

April 19, 2006

Laura N. Pringle, Esquire
Pringle & Pringle
4101 North Classen Boulevard, Suite A
Oklahoma City, OK 73118-2432

Re: Follow-up on Skip-A-Payment Disclosures.

Dear Ms. Pringle:

After responding to your request regarding disclosure requirements under the Truth in Lending Act and Regulation Z for a skip a payment option on loans, we received questions regarding fees that may accompany the option. 15 U.S.C. §1601 *et seq.*; 12 C.F.R. part 226. After further consultation with legal staff at the Federal Reserve Board (Federal Reserve), we provide the following additional guidance to clarify our statement regarding fees that a credit union may charge a member to skip a loan payment.

Based on our conversation with Federal Reserve staff, if a credit union charges a fee for its members to participate in a skip-a-payment plan regardless of whether they use the option, then the fee is not a finance charge. If a credit union charges a fee each time a member skips a loan payment, similar to a transaction fee, then the fee is a finance charge. See 12 C.F.R. part 226, Supplement I, para. 4(c)(4). Federal credit unions must ensure that interest, which includes any finance charge, does not exceed the usury limit. 12 U.S.C. §1757(5)(A)(vi); 12 C.F.R. §701.21(c)(7).

If you have additional questions on this matter, please feel free to contact Staff Attorney Tonya Green or me.

Sincerely,

/S/

Sheila A. Albin
Associate General Counsel

OGC/MIG:bhs
05-0903A