



# FRB FEDERAL CREDIT UNION

October 12, 2007

Ms. Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> & C Streets, N.W.  
Washington, D.C. 20551

RE: Docket # R-1286

Dear Ms. Johnson:

The FRB Federal Credit Union currently uses the LoanLiner Open End Credit Program. This program has been beneficial to our credit union and our members. The program is beneficial to the credit union because it permits us to process applications faster and compete more effectively with other lenders and is beneficial to our members because it increases our speed of response and permits the new subaccount loan to be started based on a telephone call.

The Board's proposal seems to guard so strongly against possible misuse that it substantially reduces the utility of an open-end loan program, at a significant cost to our members and our organization. Our members tend to have multiple loans with us, including lines of credit, signature loans, new and used car loans, and home equity loans. Only one of these types of loans, the line of credit, is currently replenishable through repayment. Currently, the open-end credit plan as a whole is replenishable through repayments, but most of the individual subaccounts are not.

The Board's release indicates that the Board is concerned that some credit products are treated as open-end plans, with open-end disclosures given to consumers, when such products should more appropriately be treated as closed-end transactions. The automobile loan is used as the type of transaction illustrating this concern. We respectfully submit that if the concern is the disclosure given to a customer, the Board's concerns could be met by mandating compliance with closed end disclosure requirements for the automobile loan subaccount or any loan that is functionally a closed-end loan. Alternatively, if the Board's concern is whether an organization is using its open-end plan program as contemplated by Regulation Z, it is simple enough for examiners to determine whether open-end plans are indeed open-end or if they are, in reality, closed-end loan programs.

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In our experience, the members who sign up for our open-end plan are members who have had several loans with us and our expectation is that the members will continue to borrow from us. We are confident that a review of our open-end loan plans would reveal that our borrowers are utilizing our open-end loan program in a manner that meets your approval.

Thank you for the opportunity to comment on this proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Ngan Joo Chen", with a long horizontal flourish extending to the right.

Ngan Joo Chen  
Finance Officer