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of Consumer Reports



Consumer Federation of America

June 1, 2011

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

RE: 12 CFR Part 229, Regulation CC; Docket No. R-1409

Dear Ms. Johnson:

Consumers Union, the nonprofit publisher of *Consumer Reports*® and Consumer Federation of America appreciate this opportunity to provide comment to the Federal Reserve Board on its proposal to amend 12 CFR Part 229 to implement necessary changes to the check collection system.

Consumers Union agrees with many of the changes in these proposed rules to make adjustments to 12 CFR Part 229 to reflect current and future check processing procedures.

We applaud and support any changes made to these check processing procedures that enable consumers to have access to deposited funds quickly, which includes:

- Reducing the maximum hold period for nonproprietary ATM deposits;
- Excluding declined debit card transactions to be counted from the exception to allow longer periods for availability of funds when there are “repeated overdrafts;” and
- Reducing the reasonable hold extension period for non “on-us” checks to two business days.

Finally, we take this opportunity to state that while we understand that the Fed does not have jurisdiction over adjusting dollar amounts for funds-availability, we would like to reiterate the pressing need for a significant increase in the amount of funds made available to consumers from large check deposits.

Consumers today simply need faster access to large deposit amounts, way above the current \$5000 threshold. Currently, a consumer relying on funds from a local check larger than \$5000 must wait an additional 5 business days (a total of 7 business days) to access the funds. For example, a consumer who deposits a \$6000 check from an investment bank may fail to meet a short closing deadline to purchase property. If the \$6000 check is deposited on the 1st of the month, the consumer will have to wait until the 10th to access funds that are necessary to close the contract.

Thank you for this opportunity to provide the above comments.

Sincerely,

Michelle Jun
Senior Attorney
Consumers Union

Jean Ann Fox
Consumer Federation of America