

Proposal: 1637 (AF28) Reg CC - Availability of Funds and Collection of Checks

Description:

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Comment ID: 133444

From: First National Bank in Ord, Clark Hervert

Proposal: 1637 (AF28) Reg CC - Availability of Funds and Collection of Checks

Subject: R-1637 - Regulation CC - Availability of Funds and Collection of Checks

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Comments:

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Proposal:Regulation CC - Availability of Funds and Collection of Checks [R-1637]

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Your comment:Shortening the exception hold from seven days to four days would be better if the period be five days based on the time it takes for "most" checks to return to the depository bank. Requiring notices of an exception hold include the total amount of the deposit would be of the limited benefit to consumers, but substantial costs for some banks.

Requiring banks to provide a notice electronically when notices not provided in person if the customer has agreed to accept notices electronically would not be operationally feasible or cost-effective. Case-by-case holds remain very useful to us. Like most banks, we next-day availability and the case-by-case holds give us the important option to hold funds for an extra day in the event there is a legitimate reason to place a hold but no statutory exception applies. This would expose us to more fraud losses. We object that banks would lose the safe harbor if they failed to adopt the 8.5 X 11 paper size requirement and that the regulation even though other sizes may be more user-friendly. More flexibility is needed. The notice model language alerting customers that checks may be returned after funds are released would help prevent criminals from defrauding bank customers by exploiting the requirement that banks make funds available before they can learn that the check is uncollectable.