



Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Re: Docket No. R-1286
Regulation Z – Truth in Lending

The Board of Governors of the Federal Reserve System (Board) proposes to amend Regulation Z, which implements the Truth in Lending Act (TILA), and the Staff Commentary to the regulation. Thank you for the opportunity to comment on these proposed changes.

The Credit Union Association of Oregon (CUAO) is a nonprofit, professional trade association representing Oregon's state, community, and federally chartered credit unions. Since 1936, CUAO has been at the forefront of credit union issues at the state, regional, and national level, and provides a voice for Oregon's 1.3 million credit union members on issues impacting credit unions at a local level.

The Board states in the proposal, “The principal goal for the Regulation Z review is to produce revised and improved credit card disclosures that consumers will be more likely to pay attention to, understand, and use in their decisions, while at the same time not creating undue burdens for creditors.”

With regard to this statement, CUAO agrees that credit card solicitations and disclosures may benefit from revisions that would more clearly disclose terms, rates and fees important to consumers in weighing the best credit offer. Additionally, CUAO certainly supports regulations that do not pose undue burdens for our credit unions. However, many of the changes as proposed, would not only result in increased compliance burdens for credit unions, but also would decrease consumer's access to credit and increase loan costs as well.

Credit unions in Oregon have participated in multi-featured, open-end loan programs for nearly 30 years. History tells us that our members prefer the master loan application open-end program because it is the most convenient, timely and inexpensive way to facilitate their loan needs. Advances in technology also demand it. This remote way of lending will be replaced with lending protocol of 25 years ago when lenders would mail loan applications back and forth to the consumer, deliver loan documents back and forth via overnight express mail, fax documents and instructions, and require notarized signatures to fulfill every loan request. This manual and inefficient process will increase the loan processing time, inconvenience to the consumer and overall cost of loans. In this day and age of identity theft, every time a document with personal information transfers from our hands to those of another there is also an increased risk that the information will be breached, resulting in identity theft.

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One must ask the Board why the focus on re-tooling the way credit unions carry out their multi-featured, open-end loan programs to fulfill their members needs, especially when there have been no complaints from consumers in this regard. Consumers don't have a problem with the way we are doing business.

The result of the changes proposed would end the way credit unions lend and force them into closed-end loan programs. In fact, under open-end loan programs, consumers actually receive more frequent disclosures, as required of Reg Z.

CUAO prefers that the proposed changes apply only to open-end loan products, such as credit cards, as was initially intended. Any changes affecting credit union's open-end loan programs would be a huge disservice to consumers and most specifically to our credit union's members.

Finally, any changes in the final rule should have a transition period of not less than five years to allow for data processing re-tooling, education of staff and members, and changes to policies and procedures.

Thank you again for affording us the opportunity to comment on this important proposal.

If you need any further information please contact me at the CUAO office, 503-641-8420.

Respectfully,

Janet M. Josselyn
Director of Compliance Services
Credit Union Association of Oregon

CC. Gene Poitras, President, CUAO
Credit Union National Association
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