

From: 1st Community Federal Credit Union, George Sweet
Subject: Reg Z - Truth in Lending

Comments:

I am writing on behalf of 1st Community Federal Credit Union. We are 150 million in assets servicing 21,000 members. We service 16 counties in central and west Texas.

There are numerous features of the Regulation Z changes that will affect the way we do business. These changes will slow down how we can service our members who no longer live in our service area as well as it will increase the cost of doing business.

I am going to focus primarily on the cost issue and try to explain why the changes will increase cost as well as the confusion it will cause our membership.

We have always provided our members a consolidated statement that included Savings, Checking, and other deposits along with all loans that the member has with the credit union.

Our goals in lending are competitive rate for loan, flexible payment options, timely delivery of loan, and member convenience.

Our members consolidated statement may contain three or four loan records. They may have purchased a car and we financed that automobile purchase through our Dealer Indirect Lending program. This loan is a closed end loan and will appear on the consolidated statement. This same member may also have refinanced a vehicle loan to lower their interest rate and their payments. This loan will be set up on an open end loan plan under a vehicle loan sub account. This member may also have a revolving line of credit loan, again set up on an open end loan. The member may have chosen monthly payments for one vehicle loan and biweekly payments for the other vehicle loan. The line of credit may be set up on a bi weekly payment with payroll deductions to make the payments. The member is using this line of credit loan to periodically handle emergencies that occur and periodic shortfalls of cash prior to payday. This member may also have a third vehicle loan for their college student that is set up on an open end plan under a vehicle sub account with a monthly payment that is convenient for their son or daughter to pay.

We have multiple types of loans on a consolidated statement, open end and closed end. We have multiple payment frequencies, monthly and biweekly, and we also have different dates during the month.

Under the proposal, There is no way for me to comply with the 21 day rule and send a consolidated statement. I will have to force my member to change the payment frequency on two to their loans to monthly from biweekly, based on the due date that the member selects, we may have to send up to four separate notices to our member for their loans with the credit union in addition to the normal monthly or quarterly statement we already send.

Our operating cost will increase, which this cost will pass through to the borrower, and we will force the member to have to accept a payment plan that is not convenient for them and may be unmanageable for them based on their budget. We send all of our members payment coupons that provide a reminder of their upcoming payment due date. This is only for those members who do not set up their payment for some type of automatic payment from a deposit account or from an allotment from their payroll.

We do not practice predatory lending, however, we are being told and our members are being told that we have to give up our convenience and increase the cost to borrow funds because some credit card company may have abused their customers by suspect business practices.

Finally, if we do have to comply with this change, we need time to retool. There is not sufficient time for us to reprogram our system to separate each loan into a separate notice and have that done so that the notice is delivered 21 days prior to the payment due date.

George Sweet
1st Community Federal Credit Union