September 1, 2009

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Docket Number: R-1364

Dear Ms. Johnson:

Thank you for the opportunity to comment on the Interim Final Rule on implementation of the CARD Act.

The Credit Union Association of Oregon (CUAO) is a nonprofit, professional trade association representing Oregon's state, community, and federally-chartered credit unions. Since 1936, CUAO has been at the forefront of credit union issues at the state, regional, and national level; and provides a voice for Oregon's 1.4 million credit union members on issues impacting credit unions at a local level.

Oregon's credit unions support the overall efforts of Federal Reserve to protect consumers from unfair credit card practices.

However, we must voice the strong concerns our credit unions have regarding the broad brush of the Act, implemented through the FRB's Interim Final Rule, with the application of the 21-day requirement to all open-end loans, and not simply credit cards as the title, "Credit Card Accountability and Responsibility Act of 2009" would imply—the colossal effect of which will burden our credit unions and inconvenience their members. The FRB has declined to provide reasonable relief for our credit unions based on "clear and unambiguous statutory requirements." It is our credit unions and their members who will bear the brunt of the unintended consequences of congressional action, as interpreted by the FRB.

There has been no other issue, in recent memory, which has rallied or riled our credit unions more than this issue. To date, 20 of our 83 credit unions have responded to the FRB's Request for Comments on the Interim Final Rule. These range from a two-person, $6 million credit union with, by-the-way, absolutely no credit cards, to some of our very largest credit unions where the impact to members with car loans, home equity loans, and lines of credit will be staggering.

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Credit unions do open-end loans. Therein lies the problem. As described in Regulation Z, these are loan programs where "the creditor reasonably contemplates repeated transactions." The member loan relationship, under their open-end loan, could include a loan for one or more of their cars, their line of credit, the loan on their boat or other "toys," and a credit card. These members most likely also have some liquid assets in the way of share and checking accounts at the credit union.

Credit unions do consolidated statements. This provides the member one periodic statement with all the necessary disclosures, transaction activity, and balance and payment information on each of their loans and accounts with the credit union. All account information is in one place. Their statement arrives in the mail or is delivered electronically about the same time each period. Our members like the convenience, the "green" solution, and the increased security, left once in the mailbox and not multiple times, increasing the access to mail thieves and chances of identity theft.

Credit unions let their members decide what day they want their payment due. They can best consider what works best with their budget, pay date, and cash flow throughout the month. A member with two car loans, a line of credit, a boat loan, and a credit card may very well now need to get five statements each month, just for their loans, only to accommodate the unintended consequences of the 21-day rule.

Credit union members do not have the same loan payment due date each month for five loans, typically. They have payment due dates spread throughout the month, scheduled for their convenience. With the advent of the 21-day rule, credit unions must now "mail or deliver" multiple statements 21 days before the payment due date for each of the two cars, the line of credit, the boat and the credit card.

The 21-day rule, that should have been the consumer's best friend has now run amuck, wreaking havoc in households and credit unions across the country.

What to do? The six-million-dollar credit union, mentioned earlier, which by the way has no credit cards, estimates added costs of compliance with the 21-day rule to be $500 to $600 a month. I suppose that is a modest amount by some standards. But it is a big drain on the budget for one of Oregon's smallest credit unions.

What to do? Perhaps even more disturbing, but the best of the worst options to comply, as some credit unions see it, is to change member loan due dates to the same date each month. This move will allow the credit union to comply with the requirement to get that statement mailed or delivered 21 days before the payment is due. This will eliminate the multiple statements members will receive, but at the same time terribly confuse our members and inconvenience them by brushing aside their cash flow, payroll, and "green" considerations.

What to do? Is the "Credit Card Accountability and Responsibility Act of 2009" really about "get that statement mailed or delivered 21-days before the payment is due?" Or is it really about giving the consumer, our credit union member, a reasonable amount of time to make their credit

card payment from when they receive their statement and reminder of when their payment is due? An open-end loan on a boat or car, or even a line of credit, has a fixed payment due date. If the contractual payment due date on the car loan, for example, is the 15th of the month, it will be the 15th of the month for each and every month until the loan is paid in full. It is for this very reason that a prudent person would never have imagined the intent of our very prudent Congress to apply the 21-day rule to all open-end loans. Here, it makes sense is to apply the 21-day rule to a credit card which often has a due date a number of days after the closing date. That date may very obviously change the due date every month, depending on the number of days in the month. This is a perfect reason to get that statement in the mail or delivered 21 days before the payment is due.

What to do? Simply apply the "Credit Card Accountability and Responsibility Act of 2009" to credit cards only, not all open-end loans.

As the FRB has refused to consider a very prudent interpretation of congressional intent, with respect to the 21-day rule, CUAO will support the Credit Union National Association (CUNA) efforts to gain support in Congress to limit the scope of the CARD Act to credit cards.

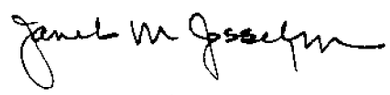
There is so much wrong with the 21-day rule's application to all open-end loans, I did not even get into the limited timeframe allowed to comply or the credit union expense and labor of required data processing changes and the necessity of educating staff in the changes made to allow them to knowledgeably speak to member's valid concerns. I also did not address the fact that the Interim Final Rule and lack of desire to limit the scope to credit cards puts credit unions' very consumer-friendly, open-end loan programs at risk and thus endangering credit unions' ability to continue this very popular consumer choice. I also did not address short-term loans many credit unions offer as an alternative to expensive payday loans. How do you provide a statement 21days prior to the due date on a 60-day loan with payments due every 14 days?

There is so much right with the CARD Act, it is really unfortunate that the spotlight has not been able to shine on the benefits overall to our credit card consumers.

Thank you again for affording us the opportunity to comment, and I sincerely appreciate your consideration of our viewpoint.

If you need any further information, please contact me at the CUAO office, 503-641-8420.

Respectfully,



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