

From: Fran Reyes <franfromtx@webtv.net> on 08/11/2004 12:55:08 AM

Subject: Regulation DD - Overdraft/Bounce Protection Services

August 10, 2004

Secretary Jennifer Johnson

Dear Secretary Johnson,

I am writing to express my opposition to the Federal Reserve Board's proposal addressing "bounce protection," under the Truth in Savings Act (TISA). Bounce protection is a loan that should be regulated just like other kinds of loans under the Truth in Lending Act (TILA).

Bounce protection loans are an extraordinarily expensive credit product. For example, a \$100 overdraft will incur at least a \$20 fee. If the consumer pays the overdraft bank in 14 days, which would be typical for a wage earner, the APR is 520%.

It is because of the expensive cost of bounce protection loans that consumers need to have Annual Percentage Rate (APR) disclosures. Without this information, consumers have no way to compare the cost of bounce protection loans to other similar credit transactions, such as overdraft lines of credit and credit card cash advances.

The federal banking regulators' proposal does not go far enough in protecting consumers from the harms of bounce protection loans. The true cost of bounced checks should be disclosed to the consumer; these products should be regulated under the Truth in Lending Act.

Sincerely,

Mrs. Fran Reyes
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