

Regulatory Response Concerning Credit Card Changes affecting Open-End Lending

I do not believe that the intent of Congress was to destroy the credit union's ability to do loans for blue collar worker. Although I agree with the credit card issue, this open-end issue does no good for our members or our credit union.

In a time when many financial institutions are struggling to make ends meet, a very unknowledgeable group assumes responsibility of the credit union movement assuming all financial institutions do open-ended lending. Not only will this have a financial impact on the credit union, but a confusing, expense change on the member. In my credit union we have all except real estate loans in open-end loans. Our data processor is trying to make some solutions for this change, and so are we. We are a small credit union which will find this change debilitating. We will suffer expenses across the board which inevitably, will be an expense to the member. Possible solutions include sending out special statements for all loans. We have a total of 2806 open-ended loan accounts and a special, mail-out of those statement incur an additional charge of \$14,815.68 per year. This may not seem a great deal to you, but to a small house like our credit union, this constitutes a problem not easily corrected when you make such a small amount of net income each year. We represent the best of America, the blue collar employee who has learned that his credit union makes things very good for him. A bi-weekly payment or weekly can help the member in financial management. To go to the member and tell him that things have changed and we will now be going to a monthly payment will put great restraints on the member as well as confuse his or her confidence in our credit union. We have a combined statement that is mailed to a member each month that includes their payments on loans, shares and share drafts as well as any other type of deposit. We also will suffer loss of late fees which could be as much as \$120000.00 a year. Re-writing the loans would be devastating due to the fact that time loan officers will only be able to rewrite loans, not handle the day to day loans coming in the door. Members will get a free ride for those who are already delinquent and on the verge of bankruptcy. Stopping reporting to Equifax will cause members who do pay on time to show no activity on the loans. This will any make a good-standing member have confidence questions. Please reconsider your stand on this matter and consider the financial impact on both the credit union and ultimately the member.