

From: StarTrust Federal Credit Union, Gary Hugo
Subject: Reg Z - Truth in Lending

Comments:

Attn: Board of Governors of the Federal Reserve

I am writing to request in good faith a deferral of the August 20th, 2009 deadline for implementation of the first phase of the Credit Card Act as it relates to open-end lending.

I have personally worked with three credit unions over the past 20+ years with their open-end lending programs, which provides many benefits to members. Open-end lending saves members considerable money in both time and interest-savings for their loans. I am very surprised that open-end lending would be affected by a credit card law, since there is no relation between the two.

Based on this act, we will have to require our 6,000+ members who currently have a loan to move their current due date, which they set to manage their own finances, to the end of the month in order to meet the 21 day required notice. This includes future loans as well. No longer can a member have a due date of the 1st through the 20th. This will undoubtedly present a financial hardship to many, since their mortgage payment or rent is typically due at the first of the month. Yes, members may continue to pay earlier, but many do not understand and believe they must pay at the "set" due date. Many have payments set for twice a month. Under this act, multiple due dates will be prohibited, which eliminates interest savings for the member. We are still checking to see if our software provider can provide multiple automatic payments if there is only one due date each month. There may be significant costs to implement new payment tracking programs, which must be passed on to the member. Please remember that credit unions are non-profit.

Credit Unions do not engage in predatory lending nor abusive credit card practices, and since they are "owned" by their membership and not shareholders, typically have very conservative, consumer friendly programs in place, nothing high-risk. It is disappointing that the actions credit unions will have to take to be in compliance with the Credit Union Act will be anti-consumer, which is supposed to be the opposite of the intent of the new act.

Would you please, at the very least, delay implementation for several months in order that all of the issues can be sorted out and hopefully a better solution may be found for credit unions to comply without so negatively affecting our membership?

In any case, would you please reply as to why open-end lending was included? I can't find any commentary as to why this is perceived as anti-consumer, when in fact, the reverse is true.

Thank you for your time, and look forward to your response.

Gary Hugo
StarTrust Federal Credit Union