

From: Eagle Community Credit Union, Carol Rosas  
Proposal: 1409 ver. 2 (RIN 7100-AD68) - Reg CC - Availability of Funds and Collection of Checks  
Subject: Regulation CC

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Comments:

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Proposal: Regulation CC: Availability of Funds and Collection of Checks [R-1409]

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Your comment:

I am writing on behalf of Eagle Community Credit Union. Originally formed to serve Postal and Federal Employees, today anyone who lives, works, worships or goes to school in Orange County, California is eligible for Membership. As of March 31, 2014 the Credit Union has 19,000 Members and over \$222,000,000 in Assets. Eagle Community Credit Union appreciates the opportunity to provide comments to the Federal Reserve Board on its proposed rule for Regulation CC, Collection of Checks. Our credit union supports Alternative 1. In supporting this alternative we do not anticipate that it will slow the check-return process. It is anticipated that those institutions that are still processing paper checks will be encouraged to convert to electronic processing.

In regards to the proposed change to permit a depository financial institution that accepts deposit of an original paper check to recover directly from a financial institution that permitted its customer to deposit the check through remote deposit capture, we do not support and recommend against the imposition of such a change. Nor do we support the new proposed indemnity relating to remote deposit capture that would cover depository financial institutions that receive deposit of an original paper check returned unpaid because it was previously deposited (and paid) using a remote deposit capture service.

Currently electronic documents are upheld in courts as legal and binding. We encourage our members to use Remote Deposit Capture (RDC) as a means of conducting business. We encourage all things electronic as does the industry. By supporting these proposed changes we are in direct opposition of moving towards an electronic society. Additionally, the proposed change would penalize those institutions that have implemented RDC, giving favoritism to those who have not implemented this delivery channel. By implementing these changes it no longer allows for the proper collection of an item, but rather it forces the institution who may have originally accepted the check electronically to be at fault and liable for the actions of the depositor. Our recommendation would be to leave the Regulation as it is in regards to RDC and in the event of a double posting, the liability would be on the financial institution taking the loss to recover said loss from the depositor who was unjustly enriched, not the institution that accepted the deposit via RDC.

We agree that Reg CC's current same-day settlement rule for paper checks should remain unchanged

and should not be extended to electronic checks.

Under the proposal, electronic checks and electronic returned checks that financial institutions exchange by agreement would also be subject to the check collection and return provisions under Regulation CC, unless otherwise agreed by the sending and receiving institutions. We concur. Electronically Created Items or Electronic Payment Orders (EPOs): These items are electronic images that resemble images of the fronts and backs of paper checks but that were created electronically and not from, for example, scanning a paper check in order to create the electronic image. Our credit union agrees with the proposed change to require a financial institution sending an electronically-created item to indemnify subsequent transferees for losses caused by the fact the item was not derived from a paper check.

We believe the proposed effective date of six months would be sufficient for our credit union to make the necessary changes to implement the proposed changes for Regulation CC.

Thank you for the opportunity to comment on this proposed rule and for considering our views on the proposed changes to Regulation CC and the collection of checks.

Sincerely,

Carol Rosas  
Vice President of Operations  
Eagle Community Credit Union