

From: Cheryl Stewart
Subject: Reg Z - Truth in Lending

Comments:

As the new Credit Card Act was moving through the process to becoming law, I cheered congress in knowing that it would curb programs that were unfair, deceptive and devastating to the consumer financially.

I wasn't worried about complying with the new regulations because we have never participated in a card program that was anything but fair and easy to understand. The interest rate we charge today is the same rate we charged our members 20 years ago - 11.5% & 12.5%, a late fee of \$20 and an over limit fee of \$25. A variable rate program with no annual fee or other hidden costs. We are and will be able to comply with the requirements of the Credit Card Act on 8/20/09.

But, today we are scrambling to figure out how to bring our open-end consumer loans into compliance with a 21 day notification of payment due. Hopefully, we will find a way to comply, but who really suffers in all this will be our membership. Talk about confusion.

My payment is changing, my payment due date is changing, what about my ACH, do I have to change that too? The credit union must communicate the fact that originally it was a very good law, but at the last minute Congress and the Fed included consumer open-end lending and we've been left without options and it result in increased costs and expenses.

Credit cards and consumer open-end plans are not the same critter. They are very different, just like baseball and football are different. Both are ball games and each puts a "ball" into play, but that's where the similarities end.

I am a part of a compliance listserv and I've read hundreds of emails from other credit union compliance people trying to find a way of applying the new 21 day rule without incurring huge system costs, without confusing our members and train staff in a new way of thinking and communicating payment information. In addition, programming must be put in place to meet the new requirements and it all needs to be done in a way that the credit union isn't violating other rules and regs or putting ourselves in a position of violating the open-end contract we have with individual borrowing members.

At a time when the credit union is managing costs tighter than ever, trying to help our members through some pretty tough times and contributing to the economic recovery of our nation, we are being penalized because of the deeds of others.

Cheryl Stewart