

From: Watertown Savings Bank, Heather Makuch  
Subject: Regulation CC

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Comments:

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Proposal: Regulation CC - Availability of Funds and Collection of Checks  
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Name: Heather Makuch  
Affiliation: Watertown Savings Bank  
Category of Affiliation:  
Address:

City:  
State:  
Country:  
Zip:  
PostalCode:

Comments:

Regulation CC - Availability of Funds and Collection of Checks [R-1409] This Bank's concern regarding the proposed changes to Regulation CC, deal with reducing the number of days for an exception hold to 4 business days. If the number of days is reduced for an exception hold to 4 business days, is there any guarantee for the bank of first deposit that the check will be returned prior to the funds being made available to the customer? We typically tend to receive returned checks anywhere from 4 to 6 business days after we have accepted them for deposit. We may find out about larger items prior to receiving the returned item from the FED through a large dollar item notification, but we do not receive this in advance for all items presented. With the number of fraudulent items being presented, banks want to feel comfortable with accepting checks and knowing that there is not a concern that a check may be returned once the funds have been made available to the customer. Under the current rules, we periodically receive a returned item after a hold has been released and the customer has withdrawn the funds. In these cases we attempt to work out a payment arrangement with the customer. In the event the customer does not repay the funds, the Customer's account is charged off and it is reported to ChexSystems. In some cases, depending on the amount of the check, a judgment may be filed. When we place holds on a check and the check is returned within the reasonable time of the hold, the customer tends to be thankful. If the hold was released before the check was returned the customer could have spent the money and would then have to repay the Bank. We believe reducing the number of days allowed for an exception hold will result in an increased number of customers that will struggle to repay a debt to a bank that they did not expect to owe.