

From: Fort Worth City Credit Union, Ron Fox
Subject: Reg Z - Truth in Lending

Comments:

To: Board of Governors of the Federal Reserve
20th & C Streets NW
Washington, DC 20551

RE: Urgent Request Pertaining to the new CARD Act

I am the President at Fort Worth City Credit Union in Fort Worth Texas. Our asset size is \$104M and we have approximately 13,000 members. FWCCU has been a large part of the lives of city employees since 1924. We remain in our original building at 2309 Montgomery St. near downtown Fort Worth and are visited daily by our police and fire department employees.

I am respectfully requesting a delay of the Interim Final Rule of the above Act to allow our Credit Union additional time to implement the necessary changes in order to comply with the law, explicitly the 21 day rule. We are working on a legislative remedy for this new rule because Credit Unions were apparently not considered. This does NOT pertain to our credit card program, which this law was intended to address; it DOES pertain to and severely affect how we make the majority of all of our loans.

As most credit unions, we have been operating under an open-end lending environment for many years. I have been in Credit Unions for 20 years and have operated under an Open-Ended lending environment at all of the Credit Unions I have worked at. All of our auto, boat, RV, motorcycle and personal loans are done on open-end contracts. The only closed-end contracts we use are for our real estate lending. The new CARD Act shatters our ability to continue in this environment. Doing our loans under open-ended contracts allows us to more conveniently serve our members. Since we only have one location it is often difficult for members to come in and sign new contracts every time they want to add on to their loan.

The vast majority of our members make their loan payments at each of their bi-weekly or semi-monthly pay periods. These payments are payroll deducted from the City of Fort Worth. Because of this, we are able to make loans to many of our members that would not qualify elsewhere.

The costs and burdens associated with the CARD Act will completely change how we do loans. As we currently provide a very cost effective and efficient method of one monthly periodic statement, members are very happy with having the ability to make their payments in increments associated with their payroll and seeing this information reflected on their statements. If we are required to send statements for each bi-weekly, weekly or semi-monthly payment, our costs could triple in this area. It would be ridiculous actually. If we modify due dates to correlate with the interim rule and use our existing one statement, members will become confused as to where they are in their payment process, if they continue to pay in payroll increments, but with just one due date.

Preserving our current structure will allow us to continue to help our members that have poor credit because when their biweekly payments are payroll

deducted, we are guaranteed to get our payments; at least as long as they are still employed. If we have to change the majority of our members to one monthly payment, it will cause them financial difficulty. It will have a definite negative impact on their lives as consumers. Many will become delinquent, pay slow, or even default on their loans. These potential losses will lead to higher interest costs adversely affecting our members through the intent of this new law.

Fort Worth City Credit Union does not engage in predatory credit card lending which this bill was designed to address. Our members and this Credit Union will be negatively impacted by this rule. It does not seem fair or correct for this Credit Union and its members to be adversely effected because of the irresponsible actions of others.

Please consider, at least delaying the interim rule implementation, to allow our credit union time to sort out data processing and communication with members. This deadline is impossible to meet. We need at least three months to be able to notify our members of payment changes, make all those payment changes, and work with our statement vendor to achieve the 21 day rule.

Thank you in advance for your consideration in this matter.

Sincerely,

Ron Fox
Fort Worth City Credit Union