

From: St. Pats Employees Federal Credit Union, Silvia Davis
Subject: Reg Z - Truth in Lending

Comments:

Dear Sir,

We are a 2.9 million dollar credit union serving 892 members, of which 204 are borrowers. As a member-owned financial institution we have strived to provide low-cost loans and above competitive dividend rates on savings. Because the credit union is OWNED by the members, of which we serve, we have always acted in the best interest of our members, unlike the banks that have created the vast majority of the deceptive practices that Congress has attempted to correct. We have never charged late fees because we have felt a member having difficulty should not be penalized, nor do we increase the loan rate due to delinquency.

We offer an open-end loan program in order to provide quick access for our members' borrowing needs, but we do not provide credit cards. At the time of every loan advance, our members sign a disclosure that provides the amount of loan, Annual Percentage Rate, monthly payment and the first and following due dates. We do not increase loan rates on existing balances. The majority of our borrowers repay through automatic payroll deduction, and the remaining receive a monthly coupon statement. Sending a "billing statement" will simply confuse our borrowers as to why they are receiving a billing notice. Our statements are currently set up to cover all accounts (savings & loans) that a member has with the credit union. This act will create additional paper statements (how's that for green). Increase staff time, supplies and postage costs onto our members with no benefit to our members. We will be forced to go from a quarterly statement period, to monthly, thus increasing costs by over \$4,000 a year. These additional costs will result in increased loan rates, lower dividends, and/or reduction in services to offset the additional costs which will have NO benefit to our members.

For the past ten years we have made a concerted effort to educate our members about too much credit card debt and the pitfalls of home equity loans. The abuse of some credit card providers have been apparent for the past decade but Congress did nothing to protect the consumer, nor do anything about predatory lenders of which the credit union movement has attempted to get Congress to take actions before this financial meltdown.

We had watched the formation of the CARD Act but was not concerned that it would affect our members because we did not offer credit cards, but at the last minute, behind closed doors, and without comment period, a sweeping change was made to include ALL open-end products. And to add insult to injury, an insufficient time in which to comply.

In my 30 plus years in the credit union movement, I have never seen such a sweeping action with so little notice before enforcement. I encourage you to reconsider the compliance timeframe and also to seek relief from the imposition of this act regarding an open-end loan program that did not create the abuses Congress was attempting to fix.

Silvia Davis, CEO
St. Pat's Employees Federal Credit Union