From: "June Albright" <june.albright@deltacommunitycu.com> on 10/12/2007 07:55:03 AM

Subject: Truth in Lending

Message sent to the following recipients:
Federal Reserve Board Comment
Message text follows:

June Albright
1025 Virginia Ave
Atlanta, GA 30354-1319

October 12, 2007

[recipient address was inserted here]

Dear [recipient name was inserted here],

October 11, 2007 1 of 3 emails

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

Re: Request for Comments on Proposed Regulation Z Amendment - Docket No. R-1286

Dear Ms. Johnson:

Delta Community Credit Union (Delta Community) appreciates the opportunity to comment on the Board's proposed Regulation Z amendments. Delta Community is a multi-SEG, state-chartered credit union based in Atlanta, Georgia. Delta Community uses multi-feature open-ended lending practices extensively to serve the consumer lending needs of its 167,000 members.

Our replies to the proposal are located below:

Question: The Fed is proposing to require credit unions that use open-end multi-featured loan products to provide additional closed-end disclosures for subaccounts that are created to finance specific items. How will this change impact your lending operations and do you believe this change is necessary to protect your members?

Credit Union Response: We strongly object to the proposed changes that would severely curtail the ability of credit unions to use multi-featured, open-end lending plans. These changes attempt to address a problem that we believe does not exist and will require us to bear significant expenses that will unavoidably be passed on to members in the form of higher rates and increased fees. The disclosures we currently provide under these plans are sufficient and give members the information they need on a timely basis.

Multi-featured open-end lending is integral to our Credit Union's objective to provide our members with convenient loans. If the proposed regulations go into effect, we will be forced to change to closed-end

lending and members will need to sign documents with every loan they obtain. Delta Community, and more importantly, members, will lose lending conveniences and lower costs that they currently enjoy with multi-featured open-end lending.

Lending is an extremely competitive business. For the last 20 years, our
Credit Union has used multi-featured open-end lending as a way to provide convenient loans, lower loan rates and expeditious service. The proposed changes significantly threaten our ability to compete and provide low-cost alternatives to our members.

Question: The Fed recognizes that creditors will need sufficient time to implement the numerous revisions that will likely be adopted. How long should the implementation period be for the changes outlined in this proposal?

Credit Union Response: Because this proposal incorporates the most extensive and comprehensive changes to open-end rules since the early 1980s, we should be given a significant amount of time to prepare for these changes. For this reason, we believe mandatory compliance should not be required until at least two years after these changes are issued in final form. Core processors and third-party vendors will need sufficient time to adapt systems and lending products which process, fund and service consumer loans.

Question: The proposal will increase the notification period for change in terms from 15 to 45 days, including notices for increased rates due to delinquency, default, or penalties. Would a shorter time period than 45 days be adequate?

Credit Union Response: We recommend that the change-in-terms notification requirement remain at 15-days. This allows all financial institutions to adjust loan rates to market rates. Financial institutions must have the ability to manage liquidity and all ALM functions as the interest rate environment changes.

Question: In general, Regulation Z applies to consumer credit extended to residents (including resident aliens) of a state. Is further guidance on this scope of coverage needed?

Credit Union Response: No.

Question: Currently, the definition of "credit card" includes "coupon book," which is not defined and the Fed is not aware of credit devices that would be considered a "coupon book." Should this reference to "coupon book" be deleted?

Credit Union Response: Yes, the term coupon book is one of several payment method options available for consumer loans, but a coupon book is rarely used for credit card payments.

Question: The proposed rule is not intended to impact HELOCs, which will be addressed when the Fed reviews the Regulation Z rules for closed-end credit, as that review will include all home-secured credit. What impact will this proposal have on HELOCs?

Credit Union Response: None.

Question: The proposal adopts a simple rule that any transaction fee on a

credit card plan will be a "finance" charge, regardless of whether the issuer in its capacity as a financial institution imposes the same or lesser charge on withdrawal of funds from an asset account, such as a checking or savings account. Will this approach facilitate compliance and consumer understanding, without unintended consequences?

Credit Union Response: The treatment of fees within credit card finance charge has always been confusing to consumers. Some fees are included in periodic APR calculation, while other are excluded. Adding all fees to finance charge calculation will appear negative/abusive to consumers.

Question: The official staff commentary provides examples of charges in comparable cash transactions that are not "finance" charges. One example is discounts available to a particular group because they meet certain criteria, such as being members of an organization or having accounts at a specific institution. Is this example useful or should it be deleted as unnecessary?

Credit Union Response: The commentary example is helpful for financial institutions that bundle "lifestyle" or "relationship" products for special groups or businesses.

Question: The proposal provides guidance on debt suspension coverage, which is comparable to debt cancellation agreements. Is additional guidance needed?

Credit Union Response: Yes, we recommend removing the term debt suspension and using debt cancellation only.

Question: The proposal will exempt telephone sales of credit insurance, debt cancellation, and debt suspension agreements from the requirement to obtain a written signature or initials from the consumer. Tapes or other evidence of consent, along with written disclosures that are sent later, would be required in order to provide safeguards. Do you agree with this approach?

Credit Union Response: Yes, a financial institution can also follow up with mail, fax or e-mail agreement.

Question: Are there circumstances in which creditors should be permitted to provide cost disclosures in electronic form to consumers who have not affirmatively consented to receive electronic disclosures, such as when consumers seek to make online online payments and the creditor imposes a fee for this service?

Credit Union Response: We generally support the changes that will apply equally to electronic application and solicitation disclosures. We also agree there may be instances when consumer consent may not be necessary for certain electronic disclosures, such as the disclosure of fees when the consumer is making payments online.

Question: The Fed had considered a proposal to prohibit the terms "finance charge" and "annual percentage rate" from being disclosed more conspicuously than other required disclosures, except when the regulation so requires. This is to address criticism that emphasizing certain terms has caused confusion. However, the Fed has found it difficult to do this without creating detailed exceptions. Should the Fed continue to pursue such an approach?

Credit Union Response: No, we recommend "finance charge" and "annual

percentage rate" disclosures be simplified and remove details regarding exceptions.

Question: Creditors are currently not required to send periodic statements for accounts that are determined to be "uncollectible." This term is not defined. Is more guidance needed in this area?

Credit Union Response: Yes, we recommend an uncollectible term of 90-days.

Question: The proposal clarifies that creditors entering into workout arrangements for delinquent open-end plans without converting the debt to a closed-end transaction comply with the rules if they follow the rules and procedures under the open-end credit provisions of Regulation Z. Is additional guidance needed, such as establishing a safe harbor for when the open-end plan is deemed satisfied and replaced with a closed-end obligation?

Credit Union Response: No.

Question: Currently, if creditors provide a grace period, they must then send statements at least 14 days before the grace period ends. Should the Fed recommend to Congress that this 14-day period be increased in order to give consumers more time to pay? If so, what should this time period be?

Credit Union Response: No, we recommend staying with a 14-day period.

Question: For late-payment, over-the-limit, cash advance or balance transfer fees, a range of fees may be disclosed on applications and solicitations if these fees vary from state to state. The proposal will add returned payment fees to this list. Are there other fees that should be included that may vary, such as fees for required insurance or debt cancellation and debt suspension coverage? Disclosing a range for these fees will not be permitted for account-opening disclosures. Does this present problems and how can this be resolved?

Credit Union Response: Disclosing the cost of any fee or selected service will not be a problem.

Sincerely,

June Albright