



**EASTMAN CREDIT UNION**

*"It's Your Money"*

August 5, 2004

Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington D.C. 20551

RE: Regulation DD; Docket No. R-1197

Eastman Credit Union (ECU) implemented an overdraft protection plus program (ODPP) in January 2003. ODPP has been very well received by ECU members as evidenced by use, positive comments and lack of complaints about the program. ODPP has also been a financial success for the Credit Union. Member acceptance indicates a valuable service is being rendered. It is our belief that this acceptance is due, in no small part, to the high cost of the alternatives offered prior to implementation of ODPP.

Under our program we charge the same fee, \$20.00, whether we pay a check or return the check as non-sufficient funds. The consumer who suffers the greatest penalties for nonsufficient debits is the one whose items are returned unpaid. These consumers incur exactly the same financial institution fees as the consumer whose items were paid, but also incurs additional merchant expense.

**Section 230.4 (b) (5) Increased Specificity in Fee Descriptions**

ECU's new account disclosure states that any nonsufficient funds item will result in a fee to the member. We feel this clearly discloses to our members that all nonsufficient items, including items other than checks can result in nonsufficient fund fees.

**Section 230.6 Periodic Statement Disclosures**

ECU provides notice to members of the payment of overdrafts and assessment of overdraft fees on a per occurrence basis. The notice provides the amount of the item, the date the item was presented, the disposition, and amount of the overdraft created and the fee imposed. Total amount of the overdraft is disclosed and immediate payment requested. The information on overdrafts and fees is also available on the member's monthly statement. We at ECU are concerned about the additional requirements set forth for Periodic Statement Disclosures. To provide cumulative totals of fees on each statement would require substantial reprogramming of systems and redesign of our periodic statements. We at ECU believe the additional disclosure would be redundant and does not warrant what is likely to be a considerable cost.

**Section 230.8 Advertising**

ECU does not aggressively market our overdraft protection programs. In fact, members are not contacted directly about overdraft protection. Information is available to members in our lobby and on the website for their convenience. The brochure used at ECU clearly contains key elements of our program and is designed to help the member understand available options. We at ECU agree that some aggressive marketing programs are misleading and additional clarification might alleviate potential confusion for consumers.

**Conclusion**

We at Eastman Credit Union appreciate the opportunity to comment on the proposed changes to regulation DD. We feel that regulation DD is the appropriate tool for regulating overdraft protection programs. However, we would like for you to reconsider the benefit of providing cumulative totals of overdraft fees on statements due to the substantial programming changes.

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "David W. Atkinson".

David W. Atkinson  
Chief Financial Officer  
Eastman Credit Union