

From: Duval Federal Credit Union, Joe Caliandro  
Subject: Reg Z - Truth in Lending

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Comments:

The Credit Card Act of 2009 is intended to stop predatory practices and to that extent it is good. The problem is that somehow all open-end lending was added to the Act. Credit Unions, as an industry, engage in open-end consumer lending, which will include personal loans, automobile loans.

As a function of open-end lending and given the nature of credit union members, payments are made by weekly, bi-weekly, and semi-monthly payments, often by payroll deduction. This repayment frequency and method is not only convenient, but almost sometimes makes the loan more affordable for budgeting purposes.

The Act now requires a 21 day notice be given to the consumer before the payment can be considered late. Compliance with that requirement is almost impossible given some credit union members pay weekly, bi-weekly, semi-monthly and pay by payroll deduction because all members either receive a monthly statement or a quarterly statement. To comply with the Act would have a huge financial impact on an industry that did not engage in predatory practices. To truly comply, one would have to mail a member a notice four times a month if they pay weekly payments and if the member pays by payroll deduction, would only confuse the member and cost the credit union huge amounts of money in software changes and mail costs.

The Act is intended to stop predatory practices but it is the credit union industry most affected. Credit Unions have never engaged in predatory practices and have only always been affordable alternatives to banks with lower interest rate on loans, higher savings rates, and low fees.

Someone up there in the Congress should show leadership and move to exempt credit unions from this Act, or remove the "all open-end lending" provision, but in any event not group us in to the same cures directed at the predatory lending institutions.

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