



August 3, 2009
Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Request for Comments on Interim Final Rule implementing provisions of the Credit CARD Act - **Docket No. R-1364**

Delta Community Credit Union (Delta Community) appreciates the opportunity to comment on the Board's Interim Final Rule implementing provisions of the Credit CARD Act. Delta Community is a state-chartered credit union based in Atlanta, Georgia which serves members of affiliated-SEGs as well as residents of Atlanta area counties.

Delta Community supports the efforts of the Federal Reserve to prohibit credit card practices which are abusive to consumers. Like most credit unions, Delta Community's products were designed to be clear and fair to consumers. As such, we believe most provisions of the Credit CARD Act and its implementing regulations will have minimal impact on Delta Community's products.

While we support the original intent of the Credit CARD Act, one particular component has led to a tremendous burden on the credit union industry that, in my opinion, will ultimately harm consumers. Under the Act, creditors must adopt reasonable policies and procedures to ensure that periodic statements for any open-end consumer credit account are mailed or delivered at least 21 days before the payment is due in order to be able to charge a late fee or to otherwise consider the payment late. Delta Community's members with credit card accounts receive a separate monthly statement which currently complies with the requirement that a statement be provided 21 days prior to a payment due date. However, compliance with this provision is especially difficult, if not impossible, with regard to the other open-end loan products at Delta Community.

All Delta Community members currently receive a single monthly account statement, which consolidates all of the member's deposit and loan account activity, with the exception of credit card accounts. This consolidated account statement includes home equity line of credit accounts as well as multi-featured open-end loan accounts, which the credit union relies on extensively to serve the needs of our 191,000 members.

To assist our members in meeting their budgeting needs, Delta Community offers members the ability to select their payment date (any day of the month) and frequency (monthly, semi-monthly or bi-weekly). While the consolidated statements are provided to all members on the 4th day of each month, payments on our open-end loans may be made throughout the month, which would clearly not be in compliance with the 21-day requirement for open-end loan products in the Interim Final Rule.

Costs and Limitations of Options Available for Compliance



Delta Community has identified very few options for complying with this requirement on our multi-featured open-end and HELOC loans. The operational complications and/or expenses of the options identified to date are enormous, especially given the short time period for complying with this requirement. As a credit union is a member-owned cooperative, these costs would ultimately be paid by Delta Community members in the form of lower deposit rates and/or higher loan rates and fees. The options for compliance and their costs are as follows:

1. The credit union could deliver a separate account statement for each loan 21 days prior to the respective loan due date.
 - Members who have elected semi-monthly or bi-weekly payments would be forced to accept a monthly payment which will negatively impact their household budgets.
 - This option would result in the credit union sending an additional 23,000 paper statements each month. This option would be an additional annual expense of \$156,000 to our members, plus an additional \$54,000 in initial programming costs.
 - This option has a significant detrimental affect on members who appreciate the convenience of the consolidated statement.
 - To operationally make this change the credit union estimates it would need at least four months.

2. The credit union could keep the existing statement process but advance the due date of all existing loans to a single date at least 21 days after the current statement date.
 - Members who have elected semi-monthly or bi-weekly payments would be forced to accept a monthly payment which will negatively impact their household budgets.
 - This would require data processing changes and notification to members on 58,000 loans.
 - We expect it would take four months to make this change. The cost to our members to implement this change would be approximately \$69,000, which includes programming costs and member notifications.
 - In addition, this would trigger a loss of approximately \$40,000 in late fee income in the month the change is made.
 - Many of our members pay their loans via an automated transfer from a credit union depository account or from a payroll transfer. Due to limitations of our data processing system, we believe that advancing the due date will also either change or delete the payment transfer or payroll deduction process for that loan. Members who have previously authorized automated transfers or payroll deductions would find the payments either not made or made on a different date, resulting in significant member confusion and frustration.
 - There are also legal concerns with the credit union's ability to change the contractual terms of our agreement with the member.

3. The credit union could put multiple due dates on a single statement.
 - We believe this is the most efficient solution to the 21-day requirement, but have been told by a Federal Reserve representative that this is not within the spirit of the law and could be specifically prohibited in future regulation. By implementing this option, the credit union would be taking the risk of making a



- programming change (which is not currently supported by our data processing vendor) and then incurring additional cost if the Federal Reserve later prohibited this practice.
- Our data processor currently does not support this option. To implement this solution, the credit union would be forced to develop its own statement process, which would be a considerable programming expense.
4. The credit union could keep their current process and elect not to consider the payment "late for any purpose".
- This would eliminate the credit union's ability to collect late fees, prohibit us from providing negative information to the credit reporting agencies, and potentially result in the credit union waiving all right to collect on affected loans when borrowers default. Significant programming would be required to implement this option.
 - We estimate the annual cost of this option would currently be over \$400,000 in late fees and nearly \$23 million in lost ability to collect on delinquent loans.
 - The annual cost to the credit union could increase dramatically as some consumers could exploit the credit union's inability to collect on its loans. This option is clearly not in the best interest of our member-owners.

As outlined above, the options available are extremely costly and difficult to implement. Delta Community does not believe it can comply with this requirement within the time allowed in the regulation and without considerable expense to our members. I would like to thank the Federal Reserve for allowing me to share the concerns of complying with this provision of the Credit CARD Act. I would also ask that the Agency consider the implications on consumers and allow for, at a minimum, an extension of the effective date of the regulation.

Sincerely,



Todd Marksberry
Executive Vice President, Chief Operating Officer