

From: Piedmont Advantage Credit Union, Allen Upchurch
Subject: Reg Z - Truth in Lending

Comments:

To Whom it May Concern:

This letter is to state our credit union's concerns, dismay and huge upset over the compliance requirements of this law.

When it was passed, its intent, which indeed was consumer friendly, was to curb many of the unfriendly practices financial institutions were following in their credit card operations, such as short notices for rate changes due to default, treatment of late payments, etc.

We only recently learned this law also applies to all open-ended credit, including multi-featured open end lending plans, which makes it applicable to over 7400 of our members who have signature loans, loans for cars and other assets, and other types of loans which are not credit cards. These loans are made under our national trade association's Loanliner plan, and are done so in order to make our members' borrowing experiences hassle free. Our credit union has 57,000 members all over the country who rely on our ability to deliver a loan product with ease, and the open-ended Loanliner product allows us to accomplish this process very efficiently.

Here are several of our concerns:

1. Of the 7400 members who have open end loans with us, many of these are set up so they pay weekly, bi-weekly, and semi-monthly payments through their employers' payroll system, automatic transfer of funds, and through Automated Clearinghouse (ACH). In order for us to give them the required 21-day notice of payment due, we would have to send out many billing notices many days in advance of every due date, in order to comply. This would be a very expensive proposition for us.
2. As an option, we are told that in order for us to reduce the billing costs, we could convert all our weekly, bi-weekly, and semi-monthly loan payments to monthly payments to reduce the number of statements. However, our data processing vendor's current statement program cannot accommodate a "next payment amount" field, thus requiring it to do some major programming changes in order to comply with the 21-day advance billing notice. The alternative to this would be for us to consider purchasing a third-party billing system that would interface with our DP system to handle the increased billing.
3. Finally, because of our DP system's inability, at this late date, to provide assurances that they can bring us into full compliance with the law by the required date, we have opted to move into "safe harbor" until we can get a final determination as to what kind of system programming we will need, and until we can get a final definition of what will comply with the billing statement requirements of the law. To this end, we are incurring additional mailing costs to send out a communication to our members that is nebulous at best, that their loans will not be treated as late for any purpose if their payment is received within 21 days of the mailing of their periodic statements. In addition to the costs, we feel this will raise more questions than answers among our members, and create confusion and ill will among them as well.

Again, we are writing today to express our concern over the applicability of

this new law, which initially was supposed to apply only to credit cards, to our open-ended lending plan, and the very short time frame we have been given to comply. We would respectfully request a repeal of the application of this law to non-credit card open-ended loans, or at the very least, a postponement of the compliance date for this part of the law, so that the necessary planning and preparation may be undertaken to comply.

Respectfully,

Allen M. Upchurch, Jr.
Piedmont Advantage Credit Union