



October 27, 2009

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington DC 20551

Dear Board of Governors of the Federal Reserve System,

This comment is in regard to Regulation Z - Truth in Lending, Docket R-1370, "Same due date each month". The Credit CARD Act of 2009 Section 106(a) amends the Truth in Lending Act Section 127 by adding the following:

'(o) Due Dates for Credit Card Accounts-

'(1) IN GENERAL- The payment due date for a credit card account under an open end consumer credit plan shall be the same day each month.

We understand that the language "same day each month" leaves room for interpretation, and we agree that the intent of the new TILA Section 127(o) is to promote predictability and to enhance consumer awareness of due dates each month to make it easier for consumers to make timely payments. For example, the financial institution should not create complex payment schedules such as requiring the consumer to make payments on the next to last Thursday of each month. We completely agree that such complicated and deceptive due date schedules should be disallowed under the law.

However, the board proposes to implement this section by requiring that every due date must be the "same numerical day" each month. For example, Jan 28th, Feb 28th, Mar 28th would be permissible, whereas Jan 31st, Feb 28th, Mar 31st would not be permissible due dates under this interpretation. We strongly believe that this interpretation is too stringent and actually creates confusion in the case of simple "last day of each month" due dates. We would argue that "last day of each month" complies with the act's language of "same day each month", and excels as a predictable payment schedule.

We suggest that the law be implemented as follows:

"The payment due date for a credit card account under an open end consumer credit plan shall be the same numerical day of each month OR the last day of each month."

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As a credit union, it is our mission to provide convenient services to our members, which match their situation and their needs. A very large percentage of our membership receives paychecks on the last business day of each month. We strongly believe that a strictly “same numerical day” interpretation would create a hardship for our members. If, for example, we must require our members to make their credit card payments on the 28th of each month, based purely on the rationale that there is always a 28th of the month, then these members would receive pay checks after their due date on at least 11 out of 12 months in the year. Our payment schedule should mirror the real-world and commonplace reality that individuals receive pay checks at the end of each month.

In addition, the “same numerical day” interpretation would complicate the explanation of finance charges. If the “last day of each month” continues to be permissible as our due date, we can offer our members the predictable and straightforward explanation that finance charges are based on their average daily balance during the previous month. We believe it would unnecessarily complicate this explanation if we were required to describe finance charges as being calculated based on their average daily balance during the last maybe two or three days of two months prior and the first 28 days of the previous month.

In conclusion, we strongly believe that a stringent “same numerical day” interpretation without consideration for the straightforward case of “last day of each month” payments directly contradicts the intention of this law. “Last day of each month” is arguably the most predictable and most widely understood due date schedule.

Thank you for your time,

Constance M. Wheeler
CEO
Penn State Federal Credit Union