

From: Mesquite Credit Union, Mike Arnold
Subject: Reg Z - Truth in Lending

Comments:

Dear Sirs:

I have already written once regarding this particular piece of legislation that was recently pushed through. After discussions with other CEOs, CUNA, our data processor, and the Texas Credit Union League I still cannot get a consensus of opinion on how to be compliant with the legislation and not violate existing contractual agreements with our members. In a situation of a 5 year car loan with a member of our credit union. The credit union agrees with the member to set the loan up with bi-weekly payments to match their payroll periods. Does this mean our credit union needs to send a periodic statement 21 days before the first bi-weekly payment then 7 days later mail another periodic statement before the second bi-weekly payment would be due? If this is true then the credit union would be mailing a periodic statement every 7 days for the next five years. This would be approximately 260 periodic statements for one car loan. If that member has two car loans that would be 520 statements sent over a 5 year period. Now this would occur despite the agreement the member and the credit union signs agreeing that during the term of the loan the interest rate will not change, the late charge will not change, and the due date will not change unless agreed upon by both parties. Surely this bill was not written to cover this type of open end lending. I realize the idea is to stop unfair consumer practices. However if this is not amended it is only going to increase costs of obtaining credit for the consumer. Credit Unions exist to provide their members with the most economical financial services they can afford to provide. Spending data processing costs, printing costs, and mailing costs to provide 260 notices for one car loan should not seem reasonable to anyone with an interest in the transaction. I am interested in your interpretation of the legislation and guidance on how to comply without increasing costs to the consumer.

Sincerely,

Mike Arnold
Mesquite Credit Union