

From: South Florida Educational Federal Credit Union, Todd Brown  
Subject: Reg Z - Truth in Lending

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Comments:

Jennifer J. Johnson, Secretary

Board of Governors of the Federal Reserve System

20th Street and Constitution Avenue, NW

Washington, DC 20551

Re: Docket Number R-1364

Dear Ms. Johnson,

I am writing this letter as the Vice President of Lending of South Florida Educational Federal Credit Union, on behalf of the credit union and its members. We are a \$600 million credit union. I am writing to comment on the recently issued Regulation Z Interim Final Rule related to the Credit Card Act of 2009 (the Act).

We are encouraged by the steps Congress has taken to stop abusive practices by certain lenders, particularly as they relate to credit card practices. As a credit union, we pride ourselves on our efforts to be a low cost provider of credit cards to our members. We have never engaged in the abusive practices that led to the passage of the Act.

While we agree with the intent of the Act, we have significant concerns with the final legislation and the interim final rule issued by the Federal Reserve.

Specifically, the application of the 21 day notice provision to all open end lending plans, and not strictly to credit cards, presents an extreme challenge for the credit union, and ultimately will result in some changes that will hurt those the act is trying to protect, our members.

As you know, many credit unions, including ours, grant loans under multi-featured open end lending plans. This allows us to offer members great flexibility in the terms they would like, including bi-weekly repayment options. As a credit union for the educational system in Miami, we also offer the ability to skip payments in the summer, when many of our members are not working and have no income. Additionally, members may choose the due date(s) during the month that are most convenient for them when their loan is granted.

The imposition of the 21 day notice provision to all open end plans, places all of these features in jeopardy. We must make a choice between mailing multiple periodic statements to members each month, at a very high cost that would be passed to members in the form of higher rates and fees, or we must force members to forgo the repayment flexibility to which they are accustomed. Neither of these options benefits the member and will in fact cause great hardship for many. Additionally, if we elect to move the due dates on all loans to a date at the end of the month, a borrower with multiple loans, with varying due dates throughout the month, will face undue financial hardship with all loans now being due the same day of the month.

Our credit union has always had the best interest of our members with all of our lending products and programs, and we believe this change will cause us to lose much of the goodwill we have worked hard to develop over many years. Members will not easily understand that a regulatory change meant to be beneficial to them, will in fact cause them much hardship.

I believe that I have outlined the major problems for our members with the implementation of this provision of the interim rule. We also would have great difficulty in implementing the operational changes necessary to comply with the rule. We ask that the Federal Reserve, consistent with what we believe to be the intent of lawmakers when writing the Act, omit multi-featured open end plans from the requirements of the 21 day notice provision as described in the interim rule.

Respectfully,

Todd G. Brown  
South Florida Educational Federal Credit Union