

From: GaPac Community Federal Credit Union, Katie Zowada  
Subject: Reg Z - Truth in Lending

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Comments:

GaPac Community Federal Credit Union endorses the fair treatment and protection of consumers against the unjust practices of others. Credit Unions across the nation cheered as news of the credit card reform progressed.

Regulation Z Truth in Lending Act R-1364 as written to include all open end lending plans has silenced the cheering as we step back and assess the unintentional negative consequences it caused. Actually we are reeling as we determine how far the tentacles reach. With the exception of credit card plans, the short time frame is impossible to comply with. Open end lending plans which are designed as beneficial to the member now proves to be a cost to the member and a burden to our data processing systems.

It is very common for credit unions to offer the member a due date of their choice fitting their budget and pay periods. The option to change the due date in the future is offered and suggested by our Accounts Recovery coordinator when working a delinquent account. This practice "cures" the habitual late payment, late fee and negative credit reporting.

We are considering temporarily suspending all late payment penalties which could cost an average of \$1,500 per month. Doing so would unfairly distribute the collection costs to the entire membership.

An impossible obstacle with this short notice is the credit bureau reporting. Until we can coordinate compliance to the 21 day rule for periodic statements, the new rules states a payment can not be considered late. The data processing systems are not designed to suspend credit reporting for the select few. We can not temporarily discontinue reporting as it would penalize those that pay by their selected due date.

Beyond monthly payments, we offer weekly and bi-weekly payments both in the best interest of the member to reduce the amount of interest paid. Should GaPac produce statements more frequently to those that pay other than monthly is a significant financial challenge during these difficult times. As well, it increases the flow of sensitive information. An alternative solution for compliance would be to allow the printing of the current and subsequent due dates on the consolidated monthly statement.

Members are accustomed to a consolidated monthly statement. In fact, this is the preference of the membership. People do not like change and to increase the frequency in statement mailing is at the expense of the entire membership. We are aiming to be more efficient and contain costs on behalf of the membership.

Alternatively yet not consumer friendly would be to change all due dates and payment frequencies to contain the cost while complying with the 21 day rule. Not an ideal situation for the borrower and may have the reverse effect by creating more delinquency.

GaPac C. F. C. U. asks that the Credit Card Act of 2009 be just that, a Credit Card Act as it originally began.

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