

From: "Gary Davis" <gdavis@cbcfcu.coop> on 10/11/2007 06:25:05 PM

Subject: Truth in Lending

October 11, 2007

Board of Governors of the Federal Reserve System

Ref: Docket No. R-1286

Dear Sir:

I encourage the board of governors to re-evaluate the proposed amendments to the open-end credit rules under Regulation Z.

In my 30 plus year career in the credit union industry, I have worked at five different credit unions. Each of these credit unions serving different segments of consumers from military personnel, manufacturing employees and community based consumers. When it comes to financial services demanded, convenience topped the list for the members of each of these credit unions.

The closed-end credit rules of thirty years ago, and today, are archaic in terms of providing fast convenient services demanded by consumers. Prior to open-end credit, our credit union members either had to physically come into our office to obtain a loan or wait days, sometimes even weeks, to send loan documents back and forth through the mail. With the advent of open-end credit over 25 years ago, access to consumer credit was simplified, greatly enhancing the lives of consumers. Especially with the multi-featured aspect of open-end credit, credit union members (consumers) no longer had to go through the time consuming drudgery of first shopping for purchases, then physically visiting their credit union for loan approval, only to go back to the merchant to purchase the commodity they wanted in the first place. They could simply pick up the phone, give their credit union a call and finalize their loan over the phone. Best of all open-end credit provided and still does, the consumer protection disclosures to adequately protect consumers. Today virtually all of Chocolate Bayou Community Federal Credit Union's loans are through an open-end credit plan, and our members love the convenience.

The current system of open-end multi-featured system has worked well. Our credit union members have benefited from the multi-featured open-end credit rules by being able to access multiple features that fit their specific needs in terms lower rates for different collateralized features and how long they want to take to liquidate a loan. They also enjoy the convenience of purchasing and financing goods without having to come to the credit union each and every time to apply for and get a new loan. This is especially important if they live miles from the credit union's location. Members enjoy convenience so much that even when we update simple information like address and phone number, they often fuss about that inconvenience.

A change in the multi-featured open-end credit rules would be a huge disruption to our operations and our members. Major changes to business practices and procedures, and working relationships with members will have to be implemented, all resulting in a higher cost of business, which ultimately must be passed on to the credit union member. Retraining of staff, changes in forms, documents and marketing will become a tremendous undertaking, greatly impacting credit union operations and member convenience satisfaction.

Our credit union members have relied on us and this method of lending for years. In fact in my 25 plus years of using multi-featured open-end credit plans, I have not had one complaint about them. To the contrary I have had only compliments about the ease of handling our member's credit needs. As an example of why they work so well, I'm reminded of one of my members who was in the Air Force. He was out of town on a temporary duty assignment for three months. His wife's car blew an engine. He called

me and asks if we could take care of financing another vehicle without him being present. Since he had an open-end agreement with us we not only financed another vehicle for him, without his presence, we assisted his wife in finding a car. Our member and his wife were ecstatic about our ability to help them in a time of crisis. While not always a crisis moment, similar situations occur almost daily.

I could write pages or talk for days about the consumer benefits of multi-featured open-end credit plans. The proposed amendments to the open-end credit rules will have an adverse impact on our member's economic well being, the way and cost of how we do business and the U.S. economy as a whole. I encourage you to take another look at the proposed amendments and ask yourselves if there are real problems with the current rules or simply perceived problems due to a small number of complaints, which from what I can tell deal almost exclusively with credit cards and not multi-featured open-end credit plans. I'm mindful of how sometimes one of my own board members states he is getting a lot of complaints about this or that. When I ask him what a lot is, he finally admits it is three or four members out of 16,000 members. Is it possible you have a similar situation with the open-end amendments?

Thank you for your consideration.

Gary Davis
Pres/CEO
Chocolate Bayou Community FCU
P.O. Box 1694
Alvin, TX 77512
281-331-2253 Extension 1115