

From: USE Credit Union, Jim Harris
Subject: Reg Z - Truth in Lending

Comments:

Gentlemen:

Please accept the following comments in regards to the 21 day rule of the Credit Card Accountability, Responsibility and Disclosures Act of 2009 (CARD Act).

Background

USE Credit Union makes extensive use of member-friendly "open end credit" for a variety of loans other than for our traditional credit cards. For the last six years, USE has used an "open end" lending process for vehicle and other secured loans. Today, we have over 13,000 such loans. All of these loans have fixed payments and fixed rates. These loans are "open end" only to streamline the application and documentation processes for subsequent loans.

At the time these "open end" loans are approved, the member is given the option of selecting a payment due date that best meets their individual financial needs. Payment dates range from the 5th to the 25th of the month. Credit unions traditionally send combined statements, generated at the end of each month. This is what our members have come to expect. Often members have more than one loan as well. These combined statements provide all the regulatory disclosures for these "open end" loans

Operational Impacts

To comply with the 21 day rule, USE must either:

- 1.Change the statement date (for members with only one loan); or
- 2.Discontinue the combined statement and set up individual statements, each with potentially different dates (for members with multiple loans); or
- 3.Change the member's payment due date.

We have ruled out the feasibility of changing statement due dates. Changing the payment due date is the only workable solution, but will require significant changes - by the credit union and by the member.

Changing due dates will require the credit union to:

Contact the member to inform them of the payment due date change,
Manually adjust the data system to reflect the new date; and
Manually adjust the loan's interest accrual so to not penalize the member for
the date change (this is lost revenue for the credit union).

Changing due dates will require the member to:

Adjust any automatic payment arrangements (e.g. bill payments, automatic
debits, etc.); and
Potentially adjust family finances to accommodate the new date.

The operational changes and the changes the members must initiate will be
cumbersome, time intensive and a potential member service nightmare.

The extremely short time frame between enactment and effective date have not
allowed for sufficient rule-making - the comment period doesn't end until
September 21 (one month after the effective date) or operational development.
To comply with the August 20 effective date is operationally impossible and we
urge you to delay the effective date. To effectively comply with the 21 day
rule, we must have additional time to plan, implement and educate our members.
We urge you to allow an additional six months before the 21 day rule becomes
effective.

Thank you in advance for your consideration. If there is any additional
information or clarification needed, please feel free to contact me at the
number listed below.

Regards,

Jim Harris
USE Credit Union