



**PARKVIEW
COMMUNITY**
Federal Credit Union

Where Members *Always* Come First

Always

Good Rates!

Always

Friendly Service!

Always

24/7 Access!

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

Docket No. R-1390

Parkview Community Federal Credit Union appreciates this opportunity to comment on the Federal Reserve's proposal to amend Regulation Z, outlined in Docket No. R-1390. As a general matter, the Credit Union supports consumer protection and believes that consumers should receive adequate and fair disclosure of the terms and conditions of credit. Since 2008, the Federal Reserve and other financial service regulators have been adopting sweeping measures, creating an incredibly difficult and expensive compliance environment for credit unions. Accordingly, we have grave concerns about the proposed rules that impact credit insurance and debt suspension/cancellation products, the right of rescission and the refund of fees.

Credit Insurance

Credit unions are member-owned, nonprofit cooperative organizations. As such, credit union services are designed to provide value to our member owners. A credit union has no incentive to extend any product or service that could be contrary to the interests of a member/owner.

We have numerous stories of how credit insurance has benefited our members here at Parkview Community Federal Credit Union. One story involves a member who has a home equity loan with us was diagnosed with brain cancer 5 months ago. She has both credit life and disability insurance on that loan. Since she's diagnosed she has not been able to work due to her treatments for her illness and the credit disability insurance has been able to make the payments on her loan from the time of diagnosis on. Had she not been given the opportunity to add this insurance product to her loan she would have one more worry than is necessary at this fragile time in her life.

Another example of how credit insurance has benefited our members is a story about a member who passed away. The member had a Visa credit card with us which he chose to add credit life to. Fortunately, this helped his family since they were unaware of this Visa card and were relieved to find out that the credit life insurance would pay the

Main Office: 2100 Eden Park Blvd. • McKeesport, PA 15132 • Phone: (412) 678-9564 • Fax: (412) 678-9559

Branch Office: 2001 Lebanon Road • West Mifflin, PA 15122 • Phone: (412) 655-6868

Web Site: www.pc-fcu.org • PARKLINE 1-800-947-0681 or (412) 678-LINE



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balance of the card in full. They would have not been able to assume this debt had the credit life insurance not paid the debt off.

The proposed series of credit insurance disclosures characterize such products in an unfair light. The drafts are paternalistic and would tend to ward a consumer away from a product that offers tangible benefits and peace of mind.

Credit unions support consumer protection and disclosure or explanations of how a product works. Then, it's the consumer's job to judge the ultimate value of a product and decide whether to buy it. Such decision making should lie with the consumer, free from the taint of a government agency's "value judgment" of what is or is not an appropriate product or service.

Rescission Notices

Credit unions, as consumer-friendly lenders, generally support the policy of permitting a consumer to rescind a mortgage or home equity loan, particularly if the consumer discovers that the loan may not best serve her needs or create a financial burden. Accordingly, we support and appreciate the changes to the rescission notice that clarify a consumer's right to rescind including the detachable form.

In stark contrast, the extended right to rescind represents a minefield of technical Regulation Z "violations," that only foster litigation. The Federal Reserve should create a safe harbor for lenders, like credit unions, that offer conventional mortgages and home equity products. Extended protections consistent with the right to rescind may be appropriate in the case of lenders who deploy sharp and abusive practices and frequently change significant terms between the time of the application and loan closing. Credit unions are tired of carrying the compliance burden for bad actors and the commensurate compliance and legal exposures.

Refund of Fees

Consistent with the rescission argument above, we appreciate the merits of refunding fees if the borrower cancels a loan request in a timely manner. Unfortunately, the proposed timing rules are radically unclear and place a lender in a position of refunding fees out of an abundance of caution. The proposed rule appears to ignore legitimate and necessary costs such as appraisals and other processing costs. These rules add undue time and

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uncertainty to the mortgage or home equity process. In sum, credit unions support transparency with the aim of educating a consumer of the costs and value associated with a mortgage or home equity loan. In the end, the consumer has to make an informed decision and appreciate the value of the underlying credit. The refund rules as currently drafted create significant room for mischief and do not advance the interests of an informed consumer.

In closing, as a Credit Union, we look for opportunities to continuously practice the Credit Union philosophy which is “people helping people”. We want to protect our members just as much as the government does because we know that the money we help them manage is hard-earned money. We also ensure that members are fully educated about every single product and service that we offer to them as well as each transaction they enter into. And we never trick them or force them to take a product or enter into a transaction if they don’t want it. But we are also extremely concerned about these amendments that you are proposing because it causes us undue burden because it seems that a lot of these new proposed rules are repeating what is already in place or making it harder and costlier to abide by them. We are asking that you please reconsider finalizing this proposed rule and allow us to continue to adhere to the rules already in place.

Sincerely,

Gina M. Tatkus
President/CEO

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