

From: MSR - Mortgages, J. Eric Barnette  
Subject: Regulation Z - Truth in Lending

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Comments:

To Whom It May Concern:

I am writing this letter to express my concerns over the proposed changes in the Disclosures of Credit Life, Disability and other forms for insuring the member. After reviewing the proposed sample, I notice that it is quite negative in nature. To start off a disclosure with the words "STOP" in bold type already puts the member on edge and not fully trusting the credit union and the loan officer. While we are trying to protect the member, to initially put them into this mindset is not in their best interests.

While not having worked at a credit union for long, I do know that we are commissioned with making decisions that are in our members' best interests. Knowing what our economy has went through in the past few years, one thing we all should have learned is that while we might be alright financially and physically at this moment in time, tomorrow is a different day and things can change drastically in a very small period of time. Not only do we all risk losing our jobs unexpectedly, we risk getting in accidents that can force us to not be able to work. If we are not able to work, we can't make money to pay our bills or if we get a smaller amount of pay while off on sick leaves/disabilities, we are forced to make hard decisions with the money we do have. While most people that are disabled didn't want to not make their payments, when it comes down to making a decision between feeding their family or paying a loan, most people will make the choice to feed their family first.

How many times do we see or read of stories where innocent people are hurt, or worse, killed by either automobile or home accidents that were completely unavoidable and unexpected? Those who take these insurances help the economy out, when the unforeseen happens, by not having to force lending institutions to repossess a vehicle and the cost associated with that, not to mention the amount that has to be written off of the company's bottom line. It's a trickle-down effect to everyone. However, we know that what might start as a trickle can quickly become a flood if not taken care of properly in a timely fashion. By allowing us, as lenders, to properly disclose this information in a manner that is accurate and informative, yet not putting a thought of distrust in the member's mind the instant they pick this document up, we can help eliminate the trickle becoming a flood.

I would strongly encourage you to look at wording the disclosures in a way that is not as threatening to the member.

Sincerely,

J. Eric Barnette

MSR - Mortgages