

From: Linda Henson
Subject: Reg Z - Truth in Lending

Comments:

An unintentional oversight occurred when the language in this new law was adopted without thoroughly addressing the impact it would have on all "open-end lending" programs and not just revolving/replenishing lines of credit (LOC). This oversight has created a huge unnecessary regulatory burden on us, and other credit unions alike.

Revolving/replenishing LOC's with true 'billing cycles' are not the issue. We understand the need to comply with the 21-day rule as it relates to these types of 'open-end' credit. What we don't understand is the need to do so on the installment loans, also disclosed under the same 'open-end' program. These 'open-end' installment loan programs were developed years ago to offer a member friendly way of processing multiple installment loans for any single borrower. That is, one signature on an 'open-end' plan one time and then each time they apply for another installment loan (be it by phone, mail, internet, etc.) they aren't required to complete and sign new documents. Credit worthiness is confirmed, the terms of the new installment loan are verbally agreed upon with the borrower, and the borrower verbally instructs us on the payment method (day(s) of the month, frequency [weekly, bi-monthly, monthly], and delivery [payroll deduction, direct deposit, cash]; and they receive a single statement each month displaying any and all 'open-end' installment loan activity for that period.

I'm asking that you correct this oversight and amend the Act to omit the need to comply as it relates to 'open-end' installment loans. The Act wasn't meant to regulate these installment loans and the burden we now have to not only explain this mess to our members but to comply as well is extremely overwhelming to say the least!

Linda Henson