



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

September 24, 1991

Roland E. Livermon, Jr.
President and Chief Executive Officer
Tucson Telco Federal Credit Union
P.O. Box 40160
Tucson, Arizona 85717

Re: Arizona Law Regarding the Reporting of Credit
Card Interest

Dear Mr. Livermon:

This is in response to your conversation of June 10, 1991, with Gene Jackson of our Region V Office regarding an Arizona law which requires Arizona financial institutions to report credit card interest rates to the state banking department. We have been asked to respond to your question regarding the applicability of this law to federal credit unions. Federal credit unions should comply with the law. We apologize for the delay in our response.

The law in question, Arizona Revised Statutes §6-140, states:

A. A financial institution which issues revolving loan accounts resulting from credit card accounts to persons residing in this state shall report to the superintendent the financial institution's current interest rate for all such credit card accounts. The report shall include the following information, if applicable:

1. The interest rate for the credit card as an annual percentage rate as that term is defined in the Federal Consumer Credit Protection Act, 15 U.S.C. §1606. If interest rates vary depending on the outstanding balances, the financial institution shall disclose that rate separately.

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2. The annual fee charged for obtaining the credit card.

3. The amount of any late payment or delinquency charge.

4. The existence of a grace period during which no interest is charged on the outstanding balance.

5. The minimum monthly payment.

6. The amount or method of determining any other charge permitted by §44-1205, subsection C (which permits a credit card issuer to charge and collect as interest and include in the balance of an account: an annual or other periodic charge, a transaction charge for each separate purchase or loan, a minimum interest charge for each regular billing date on which interest charges are due on the unpaid balances, a late payment or delinquency charge, a returned payment charge, a stop payment charge, an overlimit charge, a charge for providing invoices, checks or documentary evidence, a fee incident to the application for, the opening and administration of the card account, and an automated teller machine or similar electronic or interchange fee or charge).

6. Any inducement offered by a financial institution to a holder of its credit card or an applicant for its credit card.

B. Within thirty days after a change in the information required by subsection A of this section the financial institution shall report such change to the superintendent.

C. The superintendent shall at least quarterly compile a report of the interest rates of each financial institution for the types of credit card accounts issued to persons in this state. The superintendent shall distribute this report in a manner deemed appropriate by the superintendent and the superintendent shall make the report available to the public for inspection and copying.

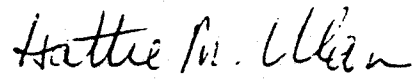
D. For the purposes of this section "financial institution" includes a national bank, federal

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savings and loan association or federal credit
union with its home office in this state.

Section 701.21(b) of the National Credit Union Administration (NCUA) Rules and Regulations, 12 C.F.R. §701.21(b), provides that federal law preempts any state law purporting to limit or affect the rates, terms of repayment, and other conditions of federal credit union loans and lines of credit (including credit cards). In our view, the Arizona law in question does not limit or affect the rates, terms, or conditions of federal credit union loans. Therefore, a federal credit union that has its home office in Arizona and that issues credit cards to Arizona residents must comply with the law.

Sincerely,



Hattie M. Ulan
Associate General Counsel

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