CAPITAL AREA
COMPLIANCE ROUNDTABLE

September 14, 2009

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

RE: Docket No. R-1364 - Interim Final Rule on Implementation of the CARD Act

Dear Ms. Johnson,

The Capital Area Compliance Roundtable (CACR) provides the following remarks in response to the Federal Reserve Board's (Board) request for comments on its Interim Final Rule amending Regulation Z to implement provisions of the Credit Card Accountability Responsibility and Disclosure Act of 2009 that were effective August 20, 2009. The CACR has 161 members that include Attorneys, Compliance Officers, Risk Managers, Internal Auditors, and Lending and Operations staff from all over the metropolitan Washington, D.C. area. This letter is submitted on behalf of this diverse group of financial services professionals.

The CACR generally supports the Board's efforts to improve consumer protection regulations. As consumer-owned financial cooperatives we respectfully request consideration of the operational and financial impacts those regulations may have on our institutions and the availability of affordable credit to all consumers.

We appreciate the Board's temporary solution with regard to the 21-day rule, but we are concerned that the "short period of time" is not adequately defined. We request clarification as to what the Board will find acceptable courses of action until credit union systems can be brought into technical compliance with this rule. Additionally, the application of the 21-day rule to all open-end credit is too broad.

Another provision of concern is the 45-day additional notice required for accounts delinquent more than 60 days found at 226.9(h)(3)(i) and elaborated on in the Official Staff Interpretations. Example (ii) of the interpretation for this provision appears to indicate that a creditor must give an additional 45-days advance notice of the rate increase to consumers that are more than 60 days delinquent. We interpret this to mean that, if a consumer rejects the rate increase after the initial 45-day notice, the rate cannot be changed for such accounts until approximately 105 days after delinquency.

A possible alternative to the additional 45-day notice requirement would be to allow a credit union to disclose the date the penalty rate will go into effect in the initial notice, regardless of acceptance or rejection, if payment is not received within 60 days of the due date.

We appreciate the Board providing an opportunity to comment on this Interim Final Rule. Credit unions have a history of providing access to low-cost credit and we are concerned that the issues addressed in this letter will make it harder for us to continue to do this. We respectfully request the Board consider these matters when issuing the Final Rule.

Respectfully submitted,

John Harwell
President

Kim DeDapper
Vice President

Jason Clarke
Secretary