

Credit Card Act & Reg Z Untangling the Changes from August/September 2009 (Updated)

As of September 9, 2010 - 11:00am Eastern Time

After further input/questions from our customers concerning our plans to “undo” the Credit Card Act/Reg Z changes, we have made some refinements.

Here is the final CBS “undo plan” for untangling and reversing the changes implemented because of the Credit Card Act and Reg Z. For those credit unions that originally Opted-In to the Reg Z changes, CBS will do the following at no cost to your credit union.

IMPORTANT: These changes do not apply to closed-end loans or loans where the member’s loan payment frequency is monthly. These changes do not apply to the credit unions that did not opt-in originally. *All* other credit unions will have the original Reg Z changes reversed as follows. The CBS “undo plan” be deployed and processed in October 2010.

CBS will...

- Reset the Control-Master parameter for Reg Z Opt-In to No. This will cause a change to the member statements by suppressing the printing of the next payment due date and past due messages that currently print on the member statements due to Reg Z.
- Set the monthly statement flag on all loans to No.
- Reset the monthly statement flag on any monthly overdraft loans to Yes.
- Set the monthly statement flag on all share, certificate, IRA accounts, and so on to No.
- Reset the monthly statement flag on all monthly share draft accounts to Yes.
- Re-establish the loan payment frequency and loan payment amount from the original user frequency and user payment amount -- if such information is available from previously saved information about the loan.
- Re-program the CAMS-ii screens to eliminate all references to “Reg Z and User Frequency and Payment Amount.” All CAMS-ii screens will assume their original appearance with the Payment Frequency and Scheduled Payment Amount text boxes.
- Re-program the CAMS-ii system to eliminate all calculations and decision-making based upon the **Reg Z Frequency** and **Payment Amount** text boxes. All CAMS-ii programs related to the calculation of the loan next payment due date will assume their original use of the **Payment Frequency** and **Scheduled Payment Amount** text boxes.
- The **Next Payment Due Date** text box and **Partial Payment Needed** text box will be analyzed, and whenever possible, these fields will be adjusted as appropriate. An audit report, CU\$REGZF / UnDo Reg Z Changes, will be created in the CAMS-ii Document Retrieval manager (DRM) to show any changes made to the **Next Payment Due Date** text box and **Partial Payment Needed** text box. Additionally, the audit report will list any loans where the next payment due date is paid ahead by more than one payment period.

The following describes the conditions that will be analyzed for making adjustments to the next payment due date and partial payment needed fields:

- If the date in the **Next Payment Due Date** text box is in the future, then the **Partial Payment Needed** text box will be set to zero (0).
- If the date in the **Next Payment Due Date** text box is more than thirty (30) days in the future, then fourteen (14) days will be subtracted from the date in the **Next Payment Due Date** text box to move it closer to the anticipated next payment due date.

- If the frequency in the **Loan Payment Frequency** text box is Semi-Monthly, then the date in the current **Payment Day Number** text box (for the monthly frequency) will be used to determine the first payment day field and the second payment day field. For example, if the value in the **Current Payment Day** text box is twenty-eight (28), the computer will set the first payment day field to a value of fourteen (14) and the **2nd Payment Day Number** text box to twenty-eight (28). This will establish approximate payment day number values for calculating ongoing next payment due dates for semi-monthly loan payment frequencies.
- If the date in the **Next Payment Due Date** text box is in the past (the loan is delinquent) and the amount in the partial payment needed field is equal to or greater than the loan's scheduled payment amount, then the **Partial Payment Needed** text box will be set to a zero (0).

The information below this orange line was communicated earlier this year, and we include it for continuity and as a courtesy. The information above supercedes the information below this orange line.

As of August 27, 2010 - 12:00pm Eastern Time

Here is the final CBS "undo plan" for untangling and reversing the changes implemented because of the Credit Card Act and Reg Z. For those credit unions that originally Opted-In to the Reg Z changes, CBS will do the following at no cost to your credit union.

IMPORTANT: These changes do not apply to the credit unions that did not opt-in originally. *All* other credit unions will have the original Reg Z changes reversed as follows.

CBS will...

