

**From:** "Mike Engel" <michael.engel@chemcel.org> on 10/11/2007 03:30:01 PM

**Subject:** Truth in Lending

Dear Sirs:

**Subject: Docket No. R-1286**

Proposed Regulation Z Impact on Credit Unions

The proposed changes to Regulation Z pertaining to open-end lending plans are poised to adversely impact credit unions in terms of service to the consumer. Credit unions have taken the position of providing convenient and economical lending services to the consumer while complying with the current regulations. The revised regulations would be a set back in terms of service within the credit union industry and more importantly to the consumer.

As an executive in the credit union industry for more than 25 years the impact of the proposed regulations will be far reaching within the individual credit union. A revamping of the lending model will be required and will encompass issues such as:

1. Retraining employees on the updated Regulation Z rules;
2. The service level to the consumer will need to be monitored since the loan may require the consumer to go to a physical location to close the loan since the open-end loan option has been removed. This has the potential to increase lobby traffic, increase staff to handle the additional lobby traffic and inconvenience the end consumer;
3. The additional costs for staff, forms and data processing modifications will ultimately be passed on to the consumer through increased loan rates, and;
4. Retraining the consumer that the multi-featured-open-end convenience experienced for 25 years has been replaced with the more cumbersome closed-end lending platform.

The closed-end multi-featured open end credit plan in use within the majority of credit unions promotes as efficient means for the consumer to obtain loan products. The proposed additional disclosures for certain transactions will negate the benefit of this unique plan. The decision to incorporate the proposed Regulation Z modifications will have a direct impact on the millions of consumers that use credit unions as their financial institution.

In summary, the credit union member or consumer bear the brunt of the proposed regulations. The increased time to obtain a loan, the loss of the convenient lending program and higher loan rates will impact the consumer. A credit union is a service organization and the proposed regulation modifications do not appear to promote a service oriented operating environment.

Sincerely,

Michael Engel  
President/CEO  
Chemcel FCU  
361.584.6246

[michael.engel@chemcel.org](mailto:michael.engel@chemcel.org)