

From: Family 1st Federal Credit Union, Patricia White
Subject: Reg Z - Truth in Lending

Comments:

August 4, 2009

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve Board
20th and C Streets, NW
Washington, DC 20551

Re: Interim Final Rule Implementing the Credit Card Accountability
Responsibility and Disclosure Act-Docket #R13-64.

Dear Chairman Bernanke:

On behalf of Family 1 FCU, I am writing to you and the entire Board of Governors to respectfully request that the Board delay compliance with the 21-day notice provisions for open-end plans other than credit cards set to take effect August 20, 2009, under the Board's new interim final rule implementing the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act). Our credit union serves the communities of Placentia and Yorba Linda, CA and supporters of the Amber Craig Memorial Foundation (With Hope) and the Boys & Girls Clubs of Brea, Placentia, and Yorba Linda. I am writing on their behalf.

Our credit union is facing tremendous operational problems with complying on such short notice with this rule, which include general lines of credit, lines of credit associated with share draft and checking accounts, signature loans, home equity lines of credit and other types of loans permitted under open-ended lending. In addition, these required changes will be extremely expensive, and these expenses, which are compounded because of the short time frame to comply, will ultimately be borne by our members.

Unintended consequences seem to pop up all too often. Apparently, no one ever thought that perhaps a member actually wanted their payment to be set for an exact date. We do open-end lending for personal loans and auto loans in addition to HELOCs and regular lines-of-credit. Members are very particular about when the payments are scheduled for their set-payment loans like autos and personal loans. They don't seem to understand why they need 21 days notice to prepare for a loan payment that won't change over the life of the loan. If they took advantage of the open-end feature, they would receive a disclosure with the new payment on it at the time they took an advance. Then the payment would remain the same from that point forward. It's funny that the loans most likely to have a fluctuating payment, the HELOCs and LOCs are already scheduled to occur at the end of the month. Perhaps that was to allow the member the maximum amount of time to prepare for a payment change.

I realize that the writers of the Act feel we have the option to stagger statement mailings. But we don't for purely financial reasons. We have approximately 2000 members. Our mailing house charges a minimum of \$200 for every statement mailing. Minimum of \$200! That would be \$6,200 every month in increased costs if we took that path. Our members would rather see that amount

of money put to use in services and dividends.

In light of these problems, it is critical that the Board use its authority under the Truth in Lending Act, as it has when implementing previous TILA amendments, to allow more time for credit unions such as Family 1 FCU to comply with these provisions so we are not subjected to needless legal challenges.

While we urge the Board to provide more time for compliance, we also respectfully request that the Board permit credit unions to continue to use consolidated statements by placing on each member's monthly statements the dates on which all covered payments are due in the current month and the next month; this will ensure that our members receive at least 21-day notice for all open end payments.

Thank you for your consideration to this critical matter.

Sincerely,

Patricia White