

From: Poplar Bluff Federal Credit Union, Kirk Mondy
Subject: Reg Z - Truth in Lending

Comments:

Date: Aug 04, 2009

Proposal: Regulation Z - Truth in Lending
Document ID: R-1364
Document Version: 1
Release Date: 07/15/2009
Name: Kirk Mondy
Affiliation: Poplar Bluff Federal Credit Union
Category of Affiliation: Commercial
Address:

City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

The recent changes to Reg Z as enacted in the Credit CARD Act of 2009 have placed enormous and undue hardship on all open-end lenders. It seems that to include all open-end plans in this new regulation far oversteps the bounds and intent of Congress. If only the new rules applied to CREDIT CARDS and not all open-end loan arrangements! Credit unions have made open-end loans for many years -- not just as credit cards, but for a variety of other types of loans including car loans, personal loans and of course even Home Equity loans. These loan plans have served our members well for the past 25 or more years without complaint from borrowers over unfair or predatory practices. Now we're being lumped in with legislation intended to provide consumer protection, but which is actually costing consumers money. How? At our credit union, we have decided that the only real way to comply with the new rules as written will be for us to make all loan payments due monthly on the last day of the month. Many of our borrowers choose weekly, bi-weekly or semi-monthly payments in order to correspond with their paydays. Because of the new 21-day notice rule, all payments will now have to be monthly, or else we will be have to mail weekly or bi-weekly, etc. statements to our members. The cost would be ridiculous. We can make it happen, but there will be a cost to us to notify the borrowers of a Change in Terms on their loan, then maintain each loan file. And until we can comply, we cannot charge any late fees or report loans as delinquent -- even if they truly are! So how do we comply with the Fair Credit Reporting Act and the new Credit CARD Act at the same time? Additional costs will come in the next few months as we have also decided to re-vamp our loan program to Closed End loan products. These costs include new loan forms and staff training. Of course, the costs are uncertain and could be hefty. I urge any decision-makers to re-consider the blanket application of the Credit CARD Act to all open-end lending. Please help confine these rules to credit card accounts ONLY as Congress intended. Or at least please grant relief until we can get CONGRESS to refine their new Act. Thank you.