

From: River City Federal Credit Union, Kim Heinze
Subject: Reg Z - Truth in Lending

Comments:

Good afternoon,

I am writing on behalf of River City Federal Credit Union in San Antonio, Texas. Our credit union serves close to 13,000 members and has been in existence since 1936. The management team and I have concerns about meeting the compliance deadline on changes to recent regulation on open end lending. We have met daily to try and tackle the enormous effort it will take. Our loan product payment options have always been designed to accommodate member needs. Many of our open end loans are currently set up with weekly, bi-weekly, and semi-monthly payment frequencies. These more frequent payment frequencies benefit our members - the consumer - as many of them are paid by these frequencies and the end result is that they pay less interest by making more frequent payments. That is what we, as a credit union, are all about. We do not set our loan products up with maximization of interest income as the primary focus.

Operationally, some of the requirements in the new regulation regarding timing of statements will only serve to confuse our members. The only way to comply with the 21 day rule for many of our open end loan types is to generate and mail more statements. For River City FCU, this amounts to a substantial increase in operating expenses by way of processing and postage expense. The result of increased operating expenses will be less dividend returned to our members and/or increased consumer and mortgage loan rates.

Please consider delaying the new interim final rule so that these operational issues can be handled effectively. The changes involved with these new requirements will take coordinated efforts on the part of our staff and many of our external vendors. We also need time to try and explain these changes to our members.

Kim L. Heinze
River City Federal Credit Union