

From: SRI Federal Credit Union, Steve Bowles  
Subject: Reg Z - Truth in Lending

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Comments:

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To whom it may concern:

The Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act) is a bit of a problem. Here's where we stand today:

1. Our credit cards have payment due dates on the 25th of the month and are mailed on the end of the month. That is, we send the statement file to our statement processor within about one hour after we do month-end processing at the end of the month. For example, on July 31st (Friday), we will send the file out around 7 pm (PST). The processor (if everything goes smoothly) will print and mail these on Monday-August 3rd. This is 22 days prior to the due date of the August 25th. We also give our members 6 additional grace days where if they pay by September 1st there are no late fees. The problem is that we are a very small credit union (\$60 million in total assets with about 2,000 credit card accounts) and sometimes other clients of the statement vendor that are much much larger get in the queue first. Thus, we have no guarantee that the statement will go out on August the 3rd. If they were to be delayed to August the 5th, we would be out of compliance with the CARD act. I urge that the rules be modified to allow the mailing date to include any grace days before late fees are charged (in our case, 6 extra days). I also urge that the rules state that the date of mailing is to be considered the date that the file is transmitted to the statement processor (provided the statement processor sends out the statements within 3 business days).

2. We also have open-end Home Equity Lines of Credit (HELOCs). Again the due date is the 25th of the month and we are concerned about the ability to get statements out to the members to beat the 21 day mark. Because we have such a small number of these, we manually print the payment due notices via a mail-merge process in Microsoft WORD and then we review each notice manually prior to mailing. We only have 10 employees, and on occasion-when an employee is sick-these are slightly delayed. We would suggest that the rules exclude financial institutions that have fewer than 1,000 open-end loans (per loan type).

3. The op-in/op-out rules to allow the charging of over-limit fees are too time-consuming and are not currently programmed into our data processing system. As a result, our Board of Directors has eliminated over-limit fees on credit-card loans. Note that the Federal Credit Union Act already restricts the maximum amount that Federal credit union can charge on late fees-and this is much less than most banks charge! We have never charged over-limit on the HELOCs so we didn't need to do anything there.

Please be aware that all of these regulations have a cost to them and, since there are no free lunches, somebody has to pay for the cost of compliance. In general, this tends to be the consumer but sometimes it is reflected in overall lower dividend costs to the members and/or lower pay to the employees. It also is reducing the availability of credit to consumers and we are already seeing other financial institutions reducing consumers lines of

credit, closing them, or increasing their rates.

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