

From: Telcoe Federal Credit Union, Sarah Mosley
Subject: Reg Z - Truth in Lending

Comments:

Good morning,

I am writing to ask your consideration to remove "open-end" credit accounts from compliance with the newly enacted credit card 21 day rules.

We mail quarterly consolidated statements for members who have loan accounts with the credit union. The cost to convert to monthly

and to move due dates to allow for the 21 day notification period is prohibitive. I estimate this to be an additional \$95,000.00 cost this

year to accomplish the programming, postage expense, time and storage of the additional statements. As you well know this has been

a very costly year for all banks and credit unions as we pay for the losses of those troubled institutions.

This change requires that we notify the member of the change in due dates as we will need to move many of those out into the future. This

would create confusion for the member since they are issued loan coupons when the loan is booked showing due dates and payment

amounts.

The majority of our membership elects to pay each payday a portion of the loan payment (weekly, semi-monthly, bi-weekly & monthly)

and we are perplexed as to how to send a notice for this type of service. The ability to pay each pay cycle helps our members budget and

in fact we have budget savings accounts where they deposit a portion of their house payments each payday and their lender debits the

account once each month.

If we stop reporting to the credit bureau then this will hurt many members' credit scores but stopping this seems to be a fast fix to meet

this 21 day notification. IF we are unable to report the noncompliant accounts

then we can not report the compliant accounts.

Many consumer service companies rely on credit reports to quote payments for services, insurance, rental contracts, etc..

We have considered just dropping all payroll pay type loan late fees but we are told if we do this then we could not enforce the contract

If they dropped off of payroll and we were forced to retake the collateral. This option would be a very fast fix but the penalty for doing this

Seems to be if they stop paying we could never collect the debtsthis really doesn't seem right.

The ultimate burden will be born by the consumer as loan rates and late fees may be adjusted to be more in line with the exorbitant rates the

credit card industry has charged for years.

We do not and have never changed (increased) a loan rate regardless of delinquency even though it is an open-end contract. The only reason we process

Open-ended loans is to accommodate the mailing time to and from members for review and signatures before we book the loan.

I applaud the actions as it relates to the credit cards and those lenders who have come to market in the past few years doing automotive loans

at very low rates and when the payment rolls in one day late the rate is increased from (example) 5.9% to 19.9%. We have people in our state that

signed those contracts and did not know the terms until it was too late.

I want to thank you for your time and do hope that you will review and give consideration for this request.

Sarah S. Mosley
Telcoe Federal Credit Union