

From: Port Arthur Teachers FCU, Cindy Drummond
Subject: Reg Z - Truth in Lending

Comments:

I would like to voice my concerns about the wrong rippling effect of the recently passed Credit CARD Act, as how it relates to open end lending at our credit union. Port Arthur Teachers Federal Credit Union has been operating for 56 years; we are 25 million dollars strong and serve the financial needs of 4000 members in the Port Arthur, Texas area.

We agree that institutions that were deceiving the consumer by raising interest rates unknowingly or by changing due date in attempt to give them just reason for increasing the interest rate or even lowering their limit because they "think" they may not pay should be stopped. The credit union industry has never operated that way and has successfully helped many members get away from those deceptive companies. Our credit card program has always been "above the table." The changes affecting these wrong practices were needed and should be implemented immediately to help the non-aware consumer protect their dollars.

As the Act pertains to other types of open end lending, especially at our shop, we feel this does not fit the same mold. We have to help the member-allowed them to choose their due date, frequency of payment and the method of payment that fits their particular situation best. We, as credit unions, are all about helping the member become financially sound, and anyway we can help, regardless of how insignificant, makes a difference.

The common man, living paycheck to paycheck, is the one we help the most on a regular basis. This new Act of requiring a 21 day notice prior to due date affects more than 40% of our loans. Our core sponsor pays on a semi-monthly basis and you can't provide a member with current information if there is going to be a payment made before 21 days. The same holds true for members who have chosen a weekly due date, because they get their paycheck weekly and prefer to allocate their funds each week to meet their personal obligations.

Our particular credit union, gives the member a disbursement receipt that shows interest rate, payment amount, payment due date as well as payment frequency WITH EVERY extension of credit. Our members are aware, in print and vocally, of their obligations. Those stated items DO NOT change during the course of repayment. The members who have chosen payroll deduction or automatic transfer, which is a convenience to them as well as a way to improve/keep their credit history rating, will be affected in that their credit union will be spending dollars wastefully to send information that they will not use-no need for payment coupons. The members who choose to pay direct, by mail, receive a year supply of payment coupons as a reminder of amount and due date. They already have the information your Act seems to want to additionally provide-we don't change interest rates based on payment practices. As far as current loan information, it is available by phone, internet or quarterly statement. Our members like the idea we keep dollars in mind, since it is their money we are spending.

The fact that the Act was passed "assuming" a monthly payment schedule, explains it was written with only one aspect in mind. A rule should take into consideration multiple payment frequencies, to accommodate for every walk of life to be able to afford the responsibilities they have obligated themselves

for. I think the rule should be amended immediately. It also appears the Act did not take into consideration members who are already delinquent or involved in bankruptcy repayment. Unlike other institutions, credit unions still work with their member to get through hard times and difficult situations. The payment arrangements set up to better help the member rebound from these situations will have to be modified, which may actually hurt the member in the long run-isn't that the opposite of the true purpose of the Act?

Our data processor has provided us with two options to attempt to meet the requirements--both of which will cost the credit union about \$1500 per month and neither can be accomplished by the rushed August 20 deadline. By choosing either option, we will not only be spending dollars wastefully but also adding much confusion to our members. Our members are truly not affected by the Act and should not be penalized (less dollars income means less services available for members) for wrong actions of other big companies.

I thank you for listening to my thoughts and hope you will take them into consideration as you decide the next steps concerning Act revision. Again, I applaud your actions to protect consumers from under the table actions, but it should not hurt or penalize companies that play by the rules-credit unions have never needed to be deceptive to survive, our expenses have been kept under control and our true reason for opening the doors each day is to help the member become financially sound.

Cindy Drummond
Port Arthur Teachers FCU