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Subject: Reg Z - Truth in Lending

Comments:

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August 10, 2009 Jennifer J. Johnson, Secretary Board of Governors Federal Reserve System 20th Street and Constitution Avenue, NW Washington, DC 20551 RE: Docket No. R-1364 Dear Secretary Johnson: Money One FCU appreciates the opportunity to comment on the Federal Reserve Board's (Fed) Interim Final Rules amending Regulation Z (Reg Z), which are being issued in order to implement provisions of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act) that are effective on August 20, 2009. In general, we support the intent of Congress and the Fed to establish fair and transparent practices pertaining to open-end consumer credit plans. That being said, we have serious concerns about the operational complexities of complying with the interim final rules, particularly the 21-day statement provision effective on August 20. More importantly, we are concerned with the negative effect that the 21-day statement provision will have on our members, as the impact will be contrary to that which was intended by Congress and the Fed. Money One FCU has $98 million in assets and is located in Largo, MD. Money One FCU offers its members the following open-end products which are impacted by the 21-day statement provision: Credit Cards, open-end lines of credit and home equity lines of credit, etc.. As a member-owned financial institution, we work to improve the lives of our members by offering products and services in a way that is most beneficial to our member-owners, including making credit accessible and affordable. The 21-day statement provision creates unintended adverse consequences to our members and affects accessibility and affordability of open-end credit. For credit cards, we are able to comply with the 21-day requirement. However, for the remainder of our open-end loan products, implementing the rule by August 20 will be nearly impossible. The difficulties and disadvantages in implementing the rule are outlined below: 1. We provide our members with a consolidated statement that reflects multiple loan products. By providing our members with a consolidated statement that reflects multiple loan products, it is convenient for our members and it is cost-effective for the credit union. We will no longer be able to do this under the new rules unless we move all of the due dates on the consolidated statement to the same date. In the alternative, we would have to send a separate statement for each loan product. Implementing either of these options to comply with the 21-day statement provision affects the convenience to our members as well as increases the cost to our credit union and ultimately our members. 2. We send quarterly periodic statements for some loan products. Sending quarterly periodic statements for some loan products is convenient for our members and cost-effective for the credit union. The 21-day statement provision will essentially force us to send monthly periodic statements for all loan products, which will increase costs to the credit union, and ultimately our members. The credit union can absorb some of these costs, but unfortunately some of these costs will have to be passed on to our members. 3. With respect to many of our open-end loan programs, we allow our members to make weekly or bi-weekly payments. The weekly or bi-weekly payments allow members to pay less interest and make payments in accordance with their payroll and budgets. Therefore, it saves our members money in the long term and allows them to budget for these costs. Our members may still be able to voluntarily make weekly or bi-weekly payments; however, we will have to adjust the due date for these loans to the end of the month as it will be too costly to send a statement 21- days in advance for each weekly or bi-weekly payment. This change is confusing to our members and does not benefit them in any way. In fact, if members choose to make their payments once per month rather than more frequently as before, the impact will be detrimental due to the increased interest payments. 4. In order to implement changes to comply with the 21-day provision, we must rely on our data processor to make changes. Our data processor will not have the changes implemented for compliance by the August 20 effective date. Our data processor is not set up for sending individual statements of billings. Also, all payments cannot be adjusted to the 28th, reprogramming from the data processor can take up to 6 to 8 weeks. 5. If we are required to move all of our due dates to the 28th day of each month, processing all of our open-end loans on the same date will require additional staff resource and will be very difficult. We have 546 open-end loans that would have to be processed with the same due date. We already operate with limited staff in order to reduce costs to our member-owners. This change will further stretch our already limited staff resource. Again, we reiterate that the 21-day statement provision will have a profound negative effect on our members and our credit union. The costs of complying with the provisions of the CARD Act will create serious considerations as to whether our credit union continues to offer open-end loans. If our credit union cannot make open-end loans accessible and affordable for our member-owners, we will be forced to offer only closed-end loans. We do not believe that Congress or the Fed intended to impose this type of burden on our members or on our credit union. We respectfully urge the Fed to consider postponing the August 20 due date as it pertains to open-end loans other than credit cards. This will allow time to urge Congress to reconsider this provision based on its unintended negative consequences. We appreciate the opportunity to submit these comments on the Reg Z interim final rules implementing provisions of the CARD Act.

Sincerely,

Debra P. Connors
Money One FCU