

LOANLINER[®] PRODUCT POINT

The CARD Act of 2009 Creates Upsurge in Compliance Activity



Common Purpose. Uncommon Commitment.

September 28, 2009

Education and Advocacy on CARD Act High on CUNA Mutual Group's Priority List

Since the Federal Reserve Board (FRB) announced its interim final rule Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act) in July, CUNA Mutual Group has been working diligently with state and national credit union trade associations to bring relief from this onerous legislation and enacting regulation. We are as frustrated as credit unions that sections of the CARD Act appear to broadly encompass a wide range of open-end loan types. We understand the provisions will be costly to the industry, create more confusion for borrowers, and in some cases approach being nonsensical when it comes to non-credit card open-end loans. As such, we continue working in two directions to help our customers with this legislation: 1) Helping the industry achieve a legislative solution; and, 2) helping credit unions comply.

In Support of a Legislative Solution

While there are strategies being pursued for a legislative solution, we believe credit unions cannot rely on this as a final solution and must continue to work to implement the compliance requirements with urgency. We do not suggest credit unions rely on the FRB's offer to include "short term language" as a solution except as an interim stance toward implementing full compliance.

CUNA Mutual Group's Legislative Affairs has supported efforts of CUNA and Affiliates, and NAFCU's in pursuit of legislative solutions. We have provided data, served as a technical resource and provided counsel on options offering the most opportunity for relief. We have participated with CUNA in meetings with FRB staff to explain the member service and financial impact to credit unions and seek relief in whatever form may be available.

Helping the Industry Comply

Because LOANLINER Document Solutions supports the documentation needs of nearly 80% of the credit union marketplace, it's important to us to help our customers stay in compliance with regulations — both new and old. To determine if there are viable solutions to remain in compliance with the legislation but relieve some of the onerous restrictions, we have had, and continue to hold, brainstorming sessions both internally and with our customers on the pragmatic options credit unions may have available to them. We have consolidated the emerging directions and distributed these options widely to our customer base.

On August 17, we held a conference call on how to comply with the CARD Act. We received an overwhelming response, with more than 800 credit unions joining in to learn about compliance options and future activities. A [recording of the call](#) is available in our Lending Resource Center. We've also published a [Product Point](#) containing sample language credit unions can use to communicate the change to their constituents, and another [Product Point](#) that highlights there is no simple solution to compliance.

We've been equally busy working with our industry partners. Because this is an issue striking at the relationship between credit unions and their data/statement processors, we have been working with our partners to ensure they understand the challenges, and have talked with them about how their systems can best be used to address the requirements. We have developed an extensive list of [FAQs](#) regarding compliance with this issue. And, we have provided materials to Callahan and Associates and leagues to help educate the industry. In support of our customers, LOANLINER compliance consultants have fielded thousands of calls and e-mails to discuss this issue.

LOANLINER Document Solutions Ready to Help

For more information on the CARD Act of 2009, contact a LOANLINER compliance expert at 800.356.5012, option 3. If you have questions about upcoming changes to Regulation Z and multi-featured, open-end lending, a [host of tools](#) can be found by signing in to our Lending Resource Center. Sign up today if you don't currently have access. You're missing out on receiving timely regulatory and compliance information relating to your operations and lending activities. Compliance questions can be submitted to our experts by e-mail to: loanliner@cunamutual.com.

What's in the Works?

You know it as well as we do: Regulatory compliance is a never-ending thing. Just look at what is on the horizon so far:

2009

- September 20: TILA CARD Act comments due
- October 1: TILA new loan category compliance required
- November 29: Closed-end first mortgages and open-end HELOC's comments due

2010

- January 1: RESPA GFE and HUD 1 compliance required
- February 14: TILA private student loans compliance required
- February 20: TILA CARD Act terms, periodic statement and disclosures compliance required
- April 1: TILA escrow requirements compliance required
- July 1: TILA Regulation Z open-end lending compliance required
- August 1: TILA CARD Act penalty monitoring compliance required
- August 22: TILA CARD Act rates, fees, decrease rates compliance required

With the calendar filled with upcoming compliance dates, know that we're staying on top of providing our customers as much information as possible.

- We are organizing webinars for data processors relative to upcoming TILA components
- We have developed a full solution set for the original Regulation Z changes effective July 1, 2010, and are conducting webinars and Q&A sessions for all customers
- We have developed consideration checklists and supporting materials for credit unions wrestling with decisions to potentially move to closed end.
- We will be piloting in September a face-to-face workshop to discuss all the Regulation Z changes and engage our customers in a dialogue on alternatives for future open-end lending products.
- We are assessing the proposed regulations listed above and will consider commenting as needed by the appropriate due date.