



April 10, 2009

Ms. Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington DC 20551

Dear Ms. Johnson:

Member One Federal Credit Union and our Board of Directors appreciate the opportunity to comment on the Federal Reserve Board's proposed amendments to Regulation E and the Electronic Funds Transfers Act. As background, Member One Federal Credit Union serves over 55,000 members, with an asset size of over \$400 million. As a multiple common bond credit union, we extend our services to more than 400 companies and organizations.

It is our experience that our members generally do not expect to incur overdrafts and therefore are reluctant to sign up for formal overdraft loan programs. It is these same members that appreciate the availability of the options we offer in providing an overdraft service when an overdraft does occur and the ability to complete a transaction. In many cases, this service enables customers to avoid more significant adverse charges, such as merchant fees for returned checks and other less desired consequences.

Our Board and Senior Management team have identified concerns with the proposed rule and amendments dealing with automated teller machine transactions and one-time debit card overdrafts.

First, we believe that the proposed amendments would be extremely burdensome and costly, regardless of whether the opt-out or opt-in option is adopted. We believe that our members should either be able to opt out of any overdraft service that assesses a fee or charge for overdrafts due to ATM withdrawals or one-time debit card transactions, or that our members be required to opt in to this service. As with our current practices, we believe that the opt-out option is more consistent with our members' expectations. We believe that this also enhances the relationship between our members and our institution since it

epitomizes our Vision to be our member's first choice for all of their financial needs. We do not want to be an institution known for returning our members' items unnecessarily.

With regard to the proposed alternative approaches to ATM and debit card overdrafts, other overdrafts and check overdrafts, we believe that it would create an extraordinary technological opportunity for us to allow partial opt out of ATM and debit card transactions while continuing to pay paper checks and ACH items. We support an all or nothing approach where the member must allow any transaction to create an overdraft and therefore incur a fee (opt-in) or no overdrafts would be allowed (opt-out). Allowing a "partial" opt out is very likely to confuse our members and staff. It will lead to the need for extensive training and extensive explanations as to the different types of transactions that are or are not covered by the members' choice with respect to their opt-out decisions. Again we are looking at a significant increase in cost to our core processing system accompanied by the cost associated from a disgruntled membership.

Finally, with regards to members that may have adequate funds on deposit to cover an ATM withdrawal or a one-time debit card transaction at the time that the transaction was authorized. This does not mean that those funds will be withdrawn or needed to cover another transaction. Frequently members initiate additional transactions that will cause the funds to not be available once the subsequent transaction settles. We do not want to reject those transactions for operational reasons knowing that the possibility exists that transactions may not be completed as authorized.

We would suggest that if the Board chooses to implement the proposal that a 24 month implementation period be allowed so that our core data processing system upgrades can be made. We also feel that 15 days is a reasonable amount of time for a member to exercise the opt-out option.

Thank you for the opportunity to comment on the proposed rules. Please do not hesitate to contact me if you require additional clarification on our views.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Carter". The signature is fluid and cursive, with a large initial "F" and "C".

Frank Carter  
President & CEO  
Member One Federal Credit Union