

**Illinois Credit Union League**

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***VIA E-MAIL***

***regcomments@ncua.gov***

March 29, 2006

Ms. Mary Rupp,  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

Re: Comments on Proposed Guidance on Nontraditional Loans

Dear Ms. Rupp:

We are pleased to respond on behalf of our member credit unions to the Interagency Request for Comment regarding the Proposed Guidance of Nontraditional Mortgage Products. The Illinois Credit Union League represents over 400 federal and state-chartered credit unions.

One issue that we would like clarified, is that any guidance issued regarding nontraditional mortgage loans would extend beyond traditional financial institutions and also include mortgage brokers and finance companies. This is equally important to consumers and financial institutions, in that consumer awareness and protection is only effective if all “players” have to abide by the same rules.

In regard to the “Communication with Consumers” section of the proposed guidance, we can understand guidance requiring financial institutions to provide a disclosure at application, or within three days of application as many Truth in Lending and RESPA disclosures are required to be provided, which would fully explain and provide payment examples for each mortgage product. Current disclosures, such as “When Your Home is on the Line” and the ARM booklet provide consumers valuable information. Those disclosures could be expounded upon for this purpose. However, we do not agree with the proposed guidance requiring a monthly statement to go into great detail on a monthly basis about all the different payment options and the benefits or disadvantages of each payment method. In the case of an ARM, the consumer is provided initial disclosures at application describing the product in detail, and at closing, signs a Note, typically an Adjustable Rate Rider and Truth in Lending disclosure, each of which details the potential for rate and payment adjustments. Requiring a financial institution to include such detail on a monthly statement would be overly burdensome and costly, as I would presume most loan document systems are currently not capable of providing each

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payment option and the financial impact of each choice, as suggested in the proposed guidance.

We appreciate the opportunity to provide our comments on the Proposed Guidance of Nontraditional Mortgage Products. We will be happy to respond to any questions regarding these comments.

Very truly yours,

ILLINOIS CREDIT UNION LEAGUE

By: Niall K. Twomey  
Technical Specialist

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