

From: American Association of Small Property Owners, F. Patricia Callahan  
Subject: Electronic Fund Transfers

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Comments:

Overdraft fees must be reformed on all fronts.

Most urgently needed is for national banks to apply the rules evenly, and to honor contracts with existing customers of banks which they acquire. SunTrust is a prime example of the need for reform.

Some years back, in the Washington, DC metropolitan area, Perpetual Savings Bank had operated. Through a switch in rules under FIFREA, Perpetual was forced out of business. Its assets were acquired by Crestar who continued Perpetual's customer products and services. When SunTrust acquired Crestar, these were rewritten, to the harm of existing customers.

Specifically, Crestar allowed customers to have a line of credit (up to \$2,000 per account) that would cover overdrafts on various accounts. The customer would pay an interest rate for the time the credit was extended and until the advanced funds repaid. No other charges were made for these advances. This worked very well.

SunTrust revoked this product, and instead required customers to get a credit card on which overdrafts would be made. It also charged per advance. Many customers did not want a credit card, and were thus unable to have overdraft protections. This has created a windfall for SunTrust.

Also unfair to customers is the way SunTrust determines the triggering of overdrafts. If the customer has a credit card (above), the bank will pay smaller to larger. However, if not, then the bank will pay larger to smaller. This means that if multiple checks and debits come in, and only one would put the account into default, the bank will charge for paying ALL items. This is unfair. There should be one rule for all - either smaller to larger (which is fairer) or larger to smaller. The current system allows for dinging the customer multiple times when the account has sufficient funds to pay for most presentations.

Also buried in the brochures are other breaches of contract and violations of the UCC. For example, SunTrust wants to be able to treat all endorsements as valid and sufficient even for accounts that require the endorsements of all owners. By this, they are obliterating the distinction between "and" and "or" on joint accounts. The result will facilitate bank fraud and identify theft. This must be stopped.

We recommend that all national banks be required to honor the contract provisions which customers had with the acquired banks, as with the overdraft outlined above.

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