



July 16, 2008

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

RE: Proposed Rules for Unfair or Deceptive Acts or Practices

Dear Ms. Rupp:

I am writing to express our concern that the proposed rules on unfair or deceptive acts or practices with respect to deposit account overdrafts and the proposed regulations under the Truth in Saving Act on deposit account overdrafts that were issued on May 19, 2008 will have a significant adverse effect on our Credit Union and will not provide additional benefits to our members. In the past, federal agency guidance and regulatory changes have helped to improve our overdraft service as an important service to our members. In light of the positive impact of these prior regulatory changes, and our concern about the current proposals, we appreciate this opportunity to provide comment on these proposals.

Opt-Out Requirement - General Rule

We already offer an opt-out for member accounts. However, since some members fail to realize the impact of fees on their overall financial position, most often consideration of opting out of the program follows rather than precedes their use of our overdraft service. Our management practice is to refund fees when a consumer elects to opt-out of the overdraft service after a fee has been charged. Members are regularly educated about the resources available to them, including alternate sources of overdraft protection and the operational elements of our overdraft service. In the event that they do not elect to opt-out before fees are assessed, we are responsive when they choose to opt-out of future overdraft service usage. This process is fair to the consumer and should be expressly permitted by any final rules.

Opt-Out for Electronic Channels

While we offer members the ability to opt-out of the payment of overdraft fees for all types of payments, we do not see why the offering or the failure to offer an opt-out for the payment of overdrafts due to checks or ACH transactions where the charge for returning the transaction would be equal to or higher than the charge for paying the overdraft is in any way unfair or deceptive. The consumer is simply not harmed by the payment of the overdraft. Indeed, failure to pay the overdraft would ordinarily result in greater costs to the consumer. Additionally, we find that members have been satisfied with the access to electronic channels (ATM and debit cards) as part of the overdraft service. It is of concern that the proposed electronic channel opt-out is not yet possible through our technological resources.

Debit Holds

Activation of overdraft service on debit holds would result in significant manual handling of all overdrafts. Overdrafts handled at the teller line or in daily ACH batches would require manual account review to determine if debit card holds are in place. If our institution was required to accommodate this change as drafted, it would require that we extend the processing window for items to minimize errors. We believe that the operational impact of this proposed change would create excessive costs, undue staff burden and increase the possibility of error.

General Rule - Limits on Fees Charged

By listing the maximum amount of fees charged per day, consumers will be tempted to "game the system" and try to time transaction debits to minimize fees. Once the daily maximum fee is incurred, there may be no deterrent to incurring additional overdrafts on that day. We agree that there should be a maximum amount of fees charged per day, but credit unions should not be required to disclose that maximum amount to the member.

Thank you for the opportunity to express our comments during this period.

Sincerely,



Chris Conway
President/CEO