as the regulations are written now this is not possible.

While the only disclosure under the authority of the NCUA is Truth in Savings, amending the regulation will only work if the CFPB amends REG E and REG P, and the Federal Reserve amends REG CC. These disclosures are presented to members in conjunction with the TIS disclosures. Although each regulation allows for the delivery of the disclosures electronically, they are required to be provided when an applicable account or relationship is established. When a new membership is established this means the disclosures

cannot be provided electronically since the member or potential member is unable to consent to receive electronic statements at that time. Members must consent electronically, or confirm their consent electronically. Since members or potential members are opening the account in a branch, they do not have the ability to enroll in e-statements at that time.

In order to alleviate the cost and burden associated with this and to allow for credit unions to become more innovative in the way the disclosures are provided to members, Credit Union One is recommending the following:

1. The NCUA should amend the requirement to provide disclosures under Truth in Savings allowing them to be provided no later than 10 days after an account is opened or a fee assessed. This takes into account the current E-Sign law and would allow members time to enroll to receive these disclosures electronically.
2. The NCUA must work with the other regulatory agencies, CFPB and Federal Reserve, to ensure that REG E, REG P, and REG CC are updated as well.
3. Work with Congress to amend the E-Sign act to allow members to consent to receive electronic disclosures if consent is provided in writing. The consent provisions of the act are too restrictive. If members are provided with a paper opt in form containing the required E-Sign act disclosures such as hardware and software requirements, consent in writing should be allowed.
4. Members could request a paper copy of the disclosures at any time.

It currently cost the credit union roughly \$1,750 to print 4,500 disclosure booklets. In 2014 over 22,000 new membership accounts were established resulting in a cost of over \$8,000 in print alone. Of those 22,000, 11,000 were indirect lending members resulting in an additional cost of \$5,390 in postage using the current postage rate of \$.49. Since indirect members establish membership at a dealer, they cannot enroll in e-statements. Subsequently, the 10 day delivery provision applies, but with indirect members, unless they enroll on paper they will not enroll at all, hence the number of indirect members on E-statements is low.

Aside from the cost of providing a 30 page disclosure booklet many members do not take the time to read the entire 30 pages, or even open the booklet. Providing the disclosures in electronic form would seem to increase the likelihood of members reading, saving, and referencing the book later on, plus the information is readily available on credit union websites.

While the regulation allows for the disclosures to be provided electronically, the reality is that credit unions are prohibited from providing them electronically due to the E-Sign act and timing requirements of the applicable regulations. Making the recommended changes would reduce cost, create efficiency, enhance member experience, eliminate a burden, and bring the Truth in Savings Act and other regulations into the technology era of the 21st century.

Sincerely,



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