

From: Empower Federal Credit Union, Olivia G Fried
Subject: Reg Z - Truth in Lending

Comments:

Date: Aug 07, 2009

Proposal: Regulation Z - Truth in Lending
Document ID: R-1364
Document Version: 1
Release Date: 07/15/2009
Name: Olivia G Fried
Affiliation: Empower Federal Credit Union
Category of Affiliation: Commercial
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

On behalf of Empower Federal Credit Union and our membership, I am writing to you with our concerns about the Credit Card Accountability, Responsibility and Disclosure Act, Docket R-1364. We respectfully request that, at the very least, the Board delay compliance with Section 106 in regards to consumer credit open-end lending, other than credit cards, which is set to take effect on August 20, 2009. We agree with the intent of the Credit CARD Act, but credit unions have traditionally not been the type of financial services providers that have caused the problems that the new law is trying to correct. For example, Empower FCU is already in compliance with Section 106 for our credit card portfolio, because we have always given our members 25 days from statement date to payment due date. However, by including the term "open end consumer credit plan" instead of "credit card account" in Section 106, this new law has created a huge unnecessary burden on the credit union movement. Empower FCU, like many other credit unions, issues consolidated monthly statements to our members, which include their deposit product statements, such as share savings, share draft checking, and share certificates, along with their loan product statements, such as overdraft line of credit, car loans, signature loans, etc. all under a multi-featured open-end lending plan. Our members decide the payment due dates for each of their loans, and many of them select various dates throughout the month to allow for easier budgeting. Most of our members have their loan payments automatically allocated from the direct deposits of their paychecks on a weekly or bi-monthly basis, which benefits both the members and the credit union. In order to come into compliance with Section 106 and cause our members the least amount of confusion, our credit union's approach to compliance with this new law will be to allow our members to keep their current payment due dates, and to provide them with multiple billing notices/periodic statements, each of which will be mailed no later than 21 days before the payment due date, as required by the new law. This change will cause many of our members great inconvenience and confusion. They will not understand why they must now receive statements for each loan that they have with the credit union and not just the simple monthly statement that provides all the information in one place, just so that the credit union can

comply with a new government regulation that was touted as being "designed to protect consumers", as the President stated when he signed the bill on May 20, 2009. This approach will add a lot of extra expense for the credit union, and the net result will not be greater clarity for the members, but rather confusion and upset at the expense. As a member-owned financial institution, this expense is borne by all the members of the credit union. We are working diligently to become compliant with this rule, but allowing us only 90 days from the date the law was signed in order to reconfigure our computer systems is too short a period of time to allow for the implementation of multiple billing notices/periodic statements. We have heard from our core processor that they will be providing their clients with support to bring us into compliance, but they have not provided a timeframe. Upon signing the bill, President Obama said: "Just as we demand credit card users to act responsibly, we demand that credit card companies act responsibly, too". We believe that the most responsible thing that the Board could do for all of our members, and credit unions members all across the country, is to delay the implementation date of August 20, 2009 for open-end credit plans other than credit cards. Thank you for your attention to this very significant issue for the credit union community and for taking into consideration our concerns.

Sincerely,

Olivia G. Fried