



**SNOHOMISH COUNTY PUD
CREDIT UNION**

1328 Broadway, Everett, WA 98201
5200 172nd St. NE, #F, Arlington, WA 98223

September 26, 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 Reg Z, Docket R-1286

Dear Ms. Johnson:

The Snohomish County PUD Credit Union is a state chartered credit union and serves those member's who live, work, or worship in Snohomish, Island, Whatcom and Skagit Counties. Our credit union has approximately 5800 members and 45 million in assets. We would like to comment and oppose the Federal Reserve Board's proposed regulations changing the requirements for open-ended lending under Regulation Z.

The Snohomish County PUD 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 us. This type of plan has become standard practice, and has been in place in our credit union for approximately ten 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 needs to only complete one application and needs to 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.

The Board's changes will significantly hamper our ability to serve our members lending needs. Even setting aside the high costs of switching to a closed-end program (which include IT systems, loan forms, internal processes, training, and data processor conversions), we will no longer be able to provide the convenient one stop auto loan funding that members expect, as the quick turn around time will be gone. The change to closed-ended lending will make it more difficult to serve our members needs.

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.

A better solution should be found and one such solution would be a compromise. Keep the benefits of its 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, we could continue to serve the members needs.

Thank you for your time and consideration to comment on the Board's proposed changes to Regulation Z.

Sincerely,

A handwritten signature in black ink that reads "Trina DeMoss". The signature is written in a cursive, flowing style.

Trina DeMoss
Lending Manager

td