APCO Employees Credit Union

MEMORANDUM

To: Federal Reserve Board

From: APCO Employees Credit Union

Date: 12/12/05

RE: Docket No. R-1217 Comment

Below are the credit union's comments on proposed changes to the Truth in Lending Act.

COMMENTS - TRUTH IN LENDING PROPOSAL

1. Minimum payment warnings - For open-end accounts, creditors must provide on each periodic statement a standardized warning about the effect of making only minimum payments, including:

- An example of how long it would take to pay off a specified balance, and;
- A toll-free telephone number consumers can call for an estimate of how long it will take to pay off their balance if they make minimum payments only.

The Fed must develop a table that creditors can use to respond to consumers who request such estimates.

COMMENT: <u>There is no need to create more telephone calls to be handled by the credit union or other financial institutions.   It is too expensive to handle such calls. The statements sent to consumers are running out of room to include more disclosures.   Requiring so much disclosure in statements makes consumers not want to read the disclosures.</u>

2. Introductory rate offers - A card issuer offering discounted introductory rates must disclose, clearly and conspicuously on the application or solicitation, the expiration date of the offer, the rate that will apply after that date, and an explanation of how the introductory rate could be lost (by making a late payment, for example).

COMMENT: <u>This proposal is acceptable.</u>

3. Internet solicitations - Credit card offers on the Internet must include the same disclosure table (commonly known as the "Schumer box") that is currently required for applications or solicitations sent by direct mail.

COMMENT: <u>This proposal is acceptable.</u>

4. Late fees - For open-end accounts, creditors must disclose on each periodic statement the earliest date on which a late payment fee may be charged, as well as the amount of the fee.

COMMENT: <u>Since the credit union does not charge a late fee for this type of loan is there a need for us to disclose?</u>

5. High loan-to-value mortgage credit - For home-secured credit that may exceed the dwelling's fair-market value, creditors must provide additional disclosures at the time of application and in advertisements (for both open-end and closed-end credit). The disclosures would warn consumers that interest on the portion of the loan that exceeds the home's fair-market value is not tax deductible.

COMMENT: <u>Since the credit union does not make high loan-to-value loans is there a need for us to disclose?</u>

6. Account termination - Creditors are prohibited from terminating an open-end account before its expiration date solely because the consumer has not incurred finance charges on the account.

COMMENT: <u>This proposal is acceptable.</u>