

I am writing on behalf of Rivermark Community Credit Union in Beaverton, Oregon. We are deeply concerned about the impact of this law as it pertains to the 21-day advance billing statement requirement for all open-end lending programs. We understand the intent of this law as it pertains to credit cards and are fully prepared to comply with its provisions. However, the fact that this law has been expanded to include all open-end lending products will cause a great deal of member confusion as well as unnecessary expense to the credit union. The concerns I'd like to focus on are the impact to our payday lending program, the option of disclosing future payment information on monthly statements and the new statement minimum payment disclosure for all open-end loans that becomes effective in February 2010.

Payday Lending Program

We have participated in several audio conferences hosted by Credit Union National Association (CUNA). One topic that I have not yet heard addressed was the impact of the 21 day advance billing statement requirement on Payday loan programs that many Oregon credit unions offer. Several years ago, we were requested by our State Regulators to develop programs to combat the predatory payday lenders that were running rampant in our state. Our credit union responded by creating a program that allows members to obtain short term loans at much lower rates and fees than the typical payday loan. We also limit the program to six loans in a year unless the member participates in (credit-union sponsored, free to the member) financial counseling.

Our payday loans are written under our open-end consumer lending plan. They are written with a single payment due within 14-30 days, depending on the timing of the next payday. Disclosure of the single payment and due date is provided at the time the loan is funded, but the due date may fall shorter than 21 days before the payment is due. As these are our higher risk borrowers, the late fee serves a purpose by increasing the likelihood of repayment. With this 21 day statement requirement, we aren't certain that we will even be allowed to offer an open-end loan with a single repayment less than 21 days. The (unintended) impact of this provision on Credit Union Payday loans may be the suspension of low cost payday loans for the members hit hardest by the economic slowdown. We may be able to adjust our program and documentation but given the short implementation timeframe, we may have to temporarily suspend or stop offering this product altogether.

21 Day Provision - Whether forecasting the next two monthly payments on each statement is within the "spirit" of the law During the Audio Conference hosted by CUNA on July 28, 2009, Benjamin Olson, the representative from the Federal reserve, stated that he didn't recommend that we list the next two payment due dates on each monthly statement because that was not in the "spirit of the law." However, on page 83 of the Interim Final Rule, the revised commentary to 226.7 - Periodic Statements, the following example sets out that scenario as being acceptable for Deferred Payment transactions. Why would this not be acceptable for Credit Unions as well?

"D. If the due date for the deferred payment balance is March 7 (instead of March 31), the creditor could include the \$500 purchase and its due date on the periodic statement reflecting activity for January and sent on February 1, the most recent statement sent at least 21 days prior to the due date."

Any Personal or Equity Line of Credit with varying payment amounts already receive monthly billing notices so we are not concerned with compliance for those products. However, for installment-type open-end loans, the option to provide multiple payment due dates on each statement would be the least costly to the credit union and the least disruptive to our members. We don't want to have to change their payment dates or frequency - we allow our members to choose their due dates to best fit their individual needs and many of these payments are set up to be automated anyway. Additionally, the open-end loans in question have set payment amounts and due dates that are disclosed when funded and this information is also provided in coupon books to our members. And if we instead provide a separate billing statement with separate cycles for each loan, we will actually cause a lot of members to get angry with the credit union for mailing them unnecessary notices and for being environmentally irresponsible by wasting paper.

Minimum Payment Disclosure - Impact to non-credit card open-end loans In addition to the 21 day statement requirement that goes into effect in August, an even worse provision that impacts open-end lending products is the minimum payment disclosure that will be required on statements beginning in February 2010. This new law makes perfect sense as it pertains to Credit Cards.

