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To: Comments
Subject: egrpra burden reduction comment

The banking and thrift regulatory agencies have requested comment on how to reduce regulatory burden from consumer protection regulations dealing with account/deposit relationships and miscellaneous consumer rules. American State Bank would like to take the opportunity to address certain requirements in connection with the following regulations set forth in the Federal Register Notice dated July 22, 2004.

Consumer Protection in Sales of Insurance (12 CFR Part 343)
Having to provide the disclosures both orally AND in writing is burdensome. Oral disclosure should be restricted to applications made by telephone.

Clarification regarding the credit disclosure is needed. The regulation states that the disclosure must be given "at the time the consumer applies for an extension of credit in connection with which an insurance product or annuity is solicited, offered, or sold." Generally, when a consumer initially applies for an extension of credit, credit insurance is not solicited, offered or sold. In this case, the credit insurance is offered AFTER a credit decision has been made. The regulation implies that if this is the method used, no disclosure is required, but this is not clear.

Allowing combined disclosures (Insurance Disclosure & Credit Disclosure) before the close of a sale of insurance or close of a loan for which insurance is to be purchased would be a better method. This timing requirement would still allow the consumer to change the decision to purchase the insurance, before signing the related loan or the insurance policy.

Privacy of Consumer Financial Information (12 CFR Part 332)
The privacy notice that a bank must send to customers annually is a costly burden. It is clear that the notice contains confusing language due to the number of customer calls and questions that the bank receives after the annual mailing. A simplified short notice that states the Bank's sharing practices, given at account opening and subsequently reissued only if the Bank changes its practice, should be sufficient.

Electronic Funds Transfer (12 CFR Part 205)
Electronic Funds Transfer is an expensive burden for banks to comply with. The Bank should not be expected to assume the liability for a negligent consumer especially when the liability provision for consumers is set too low at \$50.

Credit, ATM and Debit cards should have the same protections. It is confusing to employees as well as the customer when a different set of

rules apply depending on the transaction conducted. In most instances a merchant will accept a card without asking for identification to insure that fraud has not occurred. Lack of responsibility of the merchant costs the Bank. The burden of responsibility should be shifted to the originator of the transaction.

From an operational perspective, our biggest concern is both reducing the amount of time a consumer has to contest a transaction and reducing the difference between the time frames of Regulation E and MasterCard/Visa i.e. 90 days - 120 days. The former addresses the issue of whether a consumer should be allowed to contest transactions 3 months after it occurs. If reduced to 60 days (30 days after the notice to the customer), this would probably reduce our exposure and losses significantly. It should be noted that this is only empirical and not concluded through actual analysis. The latter would close the opportunity for a merchant to respond after we have made our provisional credit final. This would have a minimum financial impact for banks.

With the wide use of on-line banking, and the capability for the customer to view transactions daily, the agencies should consider revising the requirement for delivery of a periodic statement as required by Sec. 205.9 (b). The need to deliver a periodic statement either monthly or quarterly is not necessary for the customer who has access to view transactions daily.

Truth in Savings (12 CFR Part 230)

The disclosures required by Regulation DD should be simplified and shortened since most consumers do not fully understand or read the lengthy disclosures. Disclosures written in a "plain English" format would be a more useful shopping tool for the consumer.

The advertising rules of Regulation DD should be simplified especially since Banks are subject to the Federal Trade Commission Act that prohibits unfair and deceptive practices in advertising.

Advertisement of Membership (12 CFR Part 328)

The requirement to include the "official advertising statement" sets apart insured banks from the investment community. Most requirements of this regulation are reasonable and easy to comply with. The official advertising statement exemption for some marketing items is practical. However, the requirement to include the official statement if a radio or television advertisement exceeds 30 seconds in time should be eliminated. Most radio and television spots purchased by community Banks are short due to the cost for this method of advertising. The statement is not meaningful to the consumer and a clear exemption from the requirement should be acceptable.

Deposit Insurance Coverage (12 CFR Part 330)

Deposit insurance coverage has not changed significantly even though the FDIC has taken steps to simplify the rules. Even though additional coverage beyond the \$100,000 may be possible in certain instances, the rules for achieving the additional coverage are confusing to employees as well as customers. The tools introduced by the FDIC such as "EDIE", available both online and in a CD-ROM version, are extremely helpful. However, it may be appropriate to review the need to expand the insurance coverage levels in order to provide a Bank the means to retain more deposits for the same customer.

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