

From: A+ Federal Credit Union, Sharon Gaugler
Subject: Reg Z - Truth in Lending

Comments:

Board of Governors of the Federal Reserve:

Many changes in the new Credit Card Act are most beneficial to consumers and were necessary to control lenders that are not in the business of forming partnerships with the consumer. Unfortunately there is verbiage in the act that addresses "any open-end lending" and this does not help the consumer or lender. In particular I am referring to the requirement to provide the consumer with a periodic statement 21 days before the due date and if not provided no negative action can be taken. Credit Unions have been using open-end lending for over 20 years. It provides the consumer with a hassle free channel of borrowing. Most of the open-end loans have a set payment that does not change and the rate doesn't change during the term of the loan. There is no billing cycle. Borrowers receive payment coupons and in many cases quarterly statements. The new requirement will increase the cost to the credit union (more frequent statement generation, postage, and technology) which in turns takes money from the consumer. Not to mention the cost of developing new technology to support the requirements. As a credit union money we earn is returned to the members in the form of dividends, lower loan rates and lower fees. Consumers are not just our partners, as members they are owners.

While change may have been needed in the credit card arena to throw all open-end lending into the pot is neither practical nor beneficial to the consumer. Many lenders are moving away from open-end lending because of the changes which will make borrowing harder for the consumer at a time it is most needed. Please reconsider the inclusion of "any other open-end lending". Thank you for your consideration.

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