

October 4, 2007

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave, NW
Washington, DC 20551
Regs.comments@federalreserve.gov

RE: Docket No. R-1286

Dear Members of the Board,

Thank you for the opportunity to comment on the proposed Regulation Z amendment. Suncoast Schools FCU has been serving a wide range of consumers; our members for 73 years. As a large credit union, we must operate in an efficient manner. One way we are able to accomplish this is by using the Open End Multi Featured Lending Plan. We are opposed to the proposed changes that will negatively impact our ability to serve our members and believe that the small section addressing this type of documentation will have consequences for credit unions which were not intended. Please consider the points below:

1. Convenience – Members of our credit union enjoy the opportunity to establish an Open End Multi Featured plan which in most cases requires signatures only one time to obtain consumer type loans such as Auto, Boat, Motorcycle or Personal loans. This affords us the ability to approve and fund a loan for them with just a phone call or an online update of information. Our members are not required to visit a branch office to consummate these types of transactions unless they choose to do so. With this amendment, our members will no longer be afforded this convenience and will be required to sign new loan documentation with every request prior to loan funding.
2. Consumer Empowerment - When shopping for a vehicle, we issue members a document they are able to use just like a personal check. This gives them greater negotiating power with the automobile dealer when they are purchasing a car. Under the current proposal, if a lender chose to continue to issue car loans using the Multi Featured Open End plan, the lender would have to allow replenishment to the original loan amount. In most cases, this would not be an acceptable risk since vehicles depreciate in value so quickly. Lenders could no longer rely on the

value of the collateral several years in the future. Loss of this empowerment will degrade the consumer's negotiating position, and will encourage the wider use of Indirect Lending. The expenses associated with Indirect Loans are higher than loans made directly to members, and will increase the cost to all.

3. Consumer cost – In Florida, consumers must pay a State Documentary Tax for all loans issued on traditional "Closed end" paperwork. The current cost is .35 per \$100 borrowed. On a \$20,000 car loan, this amounts to an additional \$70 expense to the consumer. When the Open End Multi Featured Plan is used, this tax is not applicable.
4. Credit Union Cost – Our credit union has used this type of loan documentation for many, many years. It enables us to serve our members with fewer employees, and this in turn helps us to reduce costs and return profits to our members in the form of lower loan rates and higher dividend rates on savings. Enactment of the amendment will significantly increase our human resource cost just to continue to provide a similar yet less efficient service. In turn, these increased operational costs will result in higher costs or reduced benefits to our members.
5. Conversion – The impact to our daily operations will be significant when it comes to converting our current systems and processes from Open End Multi Featured to a Closed End system. The cost of reprogramming loan documents, updating software systems and employee training is highly significant.

Thank you for taking the time to read this commentary. Please seriously re-consider the enactment of this amendment. Suncoast Schools FCU and our members will suffer should this be placed into law.

Sincerely,
Victoria G. Lovett
VP, Loan Operations
Suncoast Schools Federal Credit Union
Tampa, FL