

From: TMH Federal Credit Union, Marion McCaskey
Subject: Reg Z - Truth in Lending

Comments:

The intent of this bill was certainly easy to justify, but the outcome is NOT. The language in the act pertains to Open Lending which in our case and most credit unions case encompasses car loans, boat loans, signature loans and any other type of loan we make with the exception of Mortgages (closed end lending) and Credit Cards (our credit card program is handled through a 3rd party vendor and we see no issues with compliance in that area). As a result, some major cost implications are facing us in an already difficult year:

1. We've spent thousands of dollars on legal fees, webinars etc to find out how to comply; so far we have more questions than answers
2. Our data processor has a costly program for us to purchase, produce and mail monthly billing notices for our member loans; of which 75% are paying via payroll deduction; but we are one of the "lucky ones"; some data processors do not have the ability or desire to comply -so even if they want to comply (which we all do) HOW?
3. We've spent over a hundred staff hours on determining how we are going to comply
4. Now we will spend another 100 hour on how we are going to convince our members this was a positive bill
5. With the 21 day notice requirement; if a member is approved for an auto loan on September 3rd, he cannot have his first payment set up for September 28th because he must have his 21 days notice. Therefore, his first payment will be due on October 28th to enable the member to receive a billing and have 21 advance notice of the payment. That means unless my math is worse than usual, that he won't have a payment due the credit union for 55 days. Under normal circumstances in the past, the payments are due in 31 days. So, if the consumer chooses not to make a payment until the due date he will actually pay a good deal more interest. Our loans are simple interest based on the number of day the funds are out of the office. So, in effect; the credit union pays dearly to comply with a "less than perfect bill" and the member pays 10-15 days more interest on each loan that is taken out. So, where is the justification?

Under this bill, our members are now forced to allow us to determine the due date on their loans. Before this, we had loan payments spread throughout the month. Starting in September, all loan payments will be due on the 28th of the month. Members will have NO flexibility in controlling their budget in the event they want to purchase a new vehicle, etc. The credit unions will have a more difficult time handling their cash flow and for what? These are NOT credit card loans!

Our data processor is providing a Statement Billing Option. We are a small credit union and have just over 6,000 member and 3,000 loans. The billing option they are trying to sell us will cost us about \$40k per year for the notices and postage. That is nearly $\frac{1}{4}$ of our annual bottom line (historically speaking); this year we're looking at a possible break even bottom line.

I've spent over 36 years in this "people helping people" industry and this is the most flawed piece of legislation we've ever faced. Compliance? So far, there is nothing written any place that defines HOW we comply. I implore you to reconsider this for the good of the average consumer, whom I can assure you, is not going to understand it--- no matter how we try to paint a pretty

picture in support.

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