

From: Florida Transportation Credit Union, Scott A. Meyer
Subject: Reg Z - Truth in Lending

Comments:

Dear Sir/Madam:

I wish to express my frustration with the 8/20 compliance mandate that has landed on the Credit Union Industry like an Atomic Bomb.

Fact- The law was intended to target deceptive Credit Card practices that Card Issuers have used for years to bilk their customers on ridiculous interest rates and fees.

For some unknown reason, behind closed doors and without a comment period "Credit Cards", became all "Open End Loans".

This, I am sure is not a surprise to you. Unfortunately the law, accompanying regulation, and compliance milestone dates do not appear to be well thought out taking all factors of open end lending into consideration.

Fact- Many Credit Unions use Open End lending to provide their member borrowers with flexibility and ease of future advance/new loans using Open End Agreements for all loans i.e. autos, signature loans, etc.

Fact- The majority of members of my Credit Union, along with many other CU's are paid on a bi-weekly payment schedule.

Fact- The payment of a loan on a bi-weekly or more frequent basis than monthly, SAVES PEOPLE INTEREST.

Fact- Most Data Processing systems for Financial Institutions are setup to send monthly statements for the calendar month. This is part of core programming and not easily changed by flipping a magic switch.

Fact- There are probably many Credit Unions and Financial Institutions that in order to comply will stop reporting to the Credit Bureaus.

Fact- If you want to keep money out there for people to borrow, Credit Reports need to be accurate. I for one will be very hesitant about any bureau I look at that has Credit Records that are not updated at least in the past two months. I am sure other lenders will do the same.

Fact- A Representative for the FEDERAL RESERVE, spoke during a webinar, and flat out said, "Posting multiple due dates on a periodic statement is not in the spirit of the regulation"

I will add my own personal comment about this. If this individual and the Federal Reserve understood what the "Spirit of the Regulation" was, then at the first fact mentioned in my email, we would not be talking about open end loans. On a side note, my Credit Unions Credit Card program might as well have been the model of what you are trying to accomplish. Our cycle dates, fees, and the rest of our program were practically in compliance years ahead of this law coming out.

Suggestions: -Do what the spirit of the law meant to do, apply these requirements only to Credit Cards.

- If you want to add provisions later on that include all OPEN END loans, then do it, but take into consideration alternate payment frequencies, and cost/benefit about how some of the regulations might work.

IN CLOSING, AS IT IS TODAY, WHAT THIS DOES IS HURTS CREDIT UNION MEMBERS (I.e. Consumers), PLAIN AND SIMPLE!!!! PLEASE CONSIDER THE POINTS I HAVE MENTIONED ABOVE AS WE MOVE FORWARD!!!

Thank you in advance for your time and consideration.

Sincerely,

Scott Meyer
Florida Transportation Credit Union