



971 Corporate Boulevard
Linthicum, Maryland 21090-2337410-
487-SECU • 800-TRY-SECU
SecuMd.org

August 3, 2009

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve Board
20th and C Streets, NW
Washington, DC 20551

Re: Interim Final Rule Implementing the Credit Card Accountability Responsibility and Disclosure Act

Dear Chairman Bernanke:

On behalf the SECU, Maryland's largest credit union, I am writing to you and the entire Board to applaud the consumer benefits afforded by the CARD Act as it pertains to credit cards but to advise you of the many anti-consumer effects resulting from the addition of open ended credit products to the Act. Specifically, the 21 day notice of payment due date will have unintended negative consequences to all credit union members if enforced as currently drafted.

Consumers utilize HELOC's very differently from credit cards. Our members who have chosen a HELOC (rather than a closed end home equity LOAN) have done so in order to have the flexibility to take periodic draws. For example, during a home addition project, they might take a draw for the initial construction, another for internal finishing and still another for furnishings. With each draw, the minimum payment due is adjusted based on a 15 year amortization schedule (rather than a simple 2% minimum for a credit card).

Since HELOC balances are typically significantly larger than credit card balances, our members request specific schedules for their payments. For years, we have enjoyed great cooperation from our state agencies and SEG's in coordinating payments to coincide with bi-weekly, semi-monthly and even weekly payrolls. To accomplish these periodic payments, our systems have been customized to reflect payment due dates which coincide with member selected payment dates. Our members who have chosen bi-weekly payments actually have 26 payment due dates, not 12, in our system. **It is mathematically impossible to send a 21 day notice for payment due dates which occur in 14 day increments.**

In order to be compliant with the 21 day provision, we are exploring the following options:

1. Discontinuing bi-weekly (and semi-monthly and weekly) payroll deductions in order to force all members to monthly due dates and then re-coding our monthly loan bills to drop in compliance with the 21 day lead time requirement.
2. Sending a separate "reminder notice" to all our members notifying them of their payments due in the calendar month ahead. (i.e. We would send one notice per month, 21 days in advance of the FIRST payment due date, but including any subsequent payments due in the ensuing 30 days. For example, on September 9th, they would get a notice indicating that for October, their payments would be due on October 2, 16 and 30 and so on. We would not, however, be able to disclose the minimum payment due

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on each of these dates because the payments themselves are calculated in 14 day intervals) Costs are currently being estimated, but the minimum cost of layering on this additional notice is \$120,000 per year, which exceeds the income we currently earn on late fees on these same products.

- Option# 1 would infuriate our members.
- Option #2 would be perceived as confusing and extremely wasteful.
- **Neither option can be implemented by August 20th.**

Are these truly the intended outcomes of this legislation? I think not. Please use your authority to override the August 20th implementation date to permit additional analysis to determine which provisions of the CARD Act apply appropriately to HELOC's and personal (overdraft) lines of credit and which do not. Then permit reasonable time for technology solutions to be identified and implemented.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Rod Staat". The signature is written in a cursive, flowing style.

Rod Staat
President/CEO