



March 2, 2009

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington DC 20551

Dear Ms. Johnson:

The Regulatory Response Committee of the Virginia Credit Union League appreciates the opportunity to comment on the Federal Reserve Board's (Board) proposed amendments to Regulation E, the Electronic Funds Transfers Act. As background, the Virginia Credit Union League represents 200 member credit unions, which serve 5.6 million consumers with lending and savings products.

The proposed amendments dealing with automated teller machine (ATM) transactions and one-time debit card overdrafts would be extremely burdensome and costly to credit unions and all financial institutions, regardless of whether the opt-out or opt-in option is adopted. If adopted, the proposal will require updates to core data processing systems and credit unions would incur additional development and programming costs to distinguish between those accounts that permit overdrafts for ATMs and debit card transactions and those that do not. Additionally, if these proposed amendments are extended to other transactions, such as overdrafts created by checks, ACH debits, or other drafts, there would be significant impact on all credit unions. However, if the Board does choose to extend the proposal to other transactions, we would support an "all or nothing" approach - the consumer must allow any transaction to create an overdraft and therefore incur a fee (opt-in) or no overdrafts would be allowed (opt-out).

The proposed provisions regarding the prohibition from assessing an overdraft fee if the overdraft would not have occurred but for a debit hold placed on funds in an amount exceeding the actual transaction would also prove onerous to credit unions and all financial institutions. Such a restriction would again require development and implementation of yet another capability facet of core data processing systems or require manual monitoring and overrides, thus increasing costs.

If the Board chooses to implement the proposal, we feel an 18-24 month implementation period will be needed to allow the core data processing system upgrades that will have to be made.

Overall, we feel this proposal will be difficult to implement and could very well prove confusing for consumers who may or may not remember opting in or out of being allowed to overdraft accounts with certain transactions.

Thank you for the opportunity to comment on these proposed rules. Please do not hesitate to contact Kristen Tatlock at our League office should you need further clarification on our views.

Sincerely,

Beverley F. Rutherford, Chair
Virginia Credit Union League Regulatory Response Committee
Vice President/Compliance
Virginia Credit Union, Inc.