

From: Chemcel Federal Credit Union, Michael Engel
Subject: Reg Z - Truth in Lending

Comments:

August 6, 2009

Board of Governors of the Federal Reserve
20th & C Streets NW
Washington, DC 20551

To the Honorable Board of Governors:

I am Michael Engel, President/CEO of Chemcel Federal Credit Union, Bishop, Texas. The credit union serves approximately 8,500 members.

I understand the reasoning behind Credit Card Accountability, Responsibility, and Disclosure Act of 2009 as it relates to credit cards; however, the extension of the law to all open-end loans creates an extremely costly and difficult burden borne unfairly by credit unions and their members.

The open-end credit plans as administered in the credit union industry context provides the ability to serve the member in an efficient manner. The Credit Card Accountability, Responsibility, and Disclosure Act of 2009 will force credit unions to implement costly measures to comply with the law and restrict the ability to service the member.

The present open-end plan allows the member to select payment schedules that meet their financial needs. The options of weekly, bi-weekly or semi-monthly payments will be eliminated if compliance with the 21-day notice is left unchanged.

If a member must switch from bi-weekly payments to monthly payments, his interest cost will increase. The member will also have to adjust his finances in order to make a higher single payment rather than having smaller payments which minimize the cash flow impact. The very bill that was intended to have pro-consumer legislation would actually become anti-consumer.

The compliance will impact numerous internal operations such as increased mail processing at one specific time, added cost to mail monthly statements and cause a period on intense member confusion on why new measures must be implemented.

Our time-proven open-end loan program is consumer-friendly and efficient. It is improperly included in a law designed to curb lending abuses.

I urge you to at a minimum, delay implementation of the new interim final rule for several months so credit unions, data processors and the members can sort out these complex issues. The current deadline does not provide for a reasonable timeframe for which to comply.

Sincerely,

Michael Engel
Chemcel FCU