

From: State Highway District #5 Credit Union, Rose Mary Menard
Subject: Reg Z - Truth in Lending

Comments:

August 10, 2009

To Whom It May Concern:

I appreciate that the recent Credit Card Act is intended to assist creditors that are being excessively burdened with increases in interest rates and excessive late fees that create a never ending spiral of events that often contribute to the financial demise of many individuals.

We are a small credit union with assets of 28.5 Million. We are not involved in the activity you are addressing. The required compliance activity for our credit card program is in place. We have charged the same low 10.50% rate of interest since the inception of our VISA program. We do not charge annual fees and we have no argument regarding the monthly statement requirements for our VISA accounts.

However, when you try to apply this same process to our loan program you end up creating excessive expenses for our credit union, that do not benefit our members, which in turn affect the ability for us to provide low rates and either no fees or low fees. It creates the opposite of what you are trying to accomplish above. It is creating a need for new loan documents, programming for the computers that our service provider cannot even interpret the ruling on yet, in order to be able to implement.

In other words, fees that create a never ending spiral of events that contribute to the financial demise of credit unions our size whose purpose is to help those individuals we were talking about in the first paragraph.

The option to just not charge late fees is actually more cost effective for our credit union and our credit union members. However, the other part of that is not to report them as delinquent to the credit bureau which would require just not reporting at all. This is not in the best interest of our members or the credit union when we need current information when making new loan decisions.

This ruling seriously needs to be looked at by someone that understands the whole picture and not just a section of the topic. I appreciate how these things happen because even as a small financial institution we have made decisions in the past that have had to be modified after the staff actually begins to implement and put into action something that may have originally sounded like a good idea.

Respectfully Submitted

Rose Mary Menard
State Highway District #5 Credit Union