

From: GEMC FCU , Denise Swan  
Subject: Reg Z - Truth in Lending

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Comments:

Dear Sirs:

I am joining my credit union colleagues across this country to voice my opposition to the way The Credit Card Act of 2009 had been introduced, voted upon, signed into law and implemented.

First, the title of the bill clearly states its intent and subject- CREDIT CARDS. The credit union industry is being targeted by the insertion of "Open-End" credit plan into the bill's language. I question whether the bill's creators were intent on causing an undo hardship on Credit Unions or were inadvertently directed by an "advisor" to include such language. The intent of the bill is admirable- for the protection of consumers. But, its intent has created an unintended consequence: causing undo regulation on an industry (Credit Unions) already protecting consumers. Credit Unions are not the financial institutions using unfair and deceptive practices against consumers. Unfortunately, this bill has inferred that we do just by including our lending products in its language.

Legislation aimed at helping the consumer has become part of the fabric of this industry. I would argue that the continued regulatory burdens placed on the financial services industry has in affect, hurt consumers through the cost of compliance paid by our industry. Creating education programs in our schools, starting at an early age, is a much better forum for protectionism than any piece of regulation can control. And, over the many years, there has been continued regulations put in place for credit cards proving that it does not always work! More legislation, more cost, and so the cycle goes.

GEMC FCU has put into motion the steps needed to be compliant to The Credit Card Act of 2009. I invite anyone in your organization to come and sit in my seat and see what the day-to-day operational issues are in such a fast forward implementation requirement. Our Credit Union of \$73 Million, does not have the staff nor the resources to "flip a switch" to organize such drastic change in operations. Here are just some of the issues my MEMBERS, for whom I work, will experience.

1. Payment due dates- Due dates on loans cannot be legislated. Members enjoy the flexibility to pay their loan payments when they want to. But, for a payment notice, to be delivered within 21 days of a payment due, and a data processing system that cannot accommodate this, my members will suffer by not having flexible due dates which fit better into their budgets. Without being able to let the member select their payment is due, their cash flow will suffer.

2. GEMC FCU still serves its original field of membership, as do most credit unions. Our employee groups still send us payroll deductions from our members" paychecks for loan payments, each pay period- weekly, bi-weekly or semi-monthly. This is how we've received the majority of our loan payments for years. NOW, The Credit Card Act of 2009 is dictating to members who have been borrowing and repaying their loans the same way for the last 40 years, how their loans will be paid. How is that protecting the consumer?? These are not credit card payments, but car loans, personal loans and other collateralized loans. Is that what the Act intended??

3. Loan Payment Statements- to comply, our credit union is being forced to mail out over 2,000 additional statements each month to members who have installment loans, on open-end credit plans which are paid from their payroll deduction more frequently than once a monthly. It is not practical to receive a statement each time a payment is due on for instantly a payment paid weekly. The cost for our credit union to send a statement is roughly \$1.00 per member plus postage, today \$1.44. Postage increases will begin to climb making this an unmanageable cost. Today, we are looking at an increased cost of at least \$2,000 each month to accommodate this routine.

4. With this increase in cost for compliance, our institution has no choice, given the economic struggles we are faced with, to pass the cost on to our members. We will have to charge more for loans, pay less on deposits, or charge more fees. Was this the intent of the regulation? I would guess not but again, an unintended consequence of "protecting consumers". I appreciate your time in entertaining my comments and I hope I have had some influence on your decisions going forward. OPEN-END LENDING does not need to be included in The Credit Card Act of 2009!

Denise S. Swan  
GEMC FCU