

From: UFCW Northwest Federal Credit Union, Trisha A Baker  
Subject: Reg Z - Truth in Lending

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Comments:

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Proposal: Regulation Z - Truth in Lending  
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Name: Trisha A Baker  
Affiliation: UFCW Northwest Federal Credit Union  
Category of Affiliation:  
Address:  
City:  
State:  
Country: UNITED STATES  
Zip:  
PostalCode:

Comments:

Compliance by 8/20/09 will be challenging if not impossible for most all credit unions small and large. Manual monitoring and maintenance of every loan account looks likely. Loans where the payment has been disclosed as weekly/bi-weekly/semi-monthly will need to be addressed. According to the requirement, we will have to change every due date to a monthly payment at month end. The consumer will be inconvenienced as weekly/bi-weekly/semi-monthly auto transfer from their account will not be an option unless our data processor is able to create a method to address this need (this could mean serious IT costs or terminating this option for the consumer). Payroll splits may continue to go to the loan; however our data processor does not allow automatic transfers on any date other than the due date. If the consumer budgets their car payment to transfer from their account on the 15th of each month and now we force them to pay on the 30th, how fair is that to the consumer? From a collection standpoint, our delinquency may increase without the auto payment transfer feature. Manual monitoring of large numbers of loan accounts will likely become necessary. Additional costs will be realized by the CU's which in turn will cost the membership/consumers. This will be in the form of additional statement production, account monitoring/maintenance and IT costs to create programs to accommodate the need to keep the member convenience of weekly/bi-weekly/semi-monthly payment periods while still reporting a once-per-month payment and due date (assuming this will be possible depending on IT costs and availability). Please consider the hardships this will cause our members, as well as the financial impact to the credit unions in having to comply with this regulation as it is written.