

Issues

Fixed and/or Non-Variable Accounts – Effective Feb 22

Regulation Z final rules and The Card Act placed limitations on using the word “fixed” to describe an account. If no time period is associated with use of the word and the APR that will apply after the time period, then the Credit Union will not be allowed to increase the APR on the account. “Non-Variable” is the term to use instead of “fixed”. This term describes accounts that are not tied to an index plus margin and that are not fixed. Increasing the APR through use of the 45 day notice period is permissible for “non-variable” described accounts. Specifically disclosing the account as “non-variable” is not necessary. In changing the rule, the Fed’s intention was to eliminate the possibility of consumers thinking the term fixed meant the rate could not change.

Variable Rate Credit Card Accounts – Effective Feb 22

The final rule issued by the Fed indicates that credit unions that have a floor on their variable rate credit card accounts may not take advantage of the variable rate exception when increasing the APR. --- the floor may remain, but in effect that makes the card account a “non-variable” account subject to the 45 day notice requirement AND that triggers the right to reject the rate increase.

Credit Card Over-the-Limit Fees – Effective Feb 22

Over-the-limit fees are prohibited unless the consumer has given permission or opted in for such fees. Many credit unions are eliminating this fee.

Account Opening Disclosures -- Effective July 1

Account opening disclosures after July 1st must comply with the final Regulation Z rule for format and terminology.

Tabular Disclosure Credit Cards – Effective July 1

Applications and solicitations after July 1 must comply with the final Regulation Z rule for format and terminology.

Over Draft Protection – Effective July 1

Over draft charges for ATM and one-time debit card overdraft charges are prohibited unless the consumer consents or opts in to the overdraft service for this type transaction.

Check Hold

All checks are now considered “local”

Regulation Z and Open End Multi-Featured Lending – Effective July 1

Too much information to cover in a short punch list of issues so this topic will be addressed in a separate compliance update.