

Regulatory Notification:

Concerning Certain Loan Sub-Accounts Originated under an Open-End Loan Agreement

Recently, Congress passed the Credit Card Accountability, Responsibility, and Disclosure Act of 2009 (Credit Card Act). This Act restricts a number of 'abusive' practices that many national credit card companies engaged in, such as raising interest rates on credit cards with existing balances without sufficient notification to consumers. There were also modifications made to how credit card companies can charge late fees, basically requiring more notification to consumers regarding the due date before late fees can be assessed.

Your credit union has never engaged in deceptive or unfair practices such as these, and we are supportive of government efforts to curb such practices throughout the credit card industry. You may find that credit card companies are cutting consumers' credit lines and are increasing late fees, to compensate for having to comply with this new law. We welcome you to compare our "Freedom of Choice" Visa Platinum card to any competitors' credit card, because we believe we offer one of the best credit card values in the country.

One of the consequences of this new Act is that, in addition to credit cards, loans originated under an open-end loan agreement are also subject to certain provisions of this Act. For your convenience, many loans here at KFCU are defined by open-end loan agreements. Based on current interpretations of the Credit Card Act, these open-end loans also fall under certain provisions of this legislation. Your credit union continues to monitor legislative actions related to the Act, and we expect more clarification from the regulatory bodies (NCUA and the Federal Reserve Board) in the near future. However, until we receive more clarification, the monthly payment on any open-end loan you have here at the credit union will not be treated as late for any purpose if payment is received within 21 days of when your periodic statement was mailed.

Thank you for your continued utilization of KFCU loan and credit card products!

