

From: Total Community Credit Union, Phillip Matous
Subject: Reg Z - Truth in Lending

Comments:

7/31/09

Chairman Ben S. Bernanke

Board of Governors of the Federal Reserve System

20th Street and Constitution Avenue NW

Washington, DC 20551

Dear Chairman Bernanke,

RE: August 20th Implementation Date Concerning Credit Card Accountability Rule.

I am writing in support of CUNA President Dan Mica's recent request to you to delay the August 20th compliance date of the 21 day rule as it applies to open-end credit other than credit cards.

We, as do most credit unions, have a statement system set up for credit cards separate from open-end credit other than credit cards. The statement system for open-end credit other than credit cards has always been incorporated into the members' savings account statement. We send out consolidated statements on or around the first of each month regardless of the due date on the loans. These statements have never been 'billings' as such but simply statements of account because the members know when their bills are due. We do not send out 'billings' for such loans. The members get a year's supply of payment coupons when the loan is issued or refinanced and use those coupons as their reminders to pay. Additionally, the greater majority of the payments are paid electronically by payroll deduction and/or the Automated Clearing House lessening the burden of the timeliness of the payments for members.

What was also overlooked with regard to credit unions is that for open end credit other than credit cards we have always allowed the member to choose their own due date, whichever best fits their budget. I've been in the credit union business since 1968. I know that a lot of people like to schedule bills mid-month for budget purposes because the mortgages come due generally on the first of the month. They don't have the liquidity to pay all their bills at the first of the month. Consequently, we have payment dates for open-end credit

other than credit cards scattered throughout the month.

The FRB's ruling will require that we move all these payment dates to the end of the month, probably the 28th of each month, so that we can continue to send out statements on the first of the month. This will needlessly cause undue budgetary problems for millions of Americans. It is questionable whether we can change all of our payment due dates on such loans before August 20th.

This regulation also creates a potential disaster each month. Over the last several years, our statement mailing has occasionally been delayed a few days due to computer processing errors. This was never a legal problem because our statements for open-end credit other than credit cards were never considered to be billings. Now however, with your proposal, these statements become billings and any delay in mailing would cause horrendous computer programming problems that month if such a delay were long enough that we did not meet the 21 day rule thereby requiring us not to report any of those members late with their payment.

The question also arises, if the statement does not meet the 21 day rule (sent late), does it mean that the member cannot be legally late for purposes of collection that month or does it simply that they cannot be reported late to the credit bureau? Does a late statement mean we cannot send the member notice of late payment? Does a statement sent late mean that the payment is not due or that it is due but cannot be reported as late if the payment were late. Does a late statement mean that the payment would be postponed and doubled up the next month when the statement meets the 21 day rule? If the member were late on payment the previous month (month 1) and the statement did not meet the 21 day rule for month 2, would the member legally be still overdue or would our failure to meet the 21 day rule in effect bring the member current?

As Chairman Mica wrote,

".this change affects general lines of credit, credit lines associated with share draft and checking accounts, signature loans, home equity lines of credit, and other loans that are permitted under open-ended lending.

Credit unions, "including those with multi-featured plans," would be forced to "dismantle consolidated statement systems" and other procedures that "have been in place for decades"

In reality, since our members receive payment coupons on all loans in question, since credit unions have not in any way defrauded members on these or other loans, it would be appreciated if you could not only delay this implementation but in fact exempt credit unions entirely from this requirement for a 21 day billing notice on open-end credit other than credit cards.

Cordially,

Phillip A. Matous
Total Community Credit Union