

August 6, 2009
The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve Board
20th and C Streets, NW
Washington, DC 20551

Re: Docket No. R-1364 - Interim Final Rule Implementing the Credit Card Accountability
Responsibility
And Disclosure Act of 2009 (CARD Act)

Dear Chairman Bernanke:

I am writing to respectfully request that, as Chairman, you consider delaying the August 20th effective date of the Interim Final Rule's 21-day notice provision for open-end plans other than credit cards.

While our credit union offers a credit card with very few fees and low rates, I applaud the effort to protect consumers from those institutions that are abusive. Kentucky Employees Credit Union (KECU) was already compliant or has taken the steps necessary for our credit card accounts to be in compliance with the CARD Act's August 20th effective date. Our concern now is how to be compliant with all of our other multi-featured open-end plans.

Most credit unions differ from other financial institutions in that the periodic statement provides information on savings, checking, and loan accounts. KECU's consolidated periodic statements offer all of the information required by law and are already including the next due date for each loan, but are not sent 21 days in advance of the due date.

In addition, our members/customers are given the freedom to choose the frequency and payment method for each loan. They may choose a monthly, semi-monthly, bi-weekly, or weekly payment and may set it up to be paid by payroll deduction, ACH, direct deposit, or cash pay with payment coupons. Members are given the ability to structure their loan payment(s) to best fit their budget.

The 21-day notice requirement would force multiple statements, especially for members who pay semi-monthly, bi-weekly, or weekly, and who have more than one loan. Many of our members have multiple loans with different payment frequencies. In order to be compliant with the regulation, cut down on cost, and to avoid confusing members with multiple weekly statements, we would be forced to change all of our open-end loan payments to be due monthly on the 30th. Most mortgage and rent payments are due at the end of the month, which is why some members choose other frequency options or earlier due dates. In changing all of our due dates to monthly and on the 30th we are no longer giving the member a choice. They will be forced to make adjustments to their monthly budgets due to the negative impact on their months-end cash flow.

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At KECU all of our loans, except first and second mortgages, are written on open-end lending agreements; consequently we face multiple operational problems in complying with the 21-day notice provision for these other open-end plans. Forcing all of our open-end loans to be compliant with this regulation is going to place a financial burden on our credit union, which in the end may be passed on to our members in the form of lower rates on savings and/or higher rates on loans.

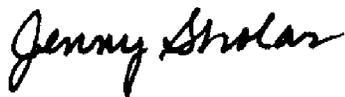
The possibility of including additional due dates on periodic statements has been mentioned in lieu of changing due dates. While this may be a good alternative, it has not been approved by the Federal Reserve Board. We have been told by our processor that implementation would take several months; the cost for reconfiguring periodic statements is unknown at this time. Furthermore, all adjustments to loan due dates and frequencies will be a manual adjustment and will be very time consuming. It is not possible to complete these changes and provide explanations to our members by the August 20th effective date.

All of these operational problems involve the open-end loans other than credit cards. As mentioned earlier our credit card statements are already mailed 21 days in advance and we have easily changed other procedures to become compliant. The credit card regulation changes were expected; that the regulation included ALL open-end loans was not. I feel this matter requires clarification. Clarification is also needed on how to handle our delinquent loans under this 21-day notice provision.

If credit unions are forced to make these changes to all of our open-end loans, the member is going to suffer the most, and I don't think that was the intent of the regulation.

I appreciate your attention to this very important matter for KECU and all credit unions.

Sincerely,

A handwritten signature in black ink that reads "Jenny Sholar". The signature is written in a cursive, flowing style.

Jenny Sholar
Compliance Officer
Kentucky Employees Credit Union (KECU)