

From: Mesquite Credit Union , Mike Arnold
Subject: Reg Z - Truth in Lending

Comments:

Dear Sirs,

As the CEO of a 35 million dollar asset credit union with a staff of 16 employees I am writing to request a delay of the August 20th compliance date for the 21-day notice provision for open end plans other than credit cards. The first reason is simply practicality. We outsource our data processing to Fiserv the largest data processor for credit unions in the country. They have already told us they cannot convert their system for all the credit unions they serve by the due date. So to be compliant we would have to come up with some type of manual system. The second reason is to reconsider what has been done. We find it hard to explain to non credit union members how we operate. I now believe my own government does not understand how we operate. We are not the source of the abuses addressed in the bill. When we make an open end loan to our members the loan date remains the same date each month throughout the life of the loan. The interest rate does not change throughout the life of the loan. The late charge is always 5% of the payment amount throughout the life of the loan. The late charge is always assessed on the 11th day after the payment due date. The member is always given a copy of these disclosures at the time of the loan. The only time these can change are with the agreement of both the members and the credit union. This process is not abusive and openly disclosed to our members. We provide monthly a consolidated statement to our members who have loans, checking accounts, or have any electronic transaction on their account. All transactions are clearly disclosed and all fees and APRS are clearly shown. This bill does not really improve upon what we are already doing but it does significantly reduce our net bottom line which is already small. We operate as a not for profit entity. We seek enough income to continue to operate but not to the detriment of our members. As such we have to operate on a balanced budget unlike a government. As an example let me provide some numbers. A budget for a good year would provide us with a return of 75 basis points or net income for the year \$262,500 (good years have not happened in recent memory). We have 1869 loans none of which are credit cards. Assuming 75 cents a notice for postage, envelopes, and statement printing for our 1869 loans per month, this adds \$16,821 in costs per year. This does not count whatever the data processor adds to our monthly billing. As a CEO of a credit union, a member of three credit unions and a taxpayer I do not believe the regulatory burden nor the costs related to it justify any possible benefit for credit union members. Place the burden on the entities that have abusive practices. It has been the same with the sub- prime mortgage mess. Our credit union did not make sub-prime mortgages did not buy sub- prime mortgages or mortgage securities but we will be paying out approximately \$65,000 a year in added expenses because someone else did. These two new expenses are twice what we made in net income last year. Regardless of the intent of the legislation the reality is small financial institutions are going to disappear.

Sincerely,
Mike Arnold
Mesquite Credit Union