

From: Larry McClements, Valencia, CA

Subject: Electronic Fund Transfers

Comments:

Board of Governors of Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Federal Reserve Board Director:

I support the proposed requirement that would require financial institutions to obtain consumers' affirmative consent (or opt-in) before any overdraft fees or charges may be imposed on consumers' accounts.

Banks should get explicit permission before enrolling customers in the most expensive overdraft system, automatically covering overdrafts and charging high fees, and should be stopped from using unfair practices to increase their overdraft fees.

I work hard to make ends meet. It is tough running a house with kids and two jobs with two people sharing a bank account. We manage quite well, but sometimes a charge slips through the cracks.

We bank with Bank of America. Over the years, the bank has held many promos to encourage people to use their check cards for all purchases. These include their "Keep the Change" promo and periodic sweepstakes for each charge you make. We have responded by using our check card more often, it is much easier and safer than carrying cash around. We now write 1-2 check per month at most.

This can turn into a nightmare. We once overdrew the account by a small amount, under \$50. This resulted in NSF charges totaling \$125.00 for ONE DAY. We had a check clear unexpectedly and there were 5 small dollar amount items and we were charged an NSF fee for each of them.

The bank claims that they pay the largest item first. This is because "customers want it this way." So, I would rather be charged NSF fees instead of one? I think not.

The bank also allows charges to my check card and ATM withdrawals to go through even though there are not enough funds. They claim they do not want to "embarrass" me. I think they could care less about this and would rather charge me a \$35.00 NSF fee (the new current rate) to cover a \$5.00 charge for a latte.

Bank of America has come up with a new program as well. In the past, at the end of their banking day, they credited all deposits and then subtracted all debits and checks. Now, there is no banking day when it comes to NSF fees. If I have \$100 in my account, and charge \$150 to my check card on a Sunday. Then,

I go to the bank to deposit a check in the ATM for \$500, I will have already been charged an NSF fee.

True, the bank is closed and true no money ever changed hands from the bank yet and by the close of business on Monday I will have more than enough in my account. This does not matter, I now will be charged a NSF fee. And in the interest of customer service, BofA no longer has a limit on the number of NSF fees they can charge in a single day. They also raised the NSF fee from \$25 to \$35 per item.

Of course, the solution is simple. According to BofA, I should carry around an old-fashioned checkbook register with me. I can then coordinate our balance with my wife throughout the day.

The reality is that most people do occasionally lose track of an account balance. I think we do better than most people. I cannot, however, help but feel like I am dealing with the mafia on the occasion I make a mistake. Should I pay a fee? Sure. Should I pay a fee that is 7 times the amount of my purchase? I know the answer is clear.

I strongly urge the Federal Reserve to take action to stop these abusive practices.

Sincerely,
Larry McClements
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