

From: Premier Federal Credit Union, Lori Thompson
Subject: Reg Z - Truth in Lending

Comments:

Dear Chairman Bernanke:

The Credit Card Accountability and Disclosure Act of 2009 (CARD Act) has had a colossal impact on my credit union. Premier Federal Credit Union is a mid-size financial institution with \$111 million in assets and 70 employees that serve 24,000 members. My credit union did not participate in ANY of the practices that are the basis of this Act, yet the effects of it's implementation will result in a substantial increase in expenses and will yield member confusion unlike any past financial services regulation. Credit Unions pass their earnings back to their members in the form of higher deposit rates, lower loan rates and free services. From the current cost projections associated with compliance, we have a genuine concern that this Act will actually NEGATIVELY impact our members. We have estimated the following expenses:

Additional statement mailings - For the remainder of 2009, we expect an increase in our expenses to be \$50,915, which includes the additional billing notices that will be required on all open end loans . In 2010, we anticipate our expense to exceed \$122,000 for the year. We currently have 10,083 loans in our portfolio. It will cost approximately \$1.01 per billing statement, per month. Currently, we are able to consolidate all open end loans on to a single statement. This benefits our members from a convenience perspective, while providing a cost effective method of providing them with the necessary loan information. With the new requirements, we will no longer have option of combining the loans on a single statement.

Programming/Data processing - We will be charged \$125 per hour by our data processor to convert all loans to a monthly payment. This could range from \$1,250 to \$2,125. We may incur additional programming charges with the February requirements.

Staff expenses/Member communication - In light of the extremely short time frame for compliance, we will have to send a separate mailing to all members with loans to notify them of the change in their payment due date. The cost to mail this correspondence to 7,980 members is approximately \$4,900, including the letter and postage. In addition, we will incur overtime expense to make the required changes to our loan portfolio. This expense could be as much as \$3,000.

To insure compliance, the total expenses for 2009 will be approximately \$60,940. Going forward, we can expect to spend approximately \$122,205 in 2010, for loan billing statements, with this figure increasing in future years as our number of loans increases.

While the CARD Act is designed to protect consumers and we agree with many of the provisions, the impact is detrimental to my credit union and our members, as it relates to their credit union loans. Operational challenges, exorbitant expenses and mass member confusion will result from it's implementation. While we would implore you to reconsider the "open end lending" portion of the legislation, having provided you with this information, we respectfully request, at a minimum, you extend the time period for compliance for credit unions.

Sincerely,

Lori Thompson
Premier Federal Credit Union