

From: Achieva Credit Union, James Wood
Subject: Regulation Z - Truth in Lending

Comments:

Date: Dec 23, 2010

Proposal: Regulation Z - Truth in Lending - Mortgage Disclosure Improvement Act
Document ID: R-1366
Document Version: 3
Release Date: 12/22/2010
Name: James Wood
Affiliation: Achieva Credit Union
Category of Affiliation: Commercial
Address:
City:
State:
Country:
Zip:
PostalCode:

Comments:

Ms. Jennifer J. Johnson, Secretary Board of Governors of the Federal Reserve System 20th Street and Constitution Avenue, North West Washington, D.C. 20551 Re: Proposed Rule - Revisions to Reg Z - Credit Protection Products Docket No. R-1390 We at Achieva Credit Union appreciate the opportunity to share our perspectives with you as it relates to your proposed disclosure changes for credit protection products. As a rule of thumb, we support consumer protection and believe that consumers should receive adequate and fair disclosure of the terms and conditions of credit. However, over the last several years, we believe the Federal Reserve and other financial service regulators have been creating an increasingly difficult and expensive compliance environment for credit unions. It is threatening our ability to provide low cost financial services to our members and the communities in which we serve. This proposed regulation is no exception. We are disappointed to review a proclaimed consumer protection proposal that casts such a negative light on a consumer protection product that has been beneficial for hundreds of our members for years. I can personally recall the pleasure of satisfying the debt of members who have experienced unforeseen tragedy -and on the contrary, the despair I've witnessed in others that needed the protection but didn't elect to purchase it. Our credit protection product is priced according to our members' experience as a whole and the pricing adjusted accordingly. When our members have been fortunate enough to avoid usage of their life or disability coverage, a premium is returned to the credit union to help us offset our operating costs and allow us to continue providing members affordable financial services. Why would this kind of consumer protection program require such a negative regulatory response as proposed in R-1390? We think the answer to that question is simple. Many regulations -like these- seem to be directed at "other" financial institutions whose focus is not on their customers or the consumer, but on their "bottom line". That focus causes them to routinely cross

the line as it relates to "adequate and fair disclosures". We suggest regulatory agencies establish practices and policies that define those abuses and penalize the abusers --instead of adversely affecting all financial institutions -and discouraging the consumer from considering a valuable service especially when priced reasonably and disclosed clearly. Nonetheless, as mentioned above, we support consumer protection and disclosures or explanations of how a product works. The information should be unbiased and without a value judgment from a government agency or whomever. With this unbiased information, it is, then, the consumer's job to judge the ultimate value of a product and decide whether to buy it. How would that look using the outline of your sample credit life insurance disclosure: 1. Do I need this product? Plainly state the protection it provides. 2. How much does it cost? Currently the disclosure explains costs based on the balance; add a daily or even a monthly cost. 3. What is the maximum benefit amount? Stated in #1 4. Can I receive benefits? Explain eligibility and any potential exceptions for claims 5. How long does the coverage last? Life of the loan, or further explain limitations. A consumer knows their financial situation better than we or quite frankly you do. We have complete confidence, that given unbiased information about the product benefits and costs, our members will make the decision that makes the most sense for their family. Consequently, we strongly urge you to reconsider the style of language you've chosen to use in your sample and recommend an unbiased approach. In the words of an infamous detective- "just the facts" -clearly stated, cost and coverage. Thank you once again for the opportunity to comment. We look forward to reviewing the future revisions of this disclosure and the unbiased clarity they'll bring to the consumer. Best Regards, James Wood SVP of Lending Achieva CU Clearwater, FL James P Wood SVP/CLO Achieva Credit Union 10125 Ulmerton Rd Largo, FL