

FBCU

FARM BUREAU CREDIT UNION

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June 13, 2005

Proposed Rule for FDICIA Disclosures, Matter No. R411014
Federal Trade Commission/ Office of the Secretary
Room H-159 (Annex A)
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Secretary:

I am writing to comment on your agency's proposed rule governing consumer disclosure requirements for privately insured credit unions; specifically, as they affect signage on ATMs and within shared branches, and what constitutes a "similar instrument evidencing a deposit."

Elkhart County Farm Bureau Credit Union is a state-chartered credit union in the state of Indiana and has been privately insured since 1983. Our credit union has 38,750 members comprising of over \$310 million in total share/deposit accounts. We are a full-service financial institution offering a wide variety of services; one of which is providing members access to their deposit accounts through venues such as ATMs and branch offices which serve more than one credit union; referred to as shared branches.

We are fully aware of the statutory disclosure language contained in the FDIC Improvement Act of 1991 (FDICIA), and the fact that we are required to post signage in our lobbies and places where deposits are normally received stating that our credit union is not federally insured, and we believe that our credit union is in compliance with such statutory requirements. However, we must take exception to your proposed rule Section 320.4(a) requiring this disclosure signage be posted on our ATMs and at shared branches.

Our credit union currently owns ten (10) ATMs located at all offices and other public venues for member/consumer convenience. We are also a member of the Alliance One ATM network, an alliance of 1,056 financial institutions representing 3,464 ATMs. As an alliance member in this ATM network, we are required by contract to allow members/customers of all participating financial institutions access to their funds through ATMs owned by us. Because many of the member organizations are federally insured, posting a sign on the outside of our ATMs indicating that our credit union is not federally insured could cause significant confusion for the members/customers of these other participating institutions when using our machines. As an alternative, we would propose that the posted signage might be better if placed on the outside of an ATM deposit envelope, a practice in which we have done for years.

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In addition, we feel that our credit union has been able to better serve our members' needs as a direct result of our participation in a credit union shared branching network. To require the proposed disclosure be posted at a shared branching facility that serves more federally insured credit unions than privately insured credit unions, or that is owned by a federally insured credit union, will be confusing to federally insured credit union members. Further, the National Credit Union Administration (NCUA) already has specific requirements for posting an official federal insurance advertising sign in shared branch facilities (see NCUA Rule §740.4(c)), and we believe that the NCUA rule sufficiently addresses the shared branching matter.

We further understand the FDICIA requirement to disclose the absence of federal insurance and the fact that the federal government does not guarantee that depositors will get their money back if we fail, on all periodic statements of account, signature cards, passbooks and certificates of deposit. Since the law's passage, we have attempted to comply with this provision, and we believe we have the ability to be compliant. However, if the FTC's interpretation of FDICIA concludes we must also place this disclosure on all deposit slips, tickets or receipts, we are convinced that 100% compliance would be impossible and the cost of compliance to the member prohibitive.

Credit union members usually order deposit slips in conjunction with ordering checks. Numerous companies provide such printing services for a fee. While the credit union offers specific sources of supply for checks and deposit slips, many of our members buy these services on-line or from other unaffiliated vendors. Also, other than color choices in checks, most vendors don't offer options for deposit slips. To request custom-ordered deposit slips from any vendor – assuming such service is even available – would be more costly to the consumer. Furthermore, if the consumer fails to secure such deposit slips, it would create an undue regulatory burden on the credit union to police this disclosure. Non-compliance would be pervasive.

We suggest that such disclosures would be redundant, cost-prohibitive and unnecessary given the other forms of consumer disclosures required under the statute. Also, we cite the fact that the NCUA specifically exempts deposit slips, tickets or receipts from containing the required disclosure regarding the presence of federal share insurance.

Alternatively, we propose that privately insured credit unions be required to include such disclosure only on deposit slips available to members within the lobbies of main offices and branches of privately insured credit unions, and whose printing is controlled by the credit union. Shared branches and credit union centers should be exempt from this requirement so as to minimize confusion among credit union members of federally insured credit unions using such shared or common facilities owned and/or leased by privately insured credit unions.

Thank you for considering our position with these provisions of the proposed rule.

Respectfully submitted,

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Jack A. Sheets
President