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Comments:

REF: Docket No. R-1286 Dear Sir: Germania Credit Union appreciates the opportunity to comment on the Federal Reserve Board's proposed amendments to Regulation Z. Our credit union is a \$8,000,000 state-chartered credit union located in Brenham, Texas. We serve just over 2,150 members located across the state of Texas. We have been planning a change from closed-end lending to multi-featured open-end lending for some time. This change has become necessary not only to serve our widespread membership, who are demanding the conveniences multi-featured open-end lending provide, but also to enable us to compete with larger lenders. During our study of open-end lending we have discovered that credit unions and their members have been utilizing this type of lending for well over two decades, and we have been unable to find instances of problems arising from the practice. I have read many of the comments posted by consumers, and it appears that the majority are in disagreement with certain credit card practices - practices that credit unions are not known for. The strongest comments seem to center around credit card billing practices, rate escalation based on performance with other creditors and fees such as over limit charges. Multi-featured open-end lending, as practiced in the credit union industry, is not mentioned in the negative in these comments. If the proposed rules are adopted it will negate the time and effort we have put into converting, and it will likely cause some slow-down in business for those credit unions who rely on open-end lending plans, particularly for auto loans. Most importantly, it will either inconvenience members who choose to borrow from their credit unions, or cost those who choose the quick loan at the dealership over the less expensive, but less convenient, loan at the credit union. Germania Credit Union would like to thank you for the opportunity to share with you our views on the proposed rules. Should you have any questions please do not hesitate to contact me at (979) 830-7508. Sincerely, C.W. Barker
President Germania Credit Union