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unitus
COMMUNITY CREDIT UNION

URGENT

Sent by Fax (202) 452-3819 and U.S. Mail

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

Dear Chairman Bernanke:

I am writing to you to respectfully request that the Board act with a sense of urgency to delay compliance with the 21-day notice provisions for open-end plans other than credit cards scheduled 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). I ask this action on your part for two reasons: to allow our credit union reasonable time to comply with this new rule and to also allow us time to communicate this change to our members in an effort to minimize the impact to them as well with a change in payment date. You see, today, our members have the flexibility to select a pay date on their open-ended, fixed payment loans (i.e. vehicle loans, signature loans, etc.) which best fits with their payroll dates. Our members are going to be confused by this change and will need to adjust their finances to comply with a new pay date as well.

The required change to credit card payments was not a problem for us; however, when the rule was amended to include all open-end plans such as general lines of credit, vehicle loans, signature loans, home equity loans, home equity lines of credit, and other types of loans permitted under open-ended lending, it presented a huge problem for us to provide a good faith effort to implement such a massive change in a short period of time. For instance, the change to include all open-end plans:

- Unintentionally impacts our fixed-rate, fixed-payment consumer loans under an open-end plan, as activity of these loans are typically captured on our monthly member statement (sent at the first of the month).
- We must change the due date on our Home Equity Line of Credit loans from the 20th to the 25th.
- We must change the due date on over 10,000 fixed-rate, fixed-payment amount consumer loans (i.e. vehicle loans, signatures loans, home equity loans etc.) to the 25th, impacting our members' monthly finances, OR we must create separate billing notices for all consumer loans (which would increase the price of new loans).

- It eliminates consumer choice of due date; as we must set all due dates for the 25th, in order to meet the 21-day requirement in order to continue to include this information on our members' statements.

It is impossible for us to comply with this new rule by the August 20 due date. So we must now plan to adjust our systems to avoid any late fees until we can program all of these changes, including not reporting late payments on loans to three separate credit bureau companies during this time. These changes involve around 10,000 loans just for our credit union alone. Our membership will lose late fee income, which amounts to about $17,000 a month while we do this. This loss of income impacts our membership by lowering what we can pay members on savings accounts and increasing the cost of new loans.

We generally support many of the changes that this new rule implements with respect to credit cards and believe the regulation was needed to stop consumer abuse. In fact, our credit union was already in compliance with these changes for credit cards as we have offered a consumer-friendly credit card product for many years. The overwhelming impact to us from this rule is the inclusion of all open-end plans.

Credit unions differ from other financial institutions in that we often provide our members with consolidated statements that combine information about all savings, checking, and loan accounts that the member has with the credit union. Our members appreciate their consolidated statements from an efficiency and cost effectiveness standpoint as well as from an environmental perspective. The more efficient we can operate our credit union, the more every member benefits in a cooperative way from higher dividends, lower finance charges, and lower fees. If we were to produce separate statements for all loans, our annual costs could increase to up to $200,000 a year.

While my request is directed to the Board to provide more time for compliance, I **also respectfully request that the Board permit credit unions to continue to utilize 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 members receive at least a 21-day notice for all open end payments. This may be the most viable option for achieving compliance for open end plans other than credit cards and could alleviate the need to implement very costly changes to the consolidated statement system that we have used for so many years. While we still would need more time to implement this option, it would be a wonderful benefit to our members and would avoid our membership incurring significant costs.

Thank you for taking time to read and understand the dilemma we face with the changes required to comply with this new rule and for your willingness to consider a viable option as well to assist consumers during this very challenging time for everyone.

Respectfully submitted,

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