

From: Clarion Onized Federal Credit Union, Mark Lauer
Subject: Reg Z - Truth in Lending

Comments:

To whom it may concern:

I find it necessary to comment on the Reg Z changes that are to come into effect on August 20, 2009. These changes not only affect credit cards, which I fully agree with, and wanted to let you know that we fall within the new guidelines - but they also affect open-end lending. Many credit unions, including Clarion Onized Federal Credit Union, use open-end lending to aid in the loan process to make it less complicated for our members. The language that was added to the Reg to include open-end lending just doesn't make sense. Most open-end loans have fixed payments for the entire term (with the exception of HELOCs). For example, when a member borrows for a car loan, we may amortize the payment over 12 to 60 months. The payment calculation is done initially and the payment remains the same throughout the entire period. There is no surprise to the member when the payment is due or how much the next payment will be. Another major problem area with the Reg changes are the fact that we have numerous loans that the member wants to pay weekly, bi-weekly or semi-monthly. We cannot give someone a 21 day notice if their next payment is due in a shorter amount of time than 21 days - not logically possible.

I fully support the changes to the credit card portfolio but do not see any reason to include open-end lending in the Reg. The time and money spent to fix something that isn't in anyway harming the member/consumer seems to be a waste of much needed time and money. Money spent on repairing "open-end lending" could be lent out or used in another way to make things better for our members.

Please reconsider the language in Reg Z to eliminate the term "open-end lending".

Thanks for your time and consideration.

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Clarion Onized Federal Credit Union