



FEDERAL CREDIT UNION

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March 26, 2010

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave, NW
Washington, D.C. 20551

Re: Comments on Proposed Rule – Additional Guidance on Overdraft Protection Changes in the Electronic Fund Transfer Act (Regulation E) and TISA (Regulation DD)

Dear Ms. Johnson and Governors of the Federal Reserve Board:

I am writing on behalf of the Board of Directors and management team of Visions Federal Credit Union which is headquartered in Endicott, New York and serves over 124,000 members in southern New York and northern Pennsylvania.

As a member-centric, focused institution that always viewed its overdraft practices and fees as a convenience for our members and an alternative to returning checks that would cost our members more financial headaches, we understand the regulations that you have promulgated thus far to protect the consumer. Unfortunately, the approach you are taking is at the expense of well-meaning financial institutions such as ourselves who were not guilty of daily fees and over drafting at ATMS purposely to make fee income. As a result, our credit union, and thousands of other financial institutions like us in the country that were not responsible for the problem, are scrambling to meet the compliance requirements fast approaching on Debit Card overdrafts.

To that end, we appreciate the clarifications in the initial part of this recent proposal to Reg E which did answer some questions our compliance team had; however, some of the newer proposals seem unnecessary. We also think the new regulation should be given time to work to demonstrate whether it helps with the major abuses before new regulations are drafted.

Regulation E

Section 205.17(b)(4)

We are very concerned about the clarification to this section of the regulation. Our practice is to deny debit card and ATM transactions when a member's account does not have sufficient funds at the time of authorization. Unfortunately, card payment networks do not instantaneously process transactions. As a result, some members will take money from their account before previously authorized transactions settle. This results in the credit union having to pay the transaction on behalf of the member and overdraw the account. It then becomes our responsibility to collect the amount of the overdrawn balance from our member. The

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
Page 2
March 26, 2010

clarification that you propose eliminates our ability to get paid for our collection efforts without getting our member to “opt-in”. Let’s be honest, there is no reason to believe our members will “opt-in” to a fee for an obligation they incurred that the credit union must legally pay on their behalf.

We believe that it is poor public policy to remove the consumer from any obligation in understanding and managing the most basic concept of financial literacy, which is how to balance their checking account and not spend more money than they have.

In the proposed clarifications, the Board wrote, “While the Board recognized that both financial institutions and consumers can have imperfect account balance information, the Board stated that financial institutions are in a better position to mitigate the information gap than consumers, such as through improvements to payment processing systems.” This statement is not true. The consumer is the only party with complete information regarding outstanding debits (withdrawals) that are in process. Prior to electronic transaction processing, checks moved through payment processors at a slow pace and consumers were responsible for recording and tracking outstanding checks and understanding that available account balances did not include those checks. It should be no different today and consumers that abuse the system should not be allowed to do so at the cost of consumers who diligently balance their accounts.

We do not believe that this proposed clarification of the regulation promotes transparency or benefits all consumers, both stated goals of the Board.

Therefore, we ask that you remove this clarification of Section 205.17(b)(4) and allow financial institutions like ours to be granted an exception based on our existing practices.

Section 205.17(b)1(iv) – Written Confirmation

We are in agreement with the proposed amendment to Reg E that would require that confirmation must simply be sent prior to assessing a fee.

Comment 18(b)-8 – Outstanding Negative Balance

Although Visions Federal Credit Union does not charge a tiered fee for holding a negative balance, it seems that if such a fee is allowed it will be difficult to exclude those charges that were due one time debit transactions and imposition of this change should be deferred for the time being.

Comment 17(b)-9 – Daily or Sustained Overdraft, Negative Balance, or Similar Fees

Again, this rule change would not affect us directly and we are not in favor of these daily charges, but trying to be objective, the calculation seems overly complex and very difficult to administer. Once again, we respectfully urge the Board of Governors to give the current revisions to the regulation time to work before making changes.

Regulation DD

Section 230.11(a) - Disclosure of Total fees on Periodic Statements

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
Page 3
March 26, 2010

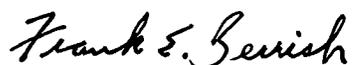
We do not agree that the term "Total Overdraft Fees" needs to be used universally for all financial institutions. Credit union members and bank customers are used to seeing certain terms used, and if they have a checking account, we believe that they can readily figure out that if their account went negative and a fee was charged – there is a correlation – no matter what you call it!

Section 230.11 - Disclosure of Account Balances

We agree that a change should be made so a consolidated balance including funds available in savings accounts and transaction sub accounts such as a sweep account should be allowed.

Thank you for the opportunity to comment on the proposed rule.

Sincerely,



Frank E. Berrish
President/CEO

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Cc: Mr. Fred Becker, President – NAFCU
Mr. Dan Mica, President - CUNA