



8210 West Market Street Greensboro, NC 27409

December 02, 2010

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Re: Proposed Changes to Credit Insurance Disclosures under Regulation Z and the
Truth-in-Lending Act
Docket No. R-1390

Dear Secretary Johnson:

I am writing on behalf of Summit Credit Union to oppose the proposed changes to the credit insurance and debt protection disclosures under Regulation Z. We believe these new rules, if finalized as proposed, will have a negative impact on our members, our credit union and the credit union industry as a whole.

We believe the proposed changes misrepresent the purpose and value of payment protection products to credit union members. If these proposed changes become reality, we fear that our members will be discouraged from purchasing credit insurance, thus putting their financial future at risk as well as our credit union's safety and soundness.

The purpose of this letter is to bring to your attention our key objections to the proposed changes:

1. Disclosure language changes are unnecessarily negative and discourage the purchase of payment protection products by consumers.

Specific disclosure changes that we object to include:

- "If you already have enough insurance or savings to pay off this loan if you die, you may not need this product."
- "Other types of insurance can give you similar benefits and are often less expensive."
- "You may not receive any benefits even if you buy this product."

If adopted, we believe these disclosure changes will inadvertently discouraged consumers from purchasing valuable and needed credit insurance service and the risk to our loan portfolio.

2. Standardize APR calculations to assist consumers when comparison-shopping.

Consumers have always found it difficult to understand which costs are included in the effective APR calculation. This proposal will make it even more difficult for consumers to understand and will make comparing the APRs of competing lenders impossible. APR calculations should be standardized as intended by the Truth in Lending Act (TILA).

3. The proposed rule revisions to Reg Z will jeopardize many credit unions' ability to generate non-interest income and increase risk of loan losses and charge-offs.

We believe that the proposed credit insurance disclosures will not only hurt consumers who are inadvertently discouraged from purchasing valuable and needed credit insurance service, but also lead to an increase in loan losses and charge-offs if consumers are made to feel credit insurance is an unwise investment due to misleading and inaccurate disclosure language. Ultimately, this will lead to less available consumer credit.

To summarize, we believe the adoption of the proposed disclosure changes will lead to a decrease in our member's election of voluntary payment protection coverage. This would translate into fewer members realizing the benefits of payment protection on their loans and failing to protect themselves from devastating financial losses, create more risk for our loan portfolio and possibly restrict future lending for the most needy. We respectfully ask the FRB to withdraw this payment protection disclosure proposal and consider alternative revisions that would give the consumer fair, accurate and balanced information about credit protection insurance.

Sincerely,



Sam Whitehurst
President/CEO
Summit Credit Union
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