

From: Gulf Coast Community FCU, Michelle R. Slade
Subject: Electronic Fund Transfers

Comments:

Dear Ms. Johnson:

Thank you for the opportunity to comment on the proposed amendments to Regulation E.

We share the Board's concerns with the practices of some financial institutions that may have misled consumers and while we agree with many provisions of the Proposal, we do have some concerns about some of the specifics contained therein. We hope that our comments will be useful.

1. Right to "Partially" Opt-Out or "Partially" Opt-In, Versus A Required Opt-In.

We support the provisions in the Proposal that would increase disclosure of overdraft programs. We also support most of the Proposal's opt-out provisions. But, since our experience has been that there is no consumer demand for an opt-in requirement, we think an opt-in requirement would impose an unnecessary administrative burden, and high costs on our institution without adding any offsetting value for consumers.

2. Partial Opt Out

A partial opt-out approach is unworkable. Not only is it confusing and difficult to remember, it adds compliance burdens and substantial technology development costs. It is not right that these costs will be borne disproportionately by small and mid-sized financial institutions. We believe the Board should implement a regulation that allows financial institutions to offer discretionary overdraft payment services on an "all-or-nothing" basis and that does not punish them for varying the terms on accounts that do not offer overdraft services.

3. Exceptions to Opt-Out Requirements

We support the Proposal's reasonable-belief exception, but we believe that implementing the necessary technology to comply with the complicated safe harbor rule will be very expensive, especially for small and mid-sized institutions like ours. The new rule should not take effect for at least two years, so that we can purchase, implement and test the appropriate information systems.

4. Debit Holds

We support the concept of a two-hour safe harbor, but we believe that implementing the necessary technology to comply with a complex safe harbor rule will be very expensive. The new rule should not take effect for at least two years, especially so that small and mid-sized institutions can purchase, implement and test appropriate information systems.

Thank you for your consideration of our comments.

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