However, this provision applies to ALL open-end loans. How will this additional disclosure (the length of time it will take to pay off the loan if making minimum payments; the payment amount necessary to pay the loan off in 36 months) be meaningful on a 14 day Payday loan, or even a home equity line or auto loan under an open end consumer loan program? A member with 6 months left to pay on the auto loan who sees a 36 month amortization on their statement will likely be confused as to the correct amount to pay or even why we're giving them this information (and the minimum payment warning will actually be inaccurate) - not to mention the space it will take up on the statement, costs to program these calculations, additional paper, printing, postage costs, all to be passed along to the members. And again, from an environmental standpoint, this is not a very "green" proposition as it forces the increased use of paper for something that is not consumer friendly or helpful.

Short Implementation Time Frame

I'd like to add to the many voices that have objected strongly to the short implementation time frame of these new rules. We are somewhat unique in that we have been deep in the process of a merger with another credit union of over 8000 members. The merger and data conversion were completed August 1st and we are still working through data conversion issues. This merger, and providing the best service possible to our existing and new members during this transition, has been our top priority and a huge task. All of our internal programming and technical resources have been devoted to this project, so adding a reprogramming intensive task on top of the merger has made it extremely difficult for us to respond timely, to say the least. Frankly, the Fed's statement that "for a short period of time after August 20, some periodic statements for open-end consumer credit plans other than credit cards may disclose payment due dates and grace period expiration dates (if applicable) that are technically inconsistent with the interim final rule" is not very helpful or clear. The best course of action would be for the Federal Reserve to immediately delay (at minimum) the 21 day statement requirement for open-end loans other than credit cards.

Sharon Pasero, Compliance Manager, NCCO

Rivermark Community Credit Union

503.526.5608

email: spasero@rivermarkcu.org

www.rivermarkcu.org

Example: I have a VISA credit card (with a lifetime balance transfer rate of 5.90%), a dealer auto loan (closed-end) and open-end boat and auto loans. My separate VISA statement will include the additional minimum payment/amortization disclosure, which makes sense from a consumer protection and educational standpoint. However, on the combined monthly checking/savings/loan statement, the open-end boat and auto loans will have the minimum payment/amortization disclosure; however the Dealer auto loan (closed-end) will not. The example below assumes we will be allowed to combine the disclosure for multiple open-end loans into one table, rather than a separate table and disclosure for each loan. We feel this additional disclosure serves no purpose and will only confuse members. Plus the “Minimum Payment Warning” language would be inaccurate in many cases as in the **example** below.

Additional Statement Disclosures

Example 1 (Combined Statement with multiple loans) (all amounts listed are for example only)

Minimum Payment Warning: Making only the minimum payment will increase the amount of interest you pay and the time it takes to repay your balance.

Loan Description	Current Balance	Minimum Payment	# of Months to pay off loan at minimum payment	Total Interest	Total of Payments	Minimum payment amount required to pay off loan in 36 Months*	Total Interest	Total of Payments
Auto Loan - 143	\$6,500.00	\$357.50	19	\$292.50	\$6792.50	\$180.55	\$400.00	\$6,900.00
Boat Loan - 144	\$19,000.00	\$352.00	70	\$5600.00	\$24,600.00	\$607.00	\$2880.00	\$21,880.00
Auto Loan - 145 (Dealer Loan-Closed-end)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

* You may not pay less than your minimum payment, even if lower amount is listed above

Toll Free number at which you may receive information about accessing credit counseling and debt management services: 1-800-452-8502

Example 2 - Credit Card (to appear on separate VISA statement with lifetime balance transfer rate of 5.90%) (all amounts listed are for example only)

Minimum Payment Warning: Making only the minimum payment will increase the amount of interest you pay and the time it takes to repay your balance.

APR	Current Balance	Minimum Payment (greater of 3% of balance or \$20)	# of Months to pay off loan at minimum payment	Total Interest	Total of Payments	Minimum payment amount required to pay off loan in 36 Months*	Total Interest	Total of Payments
9.90%	\$5,000.00	\$450.00	42	\$3,696	\$18,696	\$505.00	\$3,168	\$18,168
5.90%	\$10,000.00							

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