

Green Blvd @ Breckenridge  
PO Box 858  
Mexico, MO 65265  
www.unitedcu.org



Phone (573) 581-8651  
Toll Free (877) 581-8651  
Fax (573) 581-1436 (Main)  
Fax (573) 581-4525 (Loan)

August 4, 2009

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

RE: Docket No. R-1364  
(Implementation of CARD Act 2009)

Dear Secretary Johnson:

While we have concerns over several sections of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act), the one section that brings us the most immediate concern is Section 106. Section 106 prohibits creditors from treating payments as late unless the creditor "adopts reasonable procedures to ensure that periodic statements are mailed or delivered to the consumer no later than 21 days before the payment due date."

While we understand (and completely support) this act is designed to help alleviate deceptive lending practices and to protect the consumer, we feel there are some major downfalls that need to be addressed. Credit unions have built their reputations and businesses based on the philosophy of "people helping people", one of the major pieces of this philosophy being member service. Because we have never participated in deceptive lending practices, our institution will have no major issues complying with Section 106 with regards to credit cards.

However, the requirement to ensure periodic statements are mailed or delivered to the consumer no later than 21 days before payment due date is a major concern with other open-end loan products. Allowing members to choose when their loan payment is due and the frequency of which they make payments (weekly, bi-weekly, semi-monthly or monthly), is essential to member service. We also allow members to make automatic payments out of their paychecks, transfer from their credit union accounts or transfer from an account at another financial institution. All of these options not only provide members with convenience but can also save them money on interest over the life of the loan. As I am sure you are well aware, convenience and price are top of mind to consumers when borrowing money or choosing a financial institution.

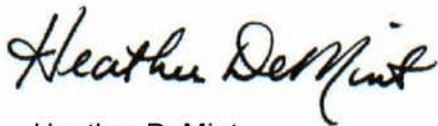
Our credit union has two options to become compliant with Section 106. Those options are to change all due dates for open-end loans to the end of the month or to provide separate statements to members for each open-end loan product they have along with separate statements for any other accounts they may have at the credit union. (Currently, most credit unions provide a monthly or quarterly consolidated statement that includes all accounts an individual has at the credit union, credit card account statements are separate.) Both options are not only time consuming and VERY costly to the credit union, but they will take away

the convenience consumers so vehemently want AND would, ultimately, result in increased loan rates and increased fees that financial institutions will have to charge to offset the business expense. It could also cost the member more interest on their loans because they are not paying the principal down as quickly. We understand consumers could still choose to make payments more often but the learning curve to help them understand that would be tremendous. It would also increase the cynicism that already surrounds financial institutions. Individuals do not understand regulations like this are federal regulations and much of the anger gets displaced to the financial institution.

Time constraints are another issue. We understand that an interim final rule has been put in place that provides limited relief by indicating that "for a short period of time after August 20, periodic statements for open-end credit other than credit cards may disclose due dates that are inconsistent with the 21-day requirement, as long as there is a prominent disclosure either on or with the statement that the payment will not be treated as late if received within 21 days after the statement is mailed." If financial institutions are forced to comply with this 21-day rule, it could take several months to become compliant. Will "short period of time", as mentioned in the interim rule, be enough time? And, can data processing programs even be set to immediately comply even with the interim rule? These questions are yet to be answered.

In conclusion, we appreciate you taking the time to read about our concerns with Section 106 of the CARD Act. While we are not unwilling to become compliant, we would just like consideration of our concerns. Compliancy will not only cost the credit union time and money, it will be less convenient and more costly for the consumers. In addition, becoming compliant will require significant operational changes that will take an extensive amount of time. If you care to discuss any of these issues further, please feel free to contact us at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Heather DeMint". The signature is written in a cursive, flowing style.

Heather DeMint  
Marketing Manager/Card Service Supervisor