

From: Janice Bagby  
Subject: Reg Z - Truth in Lending

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Comments:

I am writing to request that the Board of Governors of the Federal Reserve Board give federal credit unions additional time to comply with the 21 day notice for all open-end loans regarding the Credit Card Act of 2009. This ruling has created a heavy burden for small credit unions not only in additional expense but also in the time required to comply.

Our credit union has approximately 1000 open-end loans on our books which are for automobiles and other collateral as well as personal, unsecured loans. Our primary sponsor is a community hospital and we receive a biweekly payroll for a large majority of our loan payments. Those payments rarely incur a late charge unless a member leaves that employment and changes the way we receive their payment. If we change the biweekly due dates to monthly then the loan payments will not post when we run our batch payment file because of how our the program is set up by our data processing company. We also receive payments from other sponsor groups which are weekly and semi-monthly payroll deductions so we have varied due dates. Approximately 5 areas of a member's account would have to be manually file maintained if our data processor cannot reconfigure a program to do it for us. Data processing companies are also at a disadvantage in cost and time-wise in dealing with the new regulation. They have not had sufficient notice to make the necessary changes which would assist credit unions.

In order to comply we would have had to mail letters to members by July 31st in order to charge late fees for payments due on or after August 20th. On July 31st we were still having meetings and receiving information from our Georgia Credit Union League office and CUNA; trying to figure out exactly what to do and how to do it. We simply have not had sufficient time to comply.

In addition to the file maintenance that must be done, we will lose late fee income at a time when we are already seeing less income in fees and interest due to the current economic situation. Included in the Act, there are issues with how credit unions must report delinquent accounts to the credit bureaus which would include bumping one or two payments for delinquent members. This will require additional time consuming file maintenance.

Small credit unions do not have enough staff to do the required file maintenance if the data processing companies cannot assist with this. This would require our employees to work overtime which the credit union cannot afford. When our members due dates are changed on their loans they will be confused and will not understand. This in turn will create numerous phone calls for staff that is already overloaded with compliance duties.

The cost of mailing a monthly statement to all members who have open-end loans creates another burden for small credit unions. Currently we mail quarterly statements which include all loan transactions as well as all savings transactions.

We respectfully request a delay for credit unions to comply with this Act or eliminate open-end loans from the ACT.

Sincerely,  
Janice Bagby