

From: Members Credit Union, Paul T. Elkins
Subject: Regulation Z - Truth in Lending

Comments:

December 22, 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 Ms. Johnson,

I am writing to you on behalf of Members Credit Union of Cleburne, Johnson County, Texas. We are a \$50+ million dollar state chartered credit union. We have over 6,900 members and have been serving our members in Cleburne since 1954. I am the President / CEO of Members Credit Union and have been working with this Credit Union for more than 2 ½ years. Prior to that, I have served as President / CEO of two other Credit Unions for a total of 18 years.

During my time of service to Credit Unions, I have had the opportunity to take applications and to approve loans for members to purchase automobiles, boats, recreational vehicles, and even loans to purchase their first home. I have approved loans for members to send their children off to college, pay for repairs on their car, or just simply borrow some extra money for Christmas expenses.

I am writing to you today, about the recent proposed changes that the Board of Governors is considering regarding additional disclosures for Credit Insurance sales, and more specifically with the Disclosures under Regulation Z and the Truth-in-Lending regulation identified as Docket No. R-1390.

In my years of experience with the lending activities described hereinabove, our data processing systems generate several pages of disclosures which already require members to read, sign and "opt-in" or "decline" to elect the specific coverage(s), whether it be for credit life, credit disability or GAP insurance. The cost of the coverage is clearly displayed and adequately explained, such that the member knows what their payments are going to be, either with or without the coverage

As I understand the proposed changes, the additional disclosure language reads as follows:

- 1) If you already have enough insurance or savings to payoff this loan if you die, you may not need this product.

- 2) Other types of Insurance can give you similar benefits and are often less expensive.
- 3) You may not receive any benefits if you buy this product.

Jennifer J. Johnson
Secretary of the Board of Governors
RE: Regulation Z and Docket No.: R-1390

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In my opinion, these proposed changes misrepresent the intended purpose of allowing a member the freedom of choice to protect their loan with these types of products. Additionally, they misrepresent the value of having loans which would be paid in full in the event of death, disability or by a covered accident. Also, these changes would give a member an inaccurate or unclear portrayal of what the actual financial benefits of these products would be that are provided to them.

I have seen circumstances where the widow of a member did not have to worry about making the car payment anymore, since there was credit life insurance on her husband who had just passed away. Her "other insurance proceeds" provided living expenses for her, so that she didn't have to use those funds to payoff their car which was financed at the Credit Union.

I have had an instance where a member purchased GAP insurance on their vehicle during a car sale promotion that was held on our Credit Union property in conjunction with a local car dealer. However, the next day, that member's car was totaled in an accident as they were pulling out of the grocery store just down the street. GAP paid off the loan, and even allowed them some additional funds towards the purchase of another car during that same promotion on Saturday afternoon.

Additionally, Credit Unions that provide this type of insurance product for members afford them more financial security by protecting their loans with these specific products they have elected personally. If a member with these products has a loss or claim on a loan where they have elected one of these insurance products, then that member has the peace of mind of not having to figure out how to pay for that loan, during any already difficult time in their lives.

These are just (3) examples of how these products work for members of my Credit Unions. To place more disclosures on members for them read through is just more cumbersome and will cause my members to have to read through and complete more disclosures for a product that does not need additional regulations or paperwork to make that product more desirable for the member.

Please allow us to continue to serve our members with the products and services we already offer, without having to adopt additional paperwork or amend our data processing paperwork forms for something that is not broken.

Thanks again for taking time to listen to my concerns as you consider these proposed disclosures.

Sincerely,

MEMBERS CREDIT UNION

By: _____

Paul T. Elkins
President and
Chief Executive Officer

cc: Texas Credit Union League

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President and
Chief Executive Officer
Members Credit Union