

From: Community Plus Federal Credit Union, Michael Daugherty  
Subject: Electronic Fund Transfers

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Comments:

This e-mail is in response to your request for comments to amend Regulation E to limit the ability of a financial institution to assess an overdraft fee for paying ATM withdrawals or one time debit card transactions. The proposal seeks comment on two alternatives: an opt-in or an opt-out approach.

Either approach makes the assumption that the processor making the authorization has knowledge of the cardholders balance. While this may be true with large banks, I can assure you that many small credit unions lack that capability. I know this because I manage a small community credit union with assets of approximately \$12,000,000. Our ATM/debit card authorizations work by giving each member a daily authorization limit. All transactions up to that limit will be authorized by the processor. When the transactions come in we can not return them, therefore we must allow the account to overdraft. We charge a modest NSF to over our cost in processing, the risk we assume, and to act as a deterrent to members to discourage this behavior. Adoption of this rule will seriously impair our ability to offer this service.

Our credit union serves a largely low income community. Many of our members might not even be able to open an account with a bank. To prevent us from offering them a service they clearly want would be contrary to the spirit of this rule which is to protect these consumers.

We urge you to reject both options.

Michael Daugherty  
President/Manager  
Community Plus Federal Credit Union  
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