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Comments:

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Comments:

These comments come to you after much deliberation in our Credit Union over the changes in Reg Z on general open-end lending. Credit Unions have offered open-end lending for many years not associated with credit cards or home equity lines of credit. We adopted this type lending for the benefit of our membership to have ease in borrowing many years ago. They are able to purchase cars, boats, furniture or even personal loans through this type of lending. If these changes in Reg Z are allowed to stay for all open-end and not just credit cards or home-equity type loans the hardships to our industry will be huge. Our members are able to pay payments based on how they choose which may be their pay periods, i.e. weekly or bi-weekly. This helps them not have to pay interest based on thirty day balances but every seven to fifteen days. They are able to repay loans quicker and are charged less that way because of paying the interest down as the days occur. If we have to change our process to meet this proposal the credit union members would all have to have one due date, example would be end of month. Our credit unions are owned by these members and they have to pay in essence all of our bills during the month. If we have to send out monthly statements; whereas now most of us mail quarterly statements the increase over the year will be tremendous. We mail monthly statements now, cost including postage is approximately \$700 per month but quarterly we pay about \$2200. We will have to pay costs to our software providers to change the programs, statement processors to do monthly mailouts on all statements and postage. Not only will these costs hurt our credit unions but in turn our membership because of the increase in our running of the credit union. If we can't charge late fees, can't report them as late, nor make collections calls - we can't do our jobs. If people that have direct deposit or payroll deposit have their payments on time because of choice and members choose not to use this option, then doesn't it make sense that there should be a late fee, credit should reflect late payments and we should be able to pursue these non-payments by phone. All of these things again are to benefit the membership because repayment in a timely manner affects the bottom line of the credit union which goes to pay better dividends and provide better service to our members - the owners of our credit union. Our credit union is only 14.5 million in assets and with the extra expenses having to comply with mailing out monthly statements,

postage, and changing software to name a few increased cost will be devastating to our bottom line when our local economy is already taking a hard hit with a 14.8% unemployment rate last month. Besides our membership already having to deal with a local economy that is in the tubes and their jobs either cutback or laid off - in the end they will ultimately be directly affected adversely by whatever happens in this Reg Z as it pertains to open end lending and the costs the credit union has to absorb due to these changes. We would therefore ask the decision makers in the instance to reconsider or at least clarify that this does not apply to all open-end lending as soon as possible.