

From: Idaho CU, Connie Miller
Subject: Reg Z - Truth in Lending

Comments:

I wanted to write and express my concerns with the Credit Card Act and the SERIOUS negative effect it will have on our members and all consumers. I believe the intention and spirit of the law was good, but it includes some components that were obviously not well-thought out and properly researched. For those of us who understand how our consumers manage their finances and payments for loans, we see this Act, as it is written today, to cause consumers so much grief. I understand the Act was written to protect the consumer, but truly, it is going to cause so much confusion and troubling effects that is beyond their control. This Act is far more inclusive than just Credit Cards, so I'm not sure why the troubling parts of the Act were buried in an act for Credit Cards.

When we talk about clear and honest disclosure, frankly the release of this Act and explanation of such was very confusing and definitely not released with sufficient explanation and sufficient timing for institutions to comply. My opinion is there is a simple resolution, while still maintaining the intention and spirit of the law, especially related to the credit unions" required compliance with section 106* of the Credit Card Act. (*This section indicates that a credit union may not treat any payment as late (i.e. they may not charge a late payment fee, notify CRAs of a late payment, etc.) unless the periodic statement is mailed or delivered at least 21 days before the payment due date. As written, this section applies to any "open end consumer credit plan" and is not, therefore, limited to credit cards. While all other references throughout the act indicate a "credit card account under an open end lending plan," this section (106) simply does not. The failure to mention the words "credit card account" in this section (and this section only) seems to be more of an oversight than the intention of meeting the spirit of the act. The damages for continuing to enforce the Act, as it is written today, will far outweigh the intended benefits.

Since the name of the act is "Credit Card Accountability Responsibility and Disclosure Act of 2009", I recommend that you amend the act to affect "credit cards" and credit cards only. Simply changing the language of "open end consumer credit plan" in section 106 to "credit card account under an open end lending plan" will make a significant change to assure a successful consumer protection versus enacting a costly, confusing and negative consumer nightmare. Making this small but significant change would allow the focus (and intentions) of the act to remain on credit cards while maintaining the true spirit of the act.

Credit Cards and other revolving credit accounts are uniquely different from consumer open-end loans and would therefore make more sense to have any required legislation for consumer open-end loans separate from the Credit CARD Act. I want to assure you that we provide proper disclosure on open-end loans so members are fully aware of their payment due dates, as well as late fees and grace periods to avoid such fees, therefore providing the consumer with what they need to effectively manage their financial affairs.

The changes required in order to comply with the Credit CARD Act (in its current form with regard to the 21 day requirement) would cause the following

for the majority of natural person credit unions throughout the United States:

1. Consumer/members with a great deal of dissatisfaction because they can no longer choose their own payment due date for ANY open-ended loans or lines of credit.
2. Consumer/member confusion and frustration as to why the due dates on their current loan(s) are changing, without their control or say. This will cause consumers to be confused why payments did not occur as they have always occurred in the past, and potentially set them up for credit bureau reporting issues. We can fully disclose this information to them, warning them of the potential problems, but the average consumer may not have read our disclosure, and assume that if they set their loan up for a certain payment due date months ago, they would expect that should remain the same. We will have no choice, in order to feasibly comply with this regulation, to force-change their normal due date. Quite frankly, this will be a nightmare for our consumers, and they will assume this was our financial institution's responsibility, which is simply unfair.
3. Consumer/member disappointment and bewilderment as to why credit unions have suddenly become inflexible regarding payments on their open-end loans and lines of credit.
4. An enormous cost (in dollars and labor) for big and small credit unions to comply (i.e. - monthly statements for all members, enormous increases in printing, postage, and labor expenses, etc.)
5. Those credit unions who can't afford to comply (financially or timely) will be open to class action lawsuits, acquisitions or worse.

Recent conversations within the credit union industry show us that credit unions that currently offer credit cards are either; 1) already sending credit card statements to their members at least 21 days in advance of their payment due date, or 2) have changed, and are now sending credit card statements to their members at least 21 days in advance. Most credit unions were proactive in practicing consumer-protective strategies before this act was ever written.

I request that you please follow the spirit of the "Credit CARD Act" and take the steps necessary to accomplish its original and intended purpose; that is to protect consumers by requiring industries to follow more stringent credit card rules and practices. We are in total support of the credit card rules and practices in the Act, but you seriously need to consider removing the other components will not bring benefit to consumers or financial institutions. Credit Unions are known for doing everything we can to protect our members, and this one will require us to step away from that practice.

At a minimum, and an emergency temporary fix, PLEASE at least consider extending the compliance date so you can complete sufficient research on this issue. It will be in the best interest of our consumers and those attempting to comply with the Act. We are all in this together to protect the consumer, and should be enforcing rules to do just that.

Thank you!

Connie Miller
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