

From: The Education Credit Union, Gregg Bynum
Subject: Reg Z - Truth in Lending

Comments:

Board of Governors of the Federal Reserve

20th & C Streets NW

Washington, DC 20551

Dear Sirs:

I am CEO of The Education Credit Union in Amarillo, Texas. We serve 17,000 members that are directly or indirectly involved in education. We have been serving this field of membership since 1935.

We strongly oppose the sections of the new Truth-in-lending regulations that pertain to Open-end Lending. While we agree with most of the provisions regarding predatory credit card companies practices, which we have never been involved in, we are opposed to the provisions dealing with consumer lending under open-end agreements.

Our credit union has used open-end agreements to better serve our members. It allows faster turn around time on consumer loans and more flexibility for our borrowers to call in and add on to their loan over the phone. This enables our members to refinance their vehicles over the phone and/or add onto their balance to access their available equity.

The new TIL Regulations will force us to treat our open-end consumers loans like revolving credit card balances. This will require us to send a billing notice to every loan we have on our books at least once per month. We have never had to do this before because we send out quarterly statements. Additionally, over 90% of our loans are setup with automatic payroll deduction for loan payments. There is no need to send a billing statement out to these members every month.

The cost of sending out these billing statements will be huge. We have 8,000 loans on the books and sending a billing statement will cost us thousands of dollars a month. Secondly, our system will not produce monthly billing notices if a loan is set up on automatic payment from checking or on payment via payroll deduction.

So, if we were to reprogram our system to produce the billing notices, which would be very costly in and of itself, it would probably cost us \$8,000 a month to send them. Our credit union cannot afford to spend this kind of money on something that will not benefit our members at all.

We ask that this issue be carefully looked at and these consumer open-end loans be excluded from the provisions of the new TIL Regulations.

Best Regards,

Gregg R. Bynum
The Education Credit Union