



## EASTMAN CREDIT UNION

*"It's Your Money"<sup>SM</sup>*

September 9, 2009

Ms. Jennifer J. Johnson  
Secretary  
Board of Governors of the  
Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

RE: Docket No. R 1364 – Interim Final Rule on Implementation of the CARD Act

Dear Ms. Johnson:

We appreciate the opportunity to comment on the Regulation Z rules implementing the Credit Card Accountability, Responsibility and Disclosure Act of 2009 (CARD Act). Eastman Credit Union (ECU), chartered in 1934, is the largest credit union in the State of Tennessee, serving over 106,000 members with \$2.2B in assets.

### **Summary of Comments**

- Requiring twenty one day advance notice on all open-end credit is unduly burdensome for credit unions who have utilized open-end credit for years solely as a means to provide member convenience.
- The twenty one day advance notice requirement will have a long standing negative impact on the services members receive today from credit unions. The scope of the 21 day provision should be narrowed to apply to credit cards only.

### **Discussion**

Eastman Credit Union utilizes a combined monthly statement that includes all member accounts, loans and deposits with the exception of credit cards. These statements report the monthly activity for all accounts and provide a concise, consolidated view of member's activity with ECU. Utilizing combined member statements is a cost effective means of providing the required periodic statements which, in turn allows ECU to return more value back to our members under the cooperative structure in which we operate.

Members have had the convenience to select loan due dates that coincide with their payroll dates or other dates that help them manage their cash flow. As such, ECU members can elect monthly, bi-weekly, semi-monthly or weekly payment options that make it easy for them to make their payments on the required due date.

The combination of combined monthly statements and a variety of due dates and payment options has made compliance with the new 21 day requirement for open-end credit an extremely difficult task. Because of system constraints, our valid options include 1) removing loans from the combined member statements and mailing individual loan statements to coincide with the members due dates or 2) changing member due dates

to a date near month-end to allow for 21 days from the receipt of the combined monthly statements.

Option 1 results in a significant increase in costs for Eastman Credit Union which, ultimately results in less value returned to our members. Furthermore, members will not appreciate, nor understand, receiving multiple statements each month and will be frustrated with the lack of one concise statement. Option 2 will create even further frustration and challenges for our members who budget and plan loan payments at times throughout the month that makes it easy for them to meet their loan obligations. In all likelihood, this option will result in increased delinquencies and possible loan losses. While the 21 day requirement results in significant challenges and procedural changes for ECU, it will have a long-standing negative impact on the services our members enjoy today.

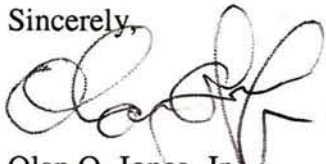
As mentioned previously, our credit cards receive a separate periodic statement and these accounts were already in compliance with the 21 day requirement set forth in the CARD Act. Statements are mailed at the first of each month with due dates set for all accounts on the 25<sup>th</sup> of each month. No changes were necessary to comply for credit cards.

While it is our intention and desire to fully comply with this regulatory requirement, currently we are utilizing the limited relief provision allowed by the interim final rule until full compliance is achieved. The Board allows for the use of this provision for a "short period of time" which remains undefined. Our solution will involve the assistance of our system provider which could result in further delays. While the effective date for this provision has passed, Eastman Credit Union requests that the Federal Reserve Board extend the effective date for this burdensome provision. A longer implementation period is required to allow complex credit unions to meet compliance requirements. If extension of the effective date is not possible, it would be helpful for the Board to liberally define "short period of time" for credit unions such as ourselves who are finding compliance a very difficult task.

I further urge you to educate law makers on the negative impact of extending this requirement beyond credit cards to all open-end credit. As an industry, we have utilized open-end lending to serve our members for many years without issue. These new regulatory requirements are forcing credit unions to revamp lending programs, adjust collection efforts, dismantle combined member statements and eliminate member payment options. None of which is positive for our members, our individual credit unions or our industry as a whole.

Thank you again for the opportunity to comment. Should Board members have questions about our comments, please contact, me at (423) 578-7309.

Sincerely,



Olan O. Jones, Jr.  
CEO and President  
Eastman Credit Union