- Reset the Control-Master parameter for Reg Z Opt-In to No. This will cause the member statements to change by suppressing the printing of the next payment due date and past due message.
- Set the monthly statement flag on all loans to No.
- Reset the monthly statement flag on any monthly overdraft loans to Yes.
- Set the monthly statement flag on all share, certificate, IRA accounts, and so on to No.
- Reset the monthly statement flag on all monthly share draft accounts to Yes.
- Re-establish the loan payment frequency and loan payment amount from the original user frequency and user payment amount -- if such information is available from previously saved information about the loan.
- Re-program the CAMS-ii screens to eliminate all references to "Reg Z and User Frequency and Payment Amount." All CAMS-ii screens will assume their original appearance of Payment Frequency and Scheduled Payment Amount.
- Re-program the CAMS-ii system to eliminate all calculations and decision making based upon "Reg Z Frequency and Payment Amount." All CAMS-ii programs related to the calculation of the loan next payment due date will assume their original use of the Payment Frequency and Scheduled Payment Amount fields.

IMPORTANT: CBS will not be adjusting the next payment due day on any loan accounts. It will be the responsibility of the credit union to monitor their loans and make any necessary adjustments to the next payment due dates.

The information below this red line was communicated earlier this year, and we include it for continuity and as a courtesy.

As of January 14, 2010 - 11:00am Eastern Time

It now appears that much of the work done back in early/mid 2009 for the Credit Card Act and Reg Z requirements must be “undone.” It is CBS’ intent to gather information for developing and implementing an “undo plan.” Therefore, we solicit your input, ideas, and supporting documentation concerning the rescission of portions of the Credit Card Act and Reg Z.

As we receive feedback from our customers and other sources concerning the changes to the Credit Card Act and Reg Z changes, we will update this document. So, you should periodically refer to the CBS Message Center and check this document for updates.

Other than a simple paragraph stating that the Truth in Lending Act had been amended by President Obama signing H.R. 3606 into law around November 8, 2009, CBS has not seen any supporting documentation explaining the full scope of the amendment, other than it limited the 21-day issue to just credit cards.

Back in August/September 2009, to support the monthly requirements of the Credit Card Act and Reg Z, most of you opted to change the loan next payment due dates to the 28th of each month along with a monthly payment amount. This option also created a user frequency and user payment amount to support the loan payment frequency that the members “were already used to making.” Additionally, all affected loans were set to receive a monthly statement.

In October 2009, at the CAMS-ii Users’ Conference, CBS received feedback from you concerning the possible rescission of portions of the Credit Card Act and Reg Z. Some suggested “*Let’s keep it simple by turning off the monthly statements and not have to explain anything else to the members.*” Others stated that, “*They wanted to put things back to the way they were before the 21-day rule*” was implemented. We also discussed that since CAMS-ii saved some loan information, maybe we could put everything back except the due date. We also discussed that all new loans booked after the original implementation date would not have any previously saved information to use in returning the loan to its state before the Reg Z changes.

So, **what is realistic** in untangling and reversing the changes implemented because of the Credit Card Act and Reg Z?

CBS can do the following **at no cost to your credit union**:

- Reset the master parameter for Reg Z Opt-In to No.
- Set the monthly statement flag on all loans to No
- Reset the monthly statement flag on your monthly overdraft loans to Yes.
- Set the monthly statement flag on all share, certificate, IRA accounts, and so on to No.
- Reset the monthly statement flag on all monthly share draft accounts to Yes.

- Re-establish the loan payment frequency and loan payment amount from the original user frequency and user payment amount (provided that such information is available from previously saved information about the loan).
- Re-establish the loan next payment due date based on the last payment made and adjusted by the saved information for the next payment due date (provided that such information is available from previously saved information about the loan).
- Re-program the CAMS-ii screens to eliminate all references to “Reg Z and User Frequency and Payment Amount.” All CAMS-ii screens will assume their original appearance of Payment Frequency and Scheduled Payment Amount.
- Re-program the CAMS-ii system to eliminate all calculations and decision making based upon “Reg Z Frequency and Payment Amount.” All CAMS-ii programs related to the calculation of the loan next payment due date will assume their original use of the Payment Frequency and Scheduled Payment Amount fields.
- Re-program the CAMS-ii member statement programs to eliminate all manifestations of the loan next payment due date based upon any references to Reg Z.

So, **what is next and when are the deadlines?**

- By no later than February 15, 2010, please provide CBS with your input, ideas, and supporting documentation concerning the rescission of portions of the Credit Card Act and Reg Z. We want to hear what you have to say and how you want this to affect your credit union. Note: for all feedback, CBS requests that you enter an issue into the Issue Tracking system and input a summary entitled “*Untangling the Credit Card Act and Reg Z*” and make sure you enter your details into the issue.
- CBS plans on completing and deploying all programming changes related to the “*Untangling the Credit Card Act and Reg Z*” project by no later than May 31, 2010. Note: CBS will not deploy these programming changes until your credit union has opted-in to the rescission programming changes. You will be notified more about opting-in once we are closer to the May 31, 2010 deadline.