

From: Genisys Credit Union, Tom Alter  
Subject: Reg Z - Truth in Lending

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Comments:

Thank you for the opportunity to provide comment on the recent amendments to Regulation Z. While I applaud many of the provisions of the Credit Card Act and its subsequent implementation through amendments to Regulation Z, there are two particular aspects of the interim rule that I urge the Board to reconsider.

1. The interpretation that the 21-day notice of payment rules of the Credit Card Act should apply to "all open-end consumer credit plans rather than just credit card accounts" does not make sense. Many financial institutions operate under open-end credit plans for many different types of credit products, including those which have a fixed payment for a defined fixed term. Borrowers are notified initially of their due date, their payment amount and the number of payments that will be required to satisfy payment of the loan. There is no good reason to put lenders or consumers through the operational burden of implementing the 21-day notice requirement on loans with fixed payments and terms. The negative potential implications of this rule are a) restrictions on consumer choice of their payment date; b) additional operational costs for financial institutions to disclose information that is redundant to the borrower.

2. The implications on open-end non-card lines of credit card may also adversely impact consumer availability of a valuable financial service. Many financial institutions provide personal or overdraft protection lines of credit that consumers may automatically tap into to avoid returned checks or overdraft fees. Once used, interest immediately begins to accrue and payments are due on a set due date. While we have no issue with disclosing that a payment will be due after 21 days, it is not possible to disclose the amount of the payment if the consumer continues to make advances or payments during the interim period. This type of service is offered as a courtesy and carries very low margins. A requirement to treat these as credit cards with prior disclosure of the minimum payment amount would likely result in the reduction of this offering to borrowers due to increased handling and statement costs.

Thank you for your consideration.

Tom Alter  
Genisys Credit Union