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Comments:

September 28, 2007 RE: Request for Comments – Regulation Z Changes I don't have to put much effort into imaging what it would be like to no longer have open-end lending available as a means of processing our members loan requests. I have been with my credit union for 33 years, 31 of those years in the loan department. I worked in a closed-end environment the first four to five years of my career before the credit union switched to an open-end lending system. I see several changes we would have to make as lenders to accommodate the proposed changes to Reg Z. The competitive nature of lending today would necessitate a greater shift to indirect lending. Internally, our IS system will require reconfiguration. The membership will still require convenience forcing an increased usage of faxes, mail and the development of alternative closing methods. Closed-end lending will drive up the cost for borrowers in the form of higher interest rates while increased expenses will reduce dividends. What would happen if the rules changed tomorrow? **Convenience to the member would suffer – repeated trips to the credit union to close the loan. **Staff productivity would decrease with the increased "paperwork" and potentially triple the member contact to close. **Closing a loan would take days versus minutes. We are in a rural community with the better portion of our member population commuting to work. **Increased salary expense – very likely additional staff would be needed to maintain delivery levels slowing credit union growth. **Greater volume of loans originating at the dealership. **Increased risk and potential loss in an indirect environment. **At a competitive disadvantage with other financials who are not open-end users. **IS reconfiguration. We have invested thousands of dollars developing our IS system to efficiently handle loans from cradle to grave. A major overhaul would be needed to handle the new loan documentation. **Staff retraining, particularly lending staff, but collection staff as well. **Increased interest rates and reduced dividends due to greater risk, increased operational expenses. **Optical storage would require reconfiguration Ultimately the member suffers with increased costs, loss of earnings and a loss of convenience. I urge the FRB to take a second look at the effect these proposed changes will have on those consumers who choose to do business with their credit unions. Respectively, Cheryl Stewart VP Policy and Regulatory Compliance