

From: iTrust Federal Credit Union, Chris Austin
Subject: Reg Z - Truth in Lending

Comments:

To Whom It May Concern:

I write to you in regards to the Credit CARD Act of 2009, specifically the provision requiring compliance by August 20, 2009. The provision requiring that a periodic statement be mailed 21 days prior to each monthly payment places an undue burden on Credit Unions as a whole. The costs associated with changes in data processing, direct mailing, and change of loan terms will have a negative impact on credit unions as we are non-profit organizations whose sole mission is to provide excellent service while protecting the safety and soundness of the credit unions. Credit unions will not be able to absorb these costs without passing them through to our members in the form of higher service fees and higher interest rates, both of which will be detrimental to our members. It is my opinion that the result of including all open-end lending into the act will be negative experiences to the consumer, who this act was designed to protect.

Credit Unions work closely with their members to provide affordable financing that fits into the members' budgets. Approximately 90% of our loans have payments that are due on a biweekly basis, and the payment frequency was requested by the member. The remaining 10% of our loans are paid on a weekly, semimonthly, or monthly basis. The Credit CARD Act of 2009 will result in involuntary changes to all loan terms to comply with the 21 day notice. I feel that this involuntary change will lower consumer confidence as credit unions have not been given sufficient time to educate our members as to why we are being forced to change their loan terms. The change in loan terms will have several lasting implications: the involuntary change in payment frequency will result in negative member service; loan delinquencies will increase as members adjust to the new payment and due date; cost of credit will increase.

Our data processor is not capable of making the required software updates to comply by August 20, 2009, and they have indicated that they will need several months to make the necessary changes. Also, the direct mailing for the Change in Terms will be extremely expensive when taking into the account the time required to individually rewrite each of the 1,925 loans in our portfolio, the costs associated with changes in data processing, the increased number of statements that must be mailed, and all other related costs.

Taking into consideration all of these factors, I ask that you exercise your authority under the Truth in Lending Act to extend the compliance date for a period of one year. I also ask that you work with credit unions to strongly encourage the House of Representatives and Senate to consider changing the Credit CARD Act of 2009 to exclude all open-end credit except credit cards, for

which this act was originally intended. Without your assistance in these matters, the credit union industry and our members will be negatively impacted.

Chris Austin
iTrust FCU