

From: Kim Anderson [mailto:KAnderson@RoyalBank-usa.com]
Sent: Monday, October 18, 2004 3:07 PM
To: Comments
Subject: EGRPRA burden reduction comment

Public Information Room
Office of the Comptroller of the Currency
250 E Street, S.W.
Mailstop 1-5 Washington, D.C. 0418
Attention: Docket No. 0418

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, D.C. 20551
Attention: Docket No. R-1206

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street N.W.
Washington, D.C. 20429
Attention: EGRPRA Burden Reduction Comment

Regulation Comments
Office of Thrift Supervision
1700 G Street N.W.
Washington, D.C. 20552
Attention: Docket No. 2004-35

Dear Sir or Madam:

Royal Bank (not to be confused with Royal Bank of Canada) is an organization with deposits of \$128,000,000 and consisting of 11 offices located in rural South Central and Southwestern Wisconsin. The communities we serve have populations ranging from just over 400 to not quite 1600 people. We appreciate the opportunity to comment on a number of compliance burdens affecting our ability to serve our communities.

Annual Privacy Notice

The requirement to provide an annual privacy notice is cumbersome and expensive. It would make more sense to only require the sending of a new disclosure if there was a change that adversely affected the consumer.

Insurance Sales Disclosure

We feel the disclosures are not helpful when offering credit life and/or accident/health coverage in connection with a loan transaction or for property/casualty insurance. In fact, they create confusion for our customers. Reg. Z already requires a written disclosure that insurance coverage is not required by the creditor, and the disclosure of the amount of the premiums if it is purchased from the creditor.

At the very least, please just require a written disclosure at the time of closing instead of at the time of application.

Electronic Funds Transfer Act (Reg. E)

The error resolution procedures are very confusing as they vary depending on whether the EFT occurred on a "new" account or not. However, the definition of "new" account under Reg. E does not match with the definition of "new" account under Reg. CC. It would be helpful if the terminology in the regulations would be consistent.

It would also be helpful if the customer notice requirements would be consistent with real life transactions. For example, under Reg. E a customer must notify us of a problem within 60 days after the periodic statement has been provided. However, under the ACH rules, a customer only has 60 days from the date of posting to reverse an ACH debit. We've had situations where someone has notified us timely of an ACH dispute under Reg. E, but it's too late to reverse the debit under the ACH rules because the debit posted early in the statement cycle.

The liability provisions of Reg. E are also very confusing and are extremely biased in favor of the consumer. For example, the commentary states that "Negligence by the consumer cannot be used as the basis for imposing greater liability than is permissible under Reg. E. Thus, consumer behavior that may constitute negligence under state law, such as writing the PIN on a debit card or on a piece of paper kept with the card, does not affect the consumer's liability for unauthorized transfers." Consumers are taking advantage of the very liberal provisions of this regulation and banks are left with the bill. Consumers must have some responsibility for protecting their accounts. Merchants should also have some responsibility to at least compare signatures before accepting signature-based card transactions.

The bank is charged for each debit card dispute submitted, but we are prohibited from collecting any dispute fee from the customer. Even if it is found that there is no error, we cannot recover that cost.

Finally, we are required to provide a periodic statement for each monthly cycle in which an EFT has occurred, and a quarterly statement if no EFT has occurred. Our organization offers customers the ability to check their accounts by telephone, or through online banking. Both services are available 24/7. If customers have the ability to access their account information by one or both of these methods, then it becomes unnecessary and unduly burdensome to also provide a paper periodic statement.

Regs. D & Q

Commercial customers - corporations, partnerships, LLCs, etc. - should be allowed to have an interest-bearing checking account.

The restriction of six preauthorized transactions per month on a savings or money market account has become outdated with the increase in electronic funds transfers, and is creating a hardship for a number of our customers who only have a savings account. These are customers, typically on limited income, who cannot handle a checking account for one reason or another. They then set up electronic debits with their utility companies, insurance companies, etc. from their savings account because they don't, or can't, have a checking account and it is expensive to buy money orders. If they exceed the six preauthorized withdrawals in a month, then we are obligated to notify them of that fact, and if it occurs again, we must either close the account or stop paying interest on it.

Reg. CC

Section 229.10(c) concerning the next day availability of certain types of checks, especially cashier's, certified, or teller's check, is being used against financial institutions and it's customers. Every week we receive alerts from the FDIC about counterfeit money orders or cashier's checks. It appears that this type of crime is growing rapidly and is certainly much easier than actually going in and robbing a bank.

In these post-9/11 times, who is benefiting from the mandated availability of certain types of checks? I submit that removing these items from next-day availability will not unduly burden anyone. If a transaction is large, then it can be transferred by wire or ACH. Even U.S. Treasury checks can be sent electronically into a person's deposit account.

USA PATRIOT Act - Customer Identification Procedures

Please clarify section 326 of the USA PATRIOT Act to address the situation where individuals may not have a social security number or tax ID number because of religious beliefs, for example: the Amish. Currently, there is no exception and we've been unable to open accounts for those individuals without a social security number.

Summary

Thank you for opportunity to comment on these matters. As a small, community banking organization we appreciate that the regulators are considering ways of reducing the incredible amount of regulatory burden that we are enduring.

Sincerely,

Kim Anderson
Royal Bank
Elroy, WI