From: Austin Telco F.C.U., Tony Rawls

Subject: Reg Z - Truth in Lending

Comments:

The Honorable Ben S. Bernanke

Chairman

Board of Governors of the Federal Reserve Board

20th and C Streets, NW

Washington, DC 20551

Dear Chairman Bernanke,

As a responsible lender and consumer oriented financial institution, our credit card program is already in compliance with the provisions of the new Credit CARD Act, and I applaud Congress and the Federal Reserve for their assistance in trying to curb many of the unfair practices of others that are targeting unwitting consumers. However, the new regulations concerning the 21 day prior notice for all non credit card open-end credit plans are proving to be extremely difficult to implement and will have the net effect of harming our members.

Under our current open-end lending program, members are free to choose payment dates that suit their individual budget timing constraints, and payment frequencies that coincide with their payroll. Because we use simple interest, many members find it beneficial to pay on a weekly, bi-weekly, or semi-monthly basis, thus lowering the total interest paid on a particular loan. Members are given payment coupons up front showing each month's payment amount, and a consolidated periodic statements to reflect the payments applied, a breakdown of interest and principal, their outstanding balance, and any available credit.

As a practical matter under these new provisions, the credit union is faced with severely limiting the payment options available to our members and eliminating the benefits of more frequent payment options. Most credit unions will be faced with the choice of converting to individual loan statements with multiple cycle dates (expensive for the credit union and confusing for members), or eliminating a members option to select a due date that works with their budget so as to be able to have one due date for all members. Under either scenario, members will lose the option of weekly, bi-weekly, or semi-monthly payments because of these new requirements and the practicality and expense of providing multiple periodic statements in a given month.

Of course either of these options speak to new loans going forward; with over 10,000 open-end loans currently on our books, it is proving to be a logistical nightmare to try and comply with the regulation by the August 20th deadline. Trying to implement changes to member's loan payment due dates and frequencies in such a short period of time will leave them confused and even more distrustful of our financial system.

I would respectfully ask that Board use its authority to delay implementation of the 21 day rule as it applies to other than credit card open-end loans until such a time as either a clarification can be obtained from Congress as to whether it was truly their intent to apply this provision to all non credit card open-end loans, or at least long enough that a proper migration path for existing open-end loans can be determined and new policies and procedures can be implemented.

Sincerely,

Tony Rawls
Austin Telco F.C.U.