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: FBR Docket No. R-1390

Dear Ms. Johnson:

I wish to thank the Federal Reserve Board for this opportunity to comment on the proposed amendments to Regulation Z / Truth In Lending.

My first concern is the massive amount of proposed changes to Truth In Lending (TIL) when Dodd-Frank requires the new Consumer Financial Protection Bureau (CFPB) to assume rule making authority for TIL on July 21, 2011. This seems as if this will be very confusing to consumers and lending institutions as well if both agencies write new regulations , and that the best course of action would be to withdraw all proposals so that the CFPB can have a clean slate in updating and removing confusion in the TIL rules and regulations.

Other concerns on the proposed amendments:

Possible elimination of a floor rate on HELOC loans

Possible elimination of internal indexes for ARM mortgage loans

Right of Rescission amendments

Truth in lending disclosures on loan modifications

Possible elimination of floor rates on HELOC loans

I feel that this would be bad for the consumer and the lenders. The lender has to cover expenses, charge offs, and make a reasonable return on its loans. In order to protect themselves lenders would probably be forced change their HELOC loans from prime + 0% to maybe prime + 5%. If this would happen, the consumers would in reality still have a floor, and would pay more in interest when prime rates increase. _

Possible elimination of internal indexes for ARM mortgage loans

We have made ARM mortgage loans that have an internal cost of funds index, for many years. This index mirrors economic conditions, and it does give our credit union safety since it is tied to our cost of funds. The borrower is given a disclosure table at time of application that shows how the index has fluctuated over many years, and they can decide if this is the type of loan that they desire. Many of our borrowers that would not qualify for a conforming fixed rate loan, are acceptable for our ARM program. I feel that we have helped many borrowers with our internal rate ARM mortgage that we probably would have had to turn way had we had a conforming outside index ARM mortgage program. Also, our internal index is slower moving and not as volatile as outside indexes in turbulent economic times.

Right of Rescission amendments

The proposed changes to the right of rescission are not clear and very confusing. Also, the many different new rescission forms add to the complexities, and the tear off bottom section just does not seem to be as a good idea if a party does wish to rescind. The right of rescission rules should be simplified to ease the confusion for the consumer and the lender.

Truth in Lending Disclosures on loan modifications

The proposal states that new TIL disclosures would be required if a key term is modified such as the loan term. It is not uncommon for a borrower to request an extension on a payment, due to a temporary financial problem. This requirement to re-disclose the loans terms would be time consuming, an added expense, and no real benefit to the borrower. However, new disclosures for loans that have undergone substantial modification would be beneficial to the borrowers. This topic in the TIL proposals needs to be re-visited and better defined as to when new disclosures are to be prepared and given to borrowers whose loans have been substantially modified.

In closing, I want to again thank the Federal Reserve Board for this opportunity to respond the TIL proposals.

Sincerely,

Larry Bayless, Interra Credit Union