

From: Health Facilities FCU, Robert D Harris  
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: Robert D Harris  
Affiliation: Health Facilities FCU  
Category of Affiliation: Other  
Address:  
City:  
State:  
Country: UNITED STATES  
Zip:  
PostalCode:

Comments:

Section 106 of the Credit Card Accountability Responsibility and Disclosure Act of 2009 SEC. 106. RULES REGARDING PERIODIC STATEMENTS (15 U.S.C. 1637) is amended by adding at the end the following: "(a) TIME TO MAKE PAYMENTS.-A creditor may not treat a payment on an open end consumer credit plan as late for any purpose, unless the creditor has adopted reasonable procedures designed to ensure that each periodic statement including the information required by section 127(b) is mailed or delivered to the consumer not later than 21 days before the payment due date. "(b) GRACE PERIOD.-If an open end consumer credit plan provides a time period within which an obligor may repay any portion of the credit extended without incurring an additional finance charge, such additional finance charge may not be imposed with respect to such portion of the credit extended for the billing cycle of which such period is a part, unless a statement which includes the amount upon which the finance charge for the period is based was mailed or delivered to the consumer not later than 21 days before the date specified in the statement by which payment must be made in order to avoid imposition of that finance charge.". The inclusion of the wording "an open end consumer credit plan" instead of only using "Credit Card Plan" has placed an extraordinary burden on credit unions and their "members of modest means" with an impossibly short time frame to comply with the law. For years the documents used by the vast majority of credit unions have been open-end in nature. This helps the members manage their accounts and allows the credit union, with regard to the agreement; make adjustments at the members' request to include further advances, changes in payment timing and amounts, and other mutually beneficial changes without requiring new notes and disclosures. This has worked well for years. Section 106 of the CARD Act is very problematic both because it is one of the very few provisions that apply to all open-end credit, not just credit cards, and because of the upcoming Aug. 20 effective date. That section prohibits creditors from claiming a payment is late unless that creditor adopts reasonable procedures to ensure that periodic statements are delivered to consumers no later than 21 days before the payment

due date. Although well intentioned to provide consumer protection and allow the member adequate time in which to make his/her payment, the legislators failed to consider the impact of such a law on the way many credit unions conduct their business - including providing members a choice of payment due dates to coincide with when they are paid or when convenient to assist them with their personal financial plans. Additionally, member friendly payment frequencies other than monthly were not considered (per statute requiring up to five statements per month to be provided to a member who chooses to pay his/her loan on a weekly basis). Furthermore, the law was crafted without regard to the potential impact as to the viability of the member friendly and cost effective combined statements that currently present in a concise fashion all of the member's loans, each possibly bearing a different due date. The very real challenge to Health Facilities Federal Credit Union is that many of our members who chose for the loan payments to co-inside with their payrolls are members of limited economic means and education, those members making the minimum or slightly higher than the minimum wage. The very class this bill was to protect. We ask that the law, as it is so aptly named, be interpreted to deal only with credit cards. As is quoted as coming from the Committee Chair of the House Banking Committee, Rep. Barney Frank, the bill was not indented to negatively impact credit unions. The bill as worded does impact credit unions and their members in a way that could threaten some credit unions in these challenging economic times to even exist if they were forced to follow the letter of this law. The expenses to follow the law are astronomical. Sincerely, Robert D. Harris CEO Health Facilities Federal Credit Union.