

Subject: Regulation AA

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Comments:

1. RIGHT TO OPT OUT. Vermont Federal Credit Union supports, in principle, the substantive opt-out right outlined within the Proposed Regulation AA. We do however, have serious concerns about timing and content provisions found in proposed Regulation DD.

- o The timing provisions are burdensome and unnecessary. Instead of requiring a very detailed opt-out notice to be sent during every periodic statement period in which an overdraft service fee is assessed, a less frequent and more concise notice should suffice; preferably annually.
- o The content provisions require too much information. Instead of helping, it would probably cause information overload for our members/customers. For example, the model opt-out notices form would require Vermont Federal Credit Union to disclose the following information: the fact that a fee can be assessed even if the overdraft amount is \$.01; the fact that there may be other overdraft payment services that "may" be less costly; and a definition of what an overdraft is. Given that our members/customers are already notified of this information, it seems excessive and unnecessary to require such detailed information be provided on more than an annual basis.

2. PARTIAL OPT OUT. The partial opt out

provision contained in the proposed amendments to Regulation AA is unnecessary and unworkable. o The partial opt-out would allow our members/customers to retain overdraft protection services for only checks and ACH transactions, but allow them to decline protection for other types of transactions, such as “ATM withdrawals” (but not other ATM transactions?) and some but not all “POS debit card transactions”. We believe our members/customers will conclude that exercising a “partial” opt-out right means they will never be charged an NSF or overdraft fee – which may not be the case. o This part of the Proposal would not only be difficult to explain in a manner that would allow it to be understood by our members/customers, it would be very difficult, if not impossible, to implement the technology, at least in the near term.

3. DEBIT HOLDS. o The proposal would forbid financial institutions, including Vermont Federal Credit Union from charging an overdraft fee for overdrafts that result from debit holds, unless the amount of the actual purchase amount (not any pre-authorized amount) for which the hold was issued would have caused an overdraft. o This is unworkable to Vermont Federal Credit Union because institutions generally (1) have always properly treated funds with a hold on them as if they were unavailable, (2) have no control over the pre-authorization amounts requested by merchants, and (3) currently does not have a technology solution to conduct the comprehensive, and retroactive, overdraft analysis that would be necessary to assess a fee under the Proposal.