

**From:** "Joseph Bergeron" <jgb@vcul.org> on 10/12/2007 11:50:01 AM

**Subject:** Truth in Lending

Message sent to the following recipients:  
Federal Reserve Board Comment  
Message text follows:

Joseph Bergeron  
1000 Shelburne Road, Suite 1  
South Burlington, VT 05403-6960

October 12, 2007

[recipient address was inserted here]

Dear [recipient name was inserted here],

On behalf of Vermont credit unions, I'd like to offer comments on the Federal Reserve's proposed changes to Regulation Z.

As written, the proposed changes would severely curtail the ability of credit unions to use multi-featured, open-end lending plans. These are quite prevalent among Vermont credit unions. The proposed changes address a problem that does not exist and will require credit unions to undergo significant expense to comply.

We can support the proposed changes to the table format and point font size as being easier for consumers to read and understand. However, disclosing only the highest possible APR applicable to a borrower may lead the consumer to believe this to be the APR that would apply to them.

Our comments also apply to the proposed account-opening disclosures. Additionally, financial institutions should have the option to amend and reduce disclosures since much of the information contained may duplicate the cover letter provided to consumers when the account is opened. Also, the model account-opening disclosures and the application and solicitation disclosures should be identical, as opposed to substantially similar, as reduces confusion for both consumers and financial institutions who choose to use these model disclosures.

We strongly support eliminating the requirement to disclose the "effective" APR on the periodic statement. The effective APR is confusing and difficult for consumers to understand, since it may vary greatly from month-to-month and may differ from the interest rate that has been disclosed to the consumer. However, we do agree that the dollar amount of these fees and costs should continue to be disclosed.

Regarding grouping transactions by type on the proposed periodic statement model form, credit unions typically list transactions chronologically and have had little to no complaints from members.

Regarding the proposal to include information on the effects of minimum payments, as required under the Bankruptcy Act of 2005, lenders should be permitted to describe this information as a "good faith" estimate since it is based on assumptions.

We do support the proposed changes that:

- require a 30-day advance notice of an open-end credit plan change in terms,
- changes to electronic application and solicitation disclosures.
- additional guidance that is provided for debt suspension coverage.

Since the proposed changes are the most extensive and comprehensive since the early 1980s, credit unions and others should be given significant time to prepare. Mandatory compliance should not be required until at least two years after these changes are issued in final form.

Thank you for your consideration of our comments.

Sincerely,

Joseph G. Bergeron