

From: Heather Brown
Subject: Reg Z - Truth in Lending

Comments:

To whom it may concern:

The intent of this letter is to address the recently approved interim rule designed to enforce the CARD (Credit Card Responsibility and Disclosure) Act. Protection for consumers against predatory lenders and the harsh practices some credit card companies employ is a valiant cause. While the overall spirit in which this rule was passed is comprehensible, credit unions have inadvertently been punished.

Any credit union offering their members the convenience of multi-feature, open-end loans will suffer due to the constraints this Act imposes. This rule simply is not a "one-size fits all" proposition and the overall mission on which credit unions as a whole have been founded will be completely lost.

Here are the problems, concerns, constraints, headaches, and diminished service this act WILL cause:

Compliance Time:

We're given notice July 15th and expected to comply by August 20th? This is simply implausible. Logistically speaking our core processors and statement processors cannot possibly come up with solutions in this short amount of time to revamp entire billing/statement systems. We aren't the only credit union our processors service. Each credit union is trying to comply in different ways. How can they possibly be expected to come up with tailored solutions in one month? This time constraint is totally illogical.

Consumer Best-Interest:

The predominance of our loan volume consists of open-end loans, not credit cards or revolving credit, but open-end LOANS. We have a philosophy of "sign once, borrow for life," and our members LOVE the way we do business. We lend to generations of people in several counties. We lend to the consumer that has a family, a career, a home...those who can't leave work to fill out an endless ream of paper to borrow the occasional \$1,000 to go on a much needed vacation or buy Christmas gifts for their kids. They appreciate the fact that we make their lives easier. This Act destroys that spirit. In an effort to comply, some credit unions are being forced to change all open-end due dates to one uniform date for all loans. Can you imagine our teller lines and branch traffic if all loans were due on the same day?! What about the people who are paid weekly and enjoy payroll deduction for their loan payments?

Going Green:

The IRS gives us tax breaks for driving environmentally-sound vehicles. "Cash for Clunkers" gets gas guzzling trucks and cars off our roads and their emissions out of our air. We are constantly bombarded with messages about Global Warming and our need to recycle. What's this Act doing for the Go Green initiative? Now, instead of consolidated statements, our members will be inundated with paper statements on weekly, bi-monthly, and monthly open-end loans. How is this good for the environment? Who's going to spring for this additional cost? Who will pay for the \$0.15 PLUS POSTAGE per unit cost of mailing statements? Our members will. How will they pay? By increased

service fees and higher interest rates. Our credit union simply cannot absorb all of this cost!

Collection Efforts and Reporting Standards:

If credit unions assess late fees or report failure to pay to credit agencies during the time we aren't compliant, we could be held liable in class-action litigation. Many credit unions have discovered that they cannot simply suspend these practices until they are compliant and easily resume them when they become compliant. Some data processors presently have no workable solution for temporarily suspending late fees and reporting and resuming these practices at a later time. Additionally, data processors presently do not have capabilities that make the Fed's temporarily allowed language stating that no payment is considered late until at least 21 days after the mailing of the statement, a viable temporary solution!

As a credit union employee and member, I respectfully request the Federal Reserve give credit unions a substantially extended period of time for compliance, suggest the Federal Reserve and/or Congress limit the scope of this regulation to credit cards as was the admitted original intent of the CARD Act, and not continue the expanded application to all multi feature open end lending. The Act does not protect credit union consumers from harsh practices; it detrimentally results in less value and convenience for credit union consumers instead. We would be deeply grateful for your prompt attention to this extremely serious matter.

Sincerely,

Heather Brown