

# REGULATORY ALERT

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

**DATE:** August 2009 **NO:** 09-RA-07

**TO:** All Federally-Insured Credit Unions

**SUBJECT:** Amendments to Regulation Z, Truth in Lending

**ENCL:** Appendix – Credit CARD Act & Effective Dates

**REF:**

1. Credit Card Accountability, Responsibility, and Disclosure Act of 2009, Pub. L. 111-24, 123 Stat. 1734 (May 22, 2009)
2. 74 Fed. Reg. 36077, 36082 (July 22, 2009)

Dear Board of Directors:

The Board of Governors of the Federal Reserve System (FRB) published, on July 22, 2009, an interim final rule amending Regulation Z (Truth in Lending) implementing provisions of the Credit Card Accountability, Responsibility, and Disclosure Act of 2009 (Credit CARD Act). In May 2009, the Credit CARD Act amended the Truth in Lending Act (TILA) and other statutes to establish fair and transparent practices for open-end consumer credit plans, including credit cards.

The Credit CARD Act's amendments to TILA go into effect in three stages. **The interim final rule implements the provisions of the Credit CARD Act that go into effect on August 20, 2009.** The remaining provisions go into effect on February 22, 2010 or August 22, 2010 and will be implemented by the FRB at a later date. The Appendix to this alert provides a list of provisions relative to creditors and their effective date.

The interim final rule implements the requirements in the Credit CARD Act as follows:

- Creditors must provide written notice to consumers 45 days before increasing an annual percentage rate on a credit card account or making a significant change to the terms of a credit card account.
- Creditors must inform consumers in the same notice of the right to cancel the credit card account before the increase or change goes into effect. If a consumer cancels an account, the creditor is generally prohibited from applying the increase or change to the account.
- Creditors generally must mail or deliver periodic statements for credit cards and other open-end consumer credit accounts at least 21 days before payment is due.

The FRB acknowledged in the interim final rule that meeting the 21-day requirement by August 20, 2009 may be difficult for various reasons. As a remedy for this issue relative to open-end credit other than credit cards, and for a short period after August 20, 2009, the FRB recommended disclosing elsewhere on or with the periodic statement that the payment will not be treated as late for any purpose if received within 21 days after the statement was mailed or delivered. The full text of this remedy may be found on page 36082 of the interim final rule as published in the Federal Register. 74 Fed. Reg. 36077, 36082 (July 22, 2009).

The interim final rule published in the Federal Register is available at: <http://www.ncua.gov/Legal/Pages/RA2008-01.aspx>. This publication includes the amendments to Regulation Z, a section by section analysis, and official staff interpretations. The Credit CARD Act is available from the Government Printing Office at: <http://www.gpo.gov/fdsys/pkg/PLAW-111publ24/pdf/PLAW-111publ24.pdf>. NCUA encourages you to review the interim final rule and Credit CARD Act in order to begin preparing for the remaining revisions and amendments which will become effective in 2010.

The Credit CARD Act's provisions and the FRB's implementing regulation, with respect to credit cards, are similar to the Unfair or Deceptive Acts or Practices (UDAP) rule (NCUA Rules & Regulations, Part 706) issued on January 29, 2009 with an effective date of July 1, 2010. See 74 Fed. Reg. 5498 (January 29, 2009). Creditors should note the effective dates under the Credit CARD Act and the FRB regulation are generally sooner and, also, that the scope of the Credit CARD Act and the FRB's regulation is broader, applying to all open-end credit, not only credit cards. For more information about the Credit CARD Act relative to the UDAP rule, see NCUA's July 1, 2009 press release at: [http://www.ncua.gov/news/press\\_releases/2009/MR09-0701.htm](http://www.ncua.gov/news/press_releases/2009/MR09-0701.htm). The UDAP rule published in the Federal Register is available at: <http://www.ncua.gov/News/Press/NW20090701.pdf>.

Should you have questions about the Regulation Z amendments, please do not hesitate to contact your NCUA regional office or state supervisory authority.

Sincerely,

Michael E. Fryzel  
Chairman