



June 18, 2010

Gary Grippo

Deputy Assistant Secretary, Fiscal Operations and Policy

U.S. Department of the Treasury

1500 Pennsylvania Avenue, NW, Room 2112

Washington, DC 20220

RIN: 3206-AM17, 3220-AB63, 0960-AH18, 1505-AC20, and 2900-AN67

Dear Mr. Grippo:

The Conference of State Bank Supervisors (CSBS) and the American Council of State Savings Supervisors (ACSSS) appreciate the opportunity to comment on the Department of the Treasury, Fiscal Services (Treasury), the Social Security Administration (SSA), the Department of Veterans' Affairs (VA), the Railroad Retirement Board (RRB), and the Office of Personnel Management's (OPM), collectively "Agencies," joint Notice of Proposed Rulemaking (NPR) on garnishment of accounts containing federal benefit payments.

Garnishments of accounts containing federal benefits have presented tremendous issues for consumer protection efforts across the country over the years. While federal law provides that federal benefits are exempt from garnishment, these laws are not self-executing. Thus, CSBS and ACSSS support the Agencies' NPR, which would establish requirements to protect consumers from the account freezes and garnishment fees which commonly occur in connection with garnishment orders and can be devastating to a consumer. The proposed rule also establishes more clearly defined procedures for complying with a garnishment order, which will undoubtedly relieve much of the compliance burden that financial institutions have undergone in attempting to carry out such orders.

The proposal would require financial institutions to review the account history for which a garnishment order was placed over a proposed "lookback period" that precedes the receipt of the garnishment order in order to determine whether any exempt payments were directly deposited into the account over that period. If the institution determines that exempt payments were deposited during this period, the institution would be required to allow the account holder to have access to an amount equal to the lesser of the sum of such exempt payments or the balance of the account on the date of the account review ("the protected amount"). CSBS and ACSSS strongly support this aspect of the proposal as a method for avoiding the hardships consumers often face when their accounts are frozen in the event of a garnishment order. CSBS and ACSSS also support the proposal to prohibit financial institutions from charging garnishment fees on protected amounts, as garnishment fees have proven to be a serious blow to consumer income. Finally, we support the Agencies' proposal to require financial institutions to deliver a notice to recipients that describes the recipient's rights to challenge a garnishment order related to any account for which the institution conducted an account review and to which an exempt payment

was directly deposited during the lookback period. Such a requirement would promote greater awareness among consumers and transparency in the garnishment process.

The proposal also strives to remedy various issues that financial institutions have encountered in complying with garnishment orders. CSBS and ACSSS applaud the Agencies' efforts in establishing straightforward, uniform, and cost effective procedures for addressing the extent to which financial institutions may, pursuant to garnishment orders, freeze or seize funds in accounts that contain federal benefits. Furthermore, we strongly endorse the fact that the rule will protect institutions that follow the specified procedures from the risk of liability, contempt of court, or civil penalties when they permit accountholders to access funds in accordance with the requisite procedures. Additionally, while institutions are already able to identify exempt funds easily based on the current coding framework, we support the methods by which the proposal aims to make funds identification even easier through further coding advances and the publication of a list of unique "Entry Detail Description" fields. CSBS and ACSSS also believe that the Agencies' inclination to relieve institutions of a continuing obligation to garnish amounts deposited or credited to the account following the date of review, as is required in some states, will help some of the regulatory burden issues that arise for many institutions related to garnishments. Finally, CSBS and ACSSS support the proposed safe harbor for institutions that comply with the required procedures.

With regard to state laws, CSBS and ACSSS strongly support the rule's position, which explicitly allows states to protect funds in an account from freezing or garnishment to a greater extent than is required by the proposed rule. Because of their proximity to their supervised entities and their knowledge of local economic conditions, state regulators are best positioned to implement more stringent rules if necessary. It should be left up to state regulators to determine on a case-by-case basis which instances necessitate action that goes beyond the limits of the proposal.

Thank you for the opportunity to submit a formal comment on behalf of CSBS and ACSSS.

Best Personal Regards,



Neil Milner
President and CEO, CSBS



Doug Foster
President, ACSSS