



NATIONAL CREDIT UNION ADMINISTRATION  
Washington, D.C. 20456

April 16, 1990

Office of General Counsel

William W. Wiles, Secretary  
Board of Governors of the Federal Reserve System  
Washington, DC 20551

Re: Docket No. R-0687 - Proposed Rule on Home  
Equity Disclosure and Substantive Rule

Dear Mr. Wiles:

The National Credit Union Administration staff respectfully submits the following comments concerning your recent proposed rule on home equity lending disclosures.

We believe that it is entirely appropriate that credit union lenders be able to freeze credit lines or limit advances on lines where the maximum annual percentage rate (APR) has been reached. Creditors should disclose the ability and conditions under which an account can be restricted unilaterally by the creditor pursuant to Regulation Z, e.g., reaching the maximum APR limit. In addition, they should include provisions on limiting access through a contract provision rather than relying solely on the Regulation Z disclosure requirements.

As a regulatory agency concerned with the safety and soundness of credit unions and ultimately the National Credit Union Share Insurance Fund, we would take exception to a credit union which made advances on a line of credit at a rate which did not cover its operating expenses and cost of funds.

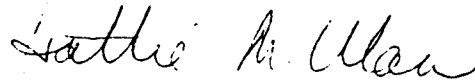
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We believe that credit unions should both contract for and disclose their authority to freeze credit lines.  
Please contact us if we can be of further assistance.

Sincerely,

A handwritten signature in cursive script, appearing to read "Hattie M. Ulan".

Hattie M. Ulan  
Associate General Counsel

GC/HMU:sg  
SSIC 3211