

From: Idaho Credit Union, John Cotner
Subject: Reg Z - Truth in Lending

Comments:

To Whom It May Concern:

I have serious concerns about the requirements of the Credit CARD Act and the negative effect it will have on consumers nationwide if it is enacted on Aug 20th, 2009 as it reads today. It seems to me there is a fairly simple resolution to resolve a very serious issue regarding 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.

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.

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/member dissatisfaction (and even anger) 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.
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.

Best regards,

John Cotner
Idahy Credit Union