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November 12, 2010

Federal Trade Commission
Office of the Secretary
Room H-135 (Annex W)
600 Pennsylvania, NW
Washington, D.C. 20580

RE: Mortgage Acts and Practices - Advertising Rulemaking Rule No. R011013

Dear Secretary Clark:

The Pennsylvania Credit Union Association (PCUA) is a state-wide trade organization that represents a majority of the 543 credit unions located in the Commonwealth of Pennsylvania. On behalf of our member credit unions, we appreciate this opportunity to provide comments to the Federal Trade Commission (FTC) regarding mortgage acts and practices as they pertain to advertising that is deemed as unfair and deceptive acts or practices.

The PCUA consulted with its State Credit Union Advisory Committee (the Committee) in order to provide comments on the proposed mortgage advertising prohibits. The Committee consists of twelve (12) credit union CEOs who lead the management teams of Pennsylvania's state-chartered credit unions. Members of the Committee also represent credit unions of all asset sizes. The comments contained in this letter reflect the input of this Committee and PCUA staff.

First and foremost the Committee and staff appreciate the Federal Trade Commission's actions at protecting the consumer and understand that the FTC must address rules under the Credit Card Accountability, Responsibility and Disclosure Act of 2009 (CARD Act). Such as the FTC, Pennsylvania credit unions' first concern, after maintaining safety and soundness, is protecting their members and the community for which they serve. PCUA's credit union membership diligently engages in safe practices that provide conventional mortgage and other consumer credit products and services that help all consumers in every income bracket.

With that said, however, the Committee and staff assert that the timing of implementing this proposed Rule No. R011013 creates an undue burden. A more prudent approach would be to finalize the rule but extend the deadline for compliance until Title X and XIV of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) is fully

implemented. The Committee and staff also recommend including a provision in proposed Rule No. R011013 stating the FTC may readdress this issue once Title X of the Dodd-Frank Act is implemented as a means to avoid duplication and confusion in the financial services industry. The rationale for extending the compliance window is detailed below.

The purpose of the Dodd-Frank Act is to address, but not limited to, unfair and deceptive practices through, Title X, the establishment of the Consumer Financial Protection Bureau (CFPB), an independent body housed within the Federal Reserve, and Title XIV that addresses the Mortgage Reform and Anti-Predatory Lending Act by amending the Truth in Lending Act (TILA) and the Home Mortgage Disclosure Act (HMDA).

Title X Subtitle C §1031 of the Dodd-Frank Act requires the CFPB to prohibit unfair, deceptive or abusive acts or practices. In doing so, this section has given the CFPB broad rulemaking authority to implement consumer financial protection statutes through rules, orders, guidance, interpretations and statements of policy, and examination and enforcement actions. Pursuant to this section, the CFPB will prohibit all financial institutions from disseminating misrepresentations in any commercial communications regarding any term of any mortgage credit product.

Title XIV, §1094 of the Dodd-Frank Act establishes New Home Mortgage Disclosure Act (HMDA) disclosure requirements. It is the opinion of the Committee and staff that this section, once implemented, will go farther than FTC proposed Rule No R011013 by requiring specific disclosures when a financial institution communicates with the consumer.

An amendment to the Truth-in-Lending Act, Section 129B(e), gives the CFPB discretionary regulatory authority to prohibit or condition terms, acts or practices related to mortgage loans which it finds to be abusive, unfair, or deceptive. Once again the Dodd-Frank Act will address FTC concerns once it is fully implemented by summer of 2011.

All Pennsylvania state-chartered credit unions must adhere to the CFPB rulemaking regardless of asset size and charter status. To reiterate, it would be practical of the FTC to coordinate its rulemaking, and defer mandatory compliance to a date commensurate with the implementation of the Dodd-Frank Act.

In addition, the Committee and staff have concerns over the advantage federally chartered credit unions will have over state-chartered credit unions and the consumers they serve. Federally chartered credit unions are not under the jurisdiction of the FTC. Therefore federally chartered credit unions will not have to comply with this proposed rule that affects advertising of mortgage credit for personal, family, or household loans, as well as, closed-end and open-end credit, such as home equity lines of credit and reverse mortgages. Adding an additional and unnecessary regulatory burden upon state-chartered credit unions will take staff time and resources away from providing the products and services most needed to their members of all means, most importantly the underserved and un-banked.

As mentioned above Pennsylvania credit unions offer conventional mortgage products. Further, their marketing efforts, while creative in terms of attracting members, could be described as traditional or mainstream. That's a reflection of what a credit union is: a member-owned, financial cooperative. The members of a credit union are its owners. Accordingly, the array of products and services that a credit union offers to its member/owners are designed to provide value, not trap a consumer into harsh terms. It follows, therefore, that credit unions have no incentive to misrepresent the mortgage products they offer to their member/owners. This makes credit unions truly unique in the financial services market place.

In conclusion, the Committee and staff ask the FTC to extend compliance with the proposed rule until the consumer protection provisions of the Dodd-Frank Act are implemented. Such a move by the FTC would avoid a regulatory disadvantage befalling state-chartered credit unions and their member/owners. In addition the Committee and staff ask the FTC to coordinate further rulemaking with the CFPB and other financial institution regulators.

We appreciate the opportunity to present the credit union position to the FTC.

Sincerely,

PENNSYLVANIA CREDIT UNION ASSOCIATION

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