From: Lonnie Nicholson

Subject: Reg Z - Truth in Lending

Comments:

Dear Board of Governors;

We would like to express our deep concern related to the new 21 day notice provision of the CARD Act and the impact it will have on our members and our credit union. We understand the purpose and intent of the rule and agree as it applies to credit cards. However, we believe that neither the Board of Governors, nor Legislators, anticipated the impact the new rule would have on (non-credit card) lending. As a result, the new rule will create unintended hardship and confusion for many members who enjoy the benefits of open-end lending today.

Many credit unions, including EECU, use open-end lending as a means to facilitate all types of consumer lending. An "open-end plan" helps eliminate redundant paperwork and therefore reducing the time involved in obtaining a loan. Members enjoy the flexibility and convenience.

Almost all (non-credit card) open-end loans amortize and therefore require equal installment payments during the repayment period. Subsequent loans under the plan are independent and require separate amortization, unless it's an advance against an existing loan. Most members are issued coupons as a monthly payment amount and payment due date reminder. While some members find it convenient to make weekly, bi-weekly, or semi-monthly payments that corresponds with their respective pay period. In either event, members receive a consolidated monthly statement that chronicles all transactions during that period including open-end credit advances and/or payments.

We contend the new rule 21 day rule should only apply to credit cards and is not necessary for any other type of open-end loan. It will only confuse members who receive multiple statements on an irregular basis when a single consolidated monthly statement is sufficient. It will add to the cost of servicing loans. In fact, EECU serves 120,000 members and 20,000 will be impacted by this new rule. We estimate the additional cost to be $10,000 per month which will have to be recouped in some fashion.

We ask that Board of Governors exempt credit unions from the new 21 day rule on all open-end credit agreements excluding credit cards, or at a minimum delay implementation until significant operational issues can adequately be addressed.

Thank you in advance for your consideration.

Sincerely,

Lonnie Nicholson