

Credit Union 1

A unique concept in financial services

October 10, 2007

Jennifer J Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., NW
Washington, D.C. 20551

Re. Docket No. R-1286

Board of Governors,

Your proposed changes to Regulation Z regarding open end lending plans will have a seriously detrimental effect on the operations of Credit Union 1.

Many years ago we began offering open end credit plans to our 90,000 plus members as a means of offering greater accessibility and convenience to our members in seeking credit to finance automobiles and major appliances. Due to our cooperative nature and size we are unable to offer the number of outlets and accessibility of much larger banks. This though, should not preclude our members from obtaining the lower rates and terms we are able to offer because of our cooperative, not for profit nature. With an open end credit plan we could effectively compete with the ability of car dealers to offer instant gratification of instant loan approval. With closed end lending members could opt for the instant gratification at the dealership and end up with inferior terms or rate than would otherwise be possible.

It is difficult for me to understand the purpose of "changing the rules" when the current system not only provides more disclosure, since Regulation Z requires periodic statements at least quarterly which discloses the finance charge and amount of interest charged during the statement period, and eliminates paperwork.

In many ways, eliminating open end lending on products such as auto lending, is a step backwards. The Federal Reserve is doing admirable work with regard to check imaging etc., eliminating much of the paper. Why change something that has worked so admirably for the past 25 years.

I implore you to consider the costs and paperwork that the proposed changes would make on an industry that always ranks near the top of consumer satisfaction surveys. Please consider the adverse impact such a change will have, primarily on credit unions.

Sincerely,



Paul Simons, President
Credit Union 1