



Royal Credit Union **www.rcu.org**
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March 12, 2009

Jennifer Kerslake
Secretary of the Consumer Advisory Council
Division of Consumer and Community Affairs
Board of Governors of the Federal Reserve System
20th Street at Constitution AV, MW
Washington, DC 20551

Dear Ms. Kerslake:

I would like to comment on recently proposed rules on OVERDRAFT PROTECTION PLANS. The proposed rules are supposed to help the consumer but unfortunately, the proposal will do nothing but hurt the vast majority of consumers.

RCU has been offering a service called Courtesy Pay for years. This is a service in which we do not return an NSF check our Member has written but rather draw the Members account into the negative. We charge the member \$5 additional dollars when the check is actually paid and brings the account into the negative.

In cases where the Member does not qualify for our Courtesy Pay service, we return all NSF checks. In this case, our Member saves the \$5 from RCU but then is charged \$25 to \$50 from the merchant along with the embarrassment and time necessary to take care of the merchant.

Given the tight business environment we all work in, I am sure you understand that there are only two ways to handle any increased costs necessary to implement any new regulatory rules...either drop the program or pass the cost on to the consumer. Either way, guess who is the ultimate loser...yes, the consumer your proposed rules are intended to help.

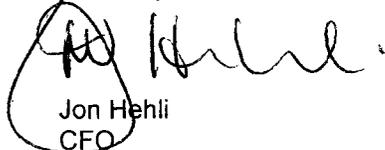
In 2007, we covered approximately 100,000 checks that, without the Courtesy Pay program would have been returned. Yes, our Members did pay RCU an additional \$500,000 by us not returning their NSF check, but without the program, the consumer would have likely paid the merchants and/or collection agencies \$2.5 to \$3 million in fees.

As mentioned above, we have had overdraft protection program in force for years. Annually and on each "fee notice" the Member receives, we let them know they can opt-out of the program. RCU has over 60,000 checking accounts and according to our records, only 47 accounts have opted out of the program. Said another way, this means that 99.92% of our Members fee the program works for them. Do we really want to address an issue that is so widely accepted by everyone except a few consumer advocate groups?

Rather than listen to me and feel I have a weighted interest in supporting the fee income and rather than listen to the so-called consumer advocate groups, take few minutes out of your day and actually talk to the consumer in person. I think you will find out the system works....the folks who make a mistake are saved the embarrassment of having a check returned and the folks who choose to write NSF checks are saving a considerable amount of money from unnecessary fees.

If you have further questions, I can be reached at 715-833-8135 or jonh@rcu.org

Sincerely,



Jon Hehli
CEO