

November 20, 2009

Dear Member,

On November 17, the Senate Banking Committee held a hearing on S. 1799, the Fairness and Accountability in Receiving Overdraft Coverage Act of 2009 (FAIR Act), sponsored by Senator Chris Dodd (D-CT). While this legislation is designed to protect consumers from unscrupulous financial products, the results will adversely affect many families and individuals who are already dealing with financial challenges.

**This bill will severely limit consumer options**

If passed, S. 1799 will limit the number of overdraft coverage fees financial institutions can charge their account holders to one per month and six per year. While this looks good on the surface, once again consumers will become victims of unintended consequences as this legislation could have the following devastating effects:

- additional NSF charges from financial institutions and bounced check fees from merchants;
- damage to credit rating and possible prosecution; and
- potential loss of check-writing privileges at a financial institution that drives them to more expensive alternatives.

Plus, consumers who do not regularly use overdraft services will be penalized as well by the loss of free checking and additional fees as financial institutions are forced to re-price their services to make up for lost overdraft fee revenue.

**Are you aware of this action in Washington D.C.?**

Unfortunately, this debate is going on beyond the awareness of most consumers, but your input is paramount to finding a win-win solution. It is imperative that you communicate with your representatives to let them know that you are opposed to S.1799. On the back of this letter is an example of the overdraft process and a sample letter to your representative. You may also find a link for contact information on your house and senate representatives on our website.

**Please take a moment to read and learn about this proposed legislation and take action before this important resource is taken away!** When it comes down to it, what's good for the consumer is choice. Congress should not limit your options when it comes to financial decisions.

Please visit our website at [www.chcu.com](http://www.chcu.com) for more information. If you have additional questions, don't hesitate to contact your credit union at 865-541-1239.

Sincerely,



Becca Montgomery, CEO

[Click here to send a letter to your legislator TODAY!](#) [Find your elected officials](#) and [contact information](#)

## CONSUMER OVERDRAFT PROCESS

Consumer writes \$100 check at Community		
Community Grocery deposits check at their Financial Institution		
Financial Institution attempts to post \$100 check against Consumer's account with \$50 balance		
Financial Institution offers Overdraft Protection	Financial Institution does NOT offer Overdraft Protection	
\$100 Checks is Paid	\$100 Check is Returned to Community Grocery	
\$25-30 Free is Assessed by FI	\$30 Fee is Assessed by FI	\$30 - \$50 Fee is Assessed by Community Grocery
<p><b>If you want your financial institution to continue to offer overdraft protection, please contact your legislator today and let him or her know you want this valuable service to continue!</b></p> <p><b>Call the United States Capital Switchboard: (202) 224-3121</b></p> <p><b>A switchboard operator will connect you directly with the Senate or House office you request.</b></p>	<p>Consumer has \$20 balance in his/her account</p>	<p>Consumer owes Community Grocery \$130 - \$150</p> <p>Community Grocery may no longer accept Consumer's Checks</p> <p>Consumer may be reported to agencies such as ChexSystems and be prohibited from writing checks to other merchants</p> <p>If reported, consumer may pay excessive costs of non-banks such as payday lenders, check cashers and pawn shops.</p>

### RESULTS

<b>With Overdraft Protection</b>	<b>Without Overdraft Protection</b>
Consumer owes FI \$80 \$50 balance - <\$100 Check> - <\$30 Fee> = <\$-80>	Consumer has \$20 in personal account but owes Community Grocery \$130-\$150, may not be able to write more checks and may be subject to criminal prosecution.

#### Sample Letter to representatives:

As one of your constituents, I am writing to ask you to oppose any legislation which would limit my access to overdraft protection, a service my financial institution offers to protect my financial well-being.

Legislation has been introduced in Congress to limit my ability to use overdraft protection. This valuable service protects me from unforeseen instances where I do not have sufficient funds in my account. This is a consumer-friendly way of protecting me from bouncing a mortgage or rent check, utility bill, grocery store debit or other important transactions.

If Congress limits consumers' ability to access this service when they occasionally need it, they could be forced to incur more credit card debt, rely on unregulated financial service products like payday lenders or other less responsible financial solutions. The overdraft program my financial institution offers ensures that I have an important safety net available to me when I need them the most.

When it comes down to it, what's good for the consumer is choice. Congress should not limit my options when it comes to my financial decisions.

I urge you to strongly oppose any legislation which would limit my ability to access overdraft protection.