

**From:** "Jim Gillard" <jimg@wwvfcu.com> on 10/03/2007 12:10:05 PM

**Subject:** Truth in Lending

Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20th St and Constitution Ave NW  
Washington, DC 20551

RE: Proposed changes to Regulation Z, Docket R-1286

Dear Ms. Johnson,

Walla Walla Valley Federal Credit Union is a community chartered credit union and serves the Walla Walla Valley, Washington area. We have 6533 members and \$45 million in assets. We are pleased to have the opportunity to comment on the Federal Reserve Board's proposed regulations changing the requirement for open-ended lending under Regulation Z.

This credit union has a major concern with the Board's proposed regulation. The Board's redefinition of open-ended credit will have a major negative impact on us. This type of loan has become standard lending practice, and has been in place in our credit union for 16 years.

Our primary mandate is to serve our members in a fair, consistent manner and make lending easy rather than a burden. This means that we offer quick turnaround, convenience, and low rates to our membership. Open-ended lending minimizes application paperwork because the member need only fill out one application, and need to make only one visit to the credit union for an advance. Additionally, because the credit union already has the member's information, turn around time for each request is minimal. Occasionally, due to household changes, updated information may be required, however, this can be done on the phone or mailing in a new "short form" application. Credit union loan rates have consistently been shown to be less than those of other lenders.

The Board's changes will significantly hamper our ability to serve our members. Even setting aside the high costs of switching to a closed-end program (which includes IT systems, loan forms, internal processes, training, and data processor conversions), we will no longer be able to provide the convenient one stop auto loan funding that our members expect.

The proposed regulations deal in detail with the Board's reasoning in proposing this change, but nowhere in that reasoning is a specific harm identified, much less a significant one. There is no mention about credit union members paying higher rates, nor anything about purchasing unnecessary financial products. Nor is there anything about higher default rates, or member dissatisfaction.

Since there is no identified harm, and multi-featured open-ended lending plans are integral to this credit union's lending programs, a better solution should be found.

One such solution would be a compromise. Allow us to keep the benefits of its multi-featured open-ended loan plans, but add an additional disclosure for those advances that are individually underwritten. Therefore, providing the consumer with fuller information, and thus addressing the Board's concern.

I appreciate the opportunity to comment on the Board's changes to regulation Z. Thank you for your time and consideration.

Respectfully,

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