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November 27, 2007

Robert Feldman, Executive Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20552

RE: Proposed Guidance on Garnishment of Exempt Federal Benefit Programs

Dear Mr. Feldman:

The New Jersey League of Community Bankers* (“the League”) appreciates the opportunity to comment on the Proposed Guidance on Garnishment of Exempt Federal Benefit Programs.

- The League concurs that financial institutions should promptly notify customers once they are in receipt of a garnishment order and place a freeze on the account. However, we believe that the only information that financial institutions should offer customers on exempted funds and other matters relating to garnishments is the governmental agency that they may contact for their questions or additional information. These agencies have highly trained staff in these matters and can supply more timely and complete information to the customer. Customers also have the option of seeking advice from their own legal counsel. We do not believe it appropriate for a financial institution to provide any type of legal advice to its customers.
- Typically, funds in bank accounts are mixed with both exempt and non-exempt funds. The burden of determining the portion of the account funds that are exempt from garnishment should not be placed upon the financial institution. The financial institution is simply a disinterested third party in this matter and should not be saddled with the risks or liabilities associated with attempting to make this determination.
- We do not believe that a segregated account for exempt benefit funds would be workable since there would be no guarantee that customers would not deposit non-exempt funds. Financial institutions should not be placed in a position where they would need to police these accounts to ensure they contain only exempt funds.

* The New Jersey League of Community Bankers, founded in 1908, is a trade association representing 71 of New Jersey’s savings banks, savings & loan associations and commercial banks with total assets of over \$85 billion. The League’s wholly-owned subsidiary, the Thrift Institutions Community Investment Corporation (“T.I.C.I.C.”) assists League members in forming consortia to make loans on low-to-moderate income housing and economic development projects throughout New Jersey. Since its founding in September 1991, T.I.C.I.C. has closed almost \$250 million in loans to create nearly 4,700 units of housing affordable to families, senior citizens and citizens with special needs. In addition, TICIC’s loan pipeline will create another 640 residential units to serve the needs of communities throughout the state.

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- The processing of garnishments is a manual exception process that is a costly service for financial institutions to provide. While we believe that financial institutions should recover costs for this type of service, we know that many institutions will review the circumstances and past history of the account in determining the assessment of service fees. We do not believe, however, that waiver of fees should be a regulatory requirement.

Thank you for this opportunity to comment. If there are any questions or a need for additional information, I can be reached at 908.272.8500, ext. 614, or jmeredith@njleague.com.

Sincerely,

A handwritten signature in cursive script that reads "James Meredith".

James M. Meredith
Executive Vice President