

From: "Richard Howdeshell" <RHOWDESHELL@ftwccu.org> on 10/05/2007 12:00:04 PM

Subject: Truth in Lending

Re: Docket No. R-1286

I am writing to register my opposition to the proposed changes to Reg Z. Those changes would (1) require each lending feature of a multi-featured op-end lending plan to be self-replenishing and (2) prevent credit unions and other open-end lenders from underwriting specific types of loan transactions. For instance, a lender would not want to lend \$50,000 based on the value of an automobile an individual purchased and be required to continue to offer that \$50,000 credit limit as the value of the collateral declines over time. Not only will the value of the collateral decline, the creditworthiness of the borrower could decline also. The lender must have the ability to consider all of the circumstances when an individual requests additional loan advances. The alternative is to provide these types of loans on a closed-end loan agreement. Because the customer must sign the loan documents for each closed-end loan, they will no longer be able to arrange auto financing, for instance, with a phone call. This will put the customer at a disadvantage and more vulnerable to an auto dealer's financing arrangements.

I am at a loss to figure out why these proposed changes are being considered. I have worked in credit unions for 30 years and have never had a credit union member complain about open-end lending. In fact, they have embraced it with open arms. They receive all required disclosures and are able to shop between lenders for the best deal for their needs. In short, open-end lending meets their needs and enhances convenience. The proposed changes to Reg Z will disrupt an established lending system that works well, will create delays and unnecessary paperwork, and will ultimately cause extra expense that the consumer will have to pay.

The proposed changes to Reg Z can be summed up as a "solution in search of a problem."

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