

From: Brazos Valley Schools Credit Union, Joseph E. Simmons
Subject: Reg Z - Truth in Lending

Comments:

July 31, 2009

Board of Governors of the Federal Reserve

20th & C Streets NW

Washington, DC 20051

Dear Federal Reserve Board Members:

Brazos Valley Schools Credit Union is a \$475,000,000 occupational credit union for educators and their families. The credit union provides low cost financial products and services to approximately 42,000 members in 52 school districts in a 13 county region west of Houston, Texas.

I am writing to address the onerous impact the CARD Act of 2009 will have on this credit union. Brazos Valley writes virtually all of its members' loans under an open-end loan plan. The present number of loans under consideration exceeds 14,000. Our members enjoy the convenience of automatic semi-monthly and bi-weekly loan payments through features such as payroll deduction and direct transfer from various deposit accounts that correspond to their paydays.

Regarding the new legislation as it pertains to our existing credit card program, the credit union has absolutely no issue complying with the regulations. We have never conducted the kind of practices that now make this legislation necessary.

Regarding the inclusion of open-end lending in the legislation, it has created an almost impossible situation for this credit union. First, it will be impossible to comply with the requirements of this legislation by August 20, 2009. We are totally dependent on our vendors and software providers to accomplish the changes necessary for this credit union to comply. Presently, we provide loan information in quarterly statements to the membership. The process of changing to monthly statements will require a significant amount of time and cause the credit union to incur a sizable expense for which we have not budgeted. The cost to produce and mail these statements will undoubtedly impact the credit union's bottom line significantly, at a time when we are trying to address other unanticipated large expenses related to the corporate credit union stabilization program.

There are additional issues that must be addressed: 1) converting payment dates from semi-monthly and bi-weekly to monthly and resetting due dates thereby raising truth-in-lending issues of interest to be collected; 2)

generating "useless" loan payment notices to members who already pay automatically and more frequently than monthly; 3) explaining to the members why they are receiving these notices; and 4) being forced to cease collecting late fees, reporting to credit agencies, and collecting on past-due loans until we can come into compliance with the law.

The changes described above are significant; however, the members will suffer because of this legislation as it is presently written. As much as this legislation protects consumers who carry credit cards, it inconveniences and harm credit union members who enjoy the conveniences of open-end lending programs. Please consider the effect the above described changes will have on the credit unions' members in terms of inconvenience and, yes, in some cases costs associated with the required changes.

I understand that you cannot provide relief by withdrawing open-end lending from the legislation; however, I also understand that you hold the power to grant extensions of time before compliance is required. Therefore, I implore you, for the sake of common sense, to please act on extending the deadline from August 20, 2009 to a reasonable time in the future, preferably a number of months. This action will give all credit unions time to find a suitable remedy for the dilemma in which this legislation has placed us.

Sincerely,

Joseph E. Simmons
Brazos Valley Schools Credit Union