

From: Security One Federal Credit Union, Pamela Stephens
Subject: Reg Z - Truth in Lending

Comments:

Board of Governors of the Federal Reserve

20th & C Streets NW

Washington, DC 20551

I am writing because I am gravely concerned about Section 106 of the CARD Act and ask that you reconsider the requirements put forth.

I understand that the original Act was intended to address predatory credit card practices and I do support those initiatives. However, Section 106 applies to open-end credit and results in significant difficulties for our credit union and members.

I am President and CEO of Security One FCU in Arlington Texas. We serve 10,000 members and have been offering open-end credit to our members for over 30 years with no problems.

Currently, our members are able to choose from several payment frequencies depending on which best suits their needs including:

- Weekly
- Bi-Weekly
- Monthly
- Semi-Monthly

In addition, payment can be made by cash, transfer, or payroll deduction.

Our members choose the option that best suits their budgeting requirements, resulting in MANY different due dates. We supply payment booklets at the time the loan is made and provide a consolidated periodic statement to members showing payments made and other activity on their credit union accounts.

We face numerous difficulties in trying to determine the best method to comply with Section 106 of the CARD Act. At this point, there appear to be three alternatives for us. The following outlines the options and the problems associated with each of them:

- 1) Maintain current statement schedule (we mail by the 5th of the month) and change loan due dates to comply with the 21 day requirement. Members could voluntarily make their payments earlier in the month if they choose to do so and could continue paying on the same cycles they do now as long as the mandatory payment due date is at least 21 days after the statement is mailed

- This would require a number of changes in our system to aggregate voluntary payments and the contractual due dates for over 1,200 loans will have to be changed on our system.

- Our cash flows will be impacted by payments all being due around the same time of the month.

·Member education will be needed to explain why a uniform payment due date is being established. I expect our members will be FURIOUS about this and our call center will be overwhelmed with calls.

2) Print on the Consolidated Periodic Statement the Current and Following Month's Payment Due Dates.

·We understand that Fed attorneys and others have indicated that this may not comply with the "spirit" of the law and regulation.

·This would generate confusion from members which will require substantial member education and staff time.

·Our DP system will require changes in order to accomplish this - the costs at this time are not known.

3) Retain existing due dates and send out additional periodic statements.

·Bi-weekly, weekly or other frequency payment loans would still have to be moved.

·Our mailing and processing costs would increase by over \$1,000 per month.

·Members are used to receiving a consolidated statement and they will be confused by the additional statements. This will create additional inquiries to our call centers and ongoing need for member education.

In conclusion, while I understand the intent, the reality is that none of these alternatives will benefit our members. At a minimum, I request that implementation of the new interim final rule be delayed for several months so that these complex issues can be sorted out by credit unions, data processors, and the members. We all need time to comply, and the deadline of August 20, 2009 is simply unreasonable.

If you need additional information, please feel free to contact me either by phone or email as shown below.

Thank you.

Pamela Stephens
Security One FCU