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## NCUA Media Release

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# NCUA Working with Other Regulators on Credit CARD Act and UDAP Rule

July 1, 2009, Alexandria, Va. -- While an interagency rule on unfair and deceptive acts and practices in connection with credit cards (the UDAP rule) is scheduled to become effective a year from today (July 1, 2010), NCUA staff is consulting with staff at the Federal Reserve Board on a rule to implement a newly passed law that could supersede the UDAP rule. The Credit Card Accountability, Responsibility, and Disclosure Act of 2009 (Credit CARD Act), signed by President Obama on May 22, 2009, is intended to establish fair and transparent practices and provide consumer protections relating to open-end consumer credit, particularly credit cards.

Congress passed the Credit CARD Act as an amendment to the Truth in Lending Act for which the Federal Reserve Board has rulemaking authority. The Credit CARD Act becomes effective February 22, 2010, but provisions regarding advance notice of rate increases and timing of payments become effective August 20, 2009. NCUA anticipates the Federal Reserve Board will begin issuing implementing regulations in the next few months as part of Regulation Z. Those changes to Regulation Z will apply to credit unions, and NCUA will continue to have enforcement authority for federal credit unions, while the Federal Trade Commission will continue to have enforcement authority for state-chartered credit unions for Regulation Z.

With some differences, the Credit CARD Act puts requirements and limits on the same credit card practices NCUA, the Federal Reserve Board, and the Office of Thrift Supervision focused on in the UDAP rule issued in late 2008, including limiting the ability of credit card issuers to raise interest rates, limiting fees on subprime credit cards, and providing for fair allocation of payments and computation of timeliness of payments.

NCUA is considering whether there is a need for a separate NCUA rule once Regulation Z changes are effective. Credit unions should not be concerned about complying with two different regulations but need to know that substantially the same restrictions and requirements on credit card practices in the UDAP rule are also in the Credit CARD Act and will be in the Federal Reserve Board's changes to Regulation Z.

The National Credit Union Administration charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, operates and manages the National Credit Union Share Insurance Fund, insuring the accounts of 89 million account holders in all federal credit unions and the majority of state-chartered credit unions. NCUA is funded by credit unions, not federal tax dollars.