RURAL CALIFORNIA HOUSING CORP.
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December 15, 1997

Cynthia L. Johnson
Director, Cash Management Policy and Planning Division
Financial Management Service
U.S. Department of the Treasury
Room 420, 401 14th Street, SW
Washington DC 20227

Dear Ms. Johnson:

Rural California Housing Corporation urges the Department of Treasury (Treasury) to address four critical components of its proposed rule on Electronic Funds Transfer 1999 (31 CFR Part 208). Rural California Housing Corporation is an nonprofit corporation with 30 years of experience in affordable housing development.

Treasury's Regulatory Role

Voluntary Accounts. The law directs Treasury to provide all recipients who will receive federal payments electronically access to an account at a financial institution at a reasonable cost and with the same consumer protections available to others. Treasury should regulate all accounts established by recipients to ensure that recipients: (1) have accounts at regulated financial institutions, (2) that fees charged are reasonable and affordable over the long-term, and (3) that consumer protections apply to all account transactions.

Non-Banks. Treasury must not allow EFT partnerships between banks and check cashers. A system where funds are electronically transferred to regulated financial institutions but recipients can only access their funds through check cashers is NOT acceptable and contradicts the provisions of the statute.

Electronic Transfer Accounts (ETAs).

ETAs should be free of monthly service charges and offer the same features and protections as current mainstream checking accounts. These accounts should include checks or money orders, ATM cards, customer support and accept additional deposits. We believe that all recipients of federal benefits should have the option of choosing an ETA.

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Waivers.

We are pleased with Treasury's proposal to allow recipients to self-certify their eligibility for waivers. However, the waiver provisions mush be broadened to allow waivers for hardships posed by mental disabilities, literacy concerns, or language barriers. Financial hardship waivers should be available to anyone who finds it too expensive to maintain a bank account to receive benefits, not just those without bank accounts. Recipients should be able to receive waivers at any point, in case of an unforeseen physical disability or other hardship.

Public Education Campaign.

We understand that the Treasury Department will launch a public education campaign to inform recipients of EFT 99 and to encourage them to receive their benefits electronically. It is critical that this campaign informs people of ALL their options, including waivers, obtaining an ETA account through Treasury, and the temporary waiver whereby recipients with bank accounts continue receiving paper checks until the ETA account is available. Recipients who are frightened into opening accounts before the ETA is available could easily fall prey to the abusive practices of check cashers or open bank accounts that are too costly. The information of EFT 99 must be clear and available in appropriate languages.

We urge you to take action on these critical issues. Thank you for you attention to this matter.

Sincerely,

Stanley Keasling
Executive Director