



August 6, 2009

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave, NW
Washington, DC 20551 Regs.comments@federalreserve.gov

RE: Docket No. R-1364

Dear Members of the Board,

Thank you for the opportunity to comment on the Regulation Z Rules Implementing the New Credit CARD Act, 2009. Suncoast Schools FCU serves over 460,000 members with a wide variety of financial services. Our focus is and always has been to provide efficient, low cost and easy to understand services to members. With respect to Credit Card Accounts, Suncoast supports the changes and consumer friendly requirements of this Act. As a member owned cooperative, Suncoast offers our credit card program with member beneficial features allowing us to be in complete compliance with this new law by making only one small change to our operations.

However, while we intend to comply with this Regulation to the letter of the law, the difficulties that are presented by timely compliance with the 21 day periodic statement rule are extreme both for Suncoast and all other credit unions offering loan services using Open End Multi Featured Lending Plans. We respectfully request the Fed use it's authority under the Truth in Lending Act to delay the implementation time for the 21 day rule to no earlier than February 22, 2010, allowing credit unions more time to thoroughly review, design and implement processes that both comply with these new requirements and address our business model needs to maintain efficiency, keep costs low, and provide clear disclosures to members. Please consider the points discussed below that go directly to this request.

1. Operational Issues – In order to comply with the 21 day advance notice requirement, numerous computer programs and existing electronic processes which integrate multiple software platforms must be reviewed and evaluated to comply with the change. Programming changes must be developed, written and tested to insure accurate information is disclosed to members. The numerous scenarios that can affect loans must also be considered, including but not limited to loans that are current, past due, or paid ahead in addition to scenarios that may include the loan payment method and loan payment frequency. Monthly

reporting to the major credit bureau repositories must also be considered and tested in order to continue to comply with the Fair Credit Reporting Act. The solutions to these challenges must be coordinated with the additional requirements of the regulation that are due for implementation in 2010.

2. Cost

- a. Printing Costs: Suncoast provides monthly consolidated statements which include savings, checking and loan products. This practice reduces our operating costs and provides excellent concise information to members. Reduced operating costs provide a direct monetary benefit to members in the form of increased dividends on deposit accounts and lower loan interest rates. To comply with the 21 day rule, we need to begin mailing separate monthly statements for each loan account since we accommodate member requests for specific loan payment due dates which better assists them with their own financial management plan. Besides the environmental cost this increases, we estimate this change alone will increase our monetary costs by a minimum of \$42,000 per month.
- b. Employee costs: Emergency programming expenses and overtime expenses for staff to explain the change to members have yet to be quantified.

3. Member Impact – Members like receiving statements containing information about all their credit union accounts in one document and they appreciate our efforts to reduce paper usage. Members will not understand why they are receiving multiple mailings, nor since they are the owners of the credit union, will they appreciate the additional expense required to do so.

4. Unintended consequences:

- a. Since credit unions may not be able to comply with the unprecedented implementation timeframe of the 21 day rule, many are considering simply discontinuing their past due payment collection efforts and associated activities until they are able to do so. This action will have negative consequences for both members and credit unions. While members may have simply forgotten an easily made payment, credit unions will be prevented from sending them reminder notices. Furthermore, credit unions will not be able to assess and collect late payment fees, nor will credit unions be able to accurately report payment history to national credit bureaus. Most lenders do not report only derogatory information, but, report both on time and past due payment history. Members will be adversely affected should credit unions discontinue reporting to the credit bureaus.

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- b. Member Convenience and Cost Increase – Credit Unions use Open End Multi-Featured Loan Plans to increase member convenience and in Florida, reduce costs to members. With these increased monthly disclosure requirements, many credit unions will seriously consider discontinuing the use of these plans. Members' access to consumer loans will be impaired by credit unions moving to "closed end" lending, and this same move will increase member's cost of credit since there are fees associated with closed end transactions in Florida.

Thank you for taking the time to read this commentary. Please use your authority and take action to delay the implementation timeframe to a minimum of February 22, 2010 for the 21 day rule section of the Credit CARD Act, 2009.

Sincerely,



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