

From: "Luann Ayling" <LAYling@cdfcu.net> on 10/03/2007 02:00:02 PM

Subject: Truth in Lending

October 3, 2007

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

RE: Proposed changes to Regulation Z, Docket R-1286

Dear Ms. Johnson,

Coulee Dam Federal Credit Union is a federally chartered credit union and serves the north central area of Washington state. It has approximately 12000 members and 66,000,000 in assets. Coulee Dam Credit Union is pleased to have the opportunity to comment on the Federal Reserve Board's proposed regulations changing the requirements for open-ended lending under Regulation Z.

Coulee Dam Federal Credit Union has a major concern with the Board's proposed regulations. The Board's redefinition of open-ended credit will have a major negative impact on credit unions. This type of plan has become standard practice, and has been in place in credit unions for many years.

Credit unions are not-for-profit financial institutions whose primary mandate is to serve their members. This means that credit unions offer quick turnaround, convenience, and low rates to their members who borrow money. Open-ended lending minimizes application paperwork because the member need only fill out one application, and need make only one visit to the credit union for an advance. Additionally, because the credit union already has the member's information, turn around time for each request is minimal. Credit union loan rates have consistently been shown to be less than those of other lenders.

The proposed regulations deal in detail with the Board's reasoning in proposing this change, but nowhere in that reasoning is a specific harm identified, much less a significant one. There is no information about credit union members paying higher rates, nor anything about purchasing unnecessary financial products. There's nothing about higher default rates, or member dissatisfaction. Since there is no identified harm, a better solution should be found.

One such solution would be a compromise. Allow credit unions to keep the benefits of their multi-featured open-ended loan plans, but add additional disclosures for those advances that are individually underwritten. These disclosures could mirror those required under closed-end lending. They would therefore provide consumers with fuller information, and address the Board's concern, but because the lending plan would not be dismantled entirely, they could continue to serve members.

Coulee Dam Federal Credit Union appreciates the opportunity to comment on the Board's changes to regulation Z. Thank you for your time and consideration.

Sincerely,

Lu Ann Ayling
VP Lending