

From: Community Service Credit Union, Brenda Hooker  
Subject: Reg Z - Truth in Lending

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Comments:

Dear Regulators,

I encourage you to review the requirements of the CARDAct as they apply to multi- featured open end lending - non credit card. I am in complete agreement with you as to the credit card portion of the law. However, to bring in all open end lending into the same compliance venue brings a number of problems.

First and foremost, these open end loans have full disclosure made - up front of the cost of credit, payments, etc. In many cases payment books are issued, the loans are simple interest and there are no late fees "added on" to the balance which compound the cost of the credit. If we are to begin sending a monthly statement to all loans under this type of lending to all account holders 21 days before their payment is due, number one, we need time to have systems reprogrammed to accommodate statements in a "billing" type arrangement which is not what this type of lending was set up to do. This will increase mailing costs for us due to the fact that loans are disclosed up front with a contractual due date and "billing statements" have not been necessary since they have payment books and this amount does not change. They had a contractual due date disclosed up front, in a clear and conspicuous manner and many have set up automatic payments to occur on the dates of their preference. To reprogram to accommodate random statements always 21 days prior to a due date would need some 6 plus weeks of programming time. The cost to the industry of this programming will of course be paid for by the consumer. The mailing cost again will cause our institution to at least double, depending on how many different due dates a particular consumer has. Again, the costs would be born by the consumer. I urge you to look at the full program and to consider the current disclosures and operation of statements of account which we currently operate under and any perceived benefit to a consumer from an additional piece of paper being mailed to them.

We of course, have no problem giving the member a longer grace period after their contractual due date prior to them paying a late fee (again, this is not added on to the balance). Please note most payments are due on a monthly frequency, which the consumer is fully aware of with the due date set on the same reoccurring date of the month. They have a grace period number of days before they would be assessed a late fee as a portion of their regular monthly payment. Then the payment is never reported late until the 31st day past the contractual due date and beyond.

I see no benefit in driving up the cost of borrowing just so additional statements can be mailed and changing the delinquency reporting to 21 days

after the statement is mailed rather than 31.

The reprogramming that will need to occur for the delinquency reporting is an even bigger task than the late fee and statement adjustment. Credit Bureaus currently report 30, 60, and 90 days and beyond delinquency. The 21 days does not have a "category" with the bureau as well. Our goal is to always accurately reflect all information on a consumer credit report. This CARDact as it applies to open end lending does not fit neatly into the existing structure of the program as it does for credit cards.

I urge you to consider the financial impact on the already burdened financial industry against any perceived benefit to the consumer from rushing this type of compliance date. Thank you for your consideration.

Brenda Hooker  
Community Service Credit Union