

From: Metro Employees Credit Union, Piper Graham
Subject: Reg Z - Truth in Lending

Comments:

Dear Chairman Bernanke:

I am writing to respectfully request that you consider delaying the August 20th effective date of the Interim Final Rule's 21-day notice provision for open-end plans other than credit cards.

While I applaud the effort to protect consumers from those institutions that are abusive. Metro Employees Credit Union (MECU) was already compliant or has taken the steps necessary for our credit card accounts to be in compliance with the CARD Act's August 20th effective date. Our concern now is how to be compliant with all of our other multi-featured open-end plans.

Our members are given the freedom to choose the frequency and payment method for each loan. They may choose a monthly, semi-monthly, bi-weekly, or weekly payment and may set it up to be paid by payroll deduction, ACH, direct deposit, or cash pay with payment coupons. Members are given the ability to structure their loan payment(s) to best fit their budget. This is a practice that members love as they set the payment date that works best with their budgets. If the due dates were all moved to the end of the month, they would have trouble choosing whether to pay their mortgage or signature loan as most of our members are not very good at budgeting.

We also differ in how we mail statements. Our periodic statement provides information on savings, checking, and loan accounts and offers all of the information required by law and already includes the next due date for each loan, but are not sent 21 days in advance of the due date. Members without EFT services, currently only get statements quarterly.

The 21-day notice requirement would force multiple statements, especially for members who pay semi-monthly, bi-weekly, or weekly, and who have more than one loan. Many of our members have multiple loans with different payment frequencies. In order to be compliant with the regulation, cut down on cost, and to avoid confusing members with multiple weekly statements, we would be forced to change all of our open-end loan payments to be due monthly on the 30th.

All of our loans, except first mortgages, are written on open-end lending agreements; consequently we face multiple operational problems in complying

with the 21-day notice provision for these other open-end plans. Forcing all of our open-end loans to be compliant with this regulation is going to place a financial burden on our credit union, which in the end may be passed on to our members in the form of lower rates on savings and/or higher rates on loans.

Being a small \$15 million credit union with 3,600 members, we are not even sure this is doable.

All of these operational problems involve the open-end loans other than credit cards. As mentioned earlier our credit card statements are already mailed 21 days in advance and we have easily changed other procedures to become compliant. The credit card regulation changes were expected; that the regulation included ALL open-end loans was not. I feel this matter requires clarification. Clarification is also needed on how to handle our delinquent loans under this 21-day notice provision.

If credit unions are forced to make these changes to all of our open-end loans, the member is going to suffer the most, and I don't think that was the intent of the regulation.

I appreciate your attention to this very important matter for MECU and all credit unions.

Piper L. Graham
Metro Employees Credit Union