

To: Credit Union CEOs
From: John Trull, VP Regulatory Advocacy
Gracie Nelson, Manager, Regulatory Advocacy
CC: Troy Stang, President & CEO
Jennifer Wagner, EVP & Chief Advocacy Officer
Ryan Fitzgerald, SVP Advocacy
Subject: Update on Finalized Overdraft Rule
Date: Dec. 12, 2024

This morning, the Consumer Financial Protection Bureau (CFPB) finalized its [Overdraft Rule](#). It is clear that several federal agencies led by President Biden's appointees are working to finalize their regulatory priorities ahead of the Trump administration taking office next month. The Overdraft Rule is part of this broader effort. Though the rule is set to take effect on October 1st 2025, the incoming Trump administration is likely to take action on this and other recently proposed or finalized agency rules. The next CFPB director could revoke the rule before its implementation. Additionally, Congress has tools through the Congressional Review Act (CRA) to sideline or overturn the rule.

The CFPB received over 48,000 comments on this proposal—47,000 from individual consumers and 1,000 from financial institutions. Commenters made numerous substantive comments on ways that the CFPB could tailor or modify the proposed rule. Unfortunately, the Bureau was not responsive to commenters choosing to finalize the rule with few revisions, giving the impression that this rule was pre-determined. GoWest will continue to advocate on this topic based on feedback from GoWest member credit unions, particularly those credit unions directly impacted by this rule.

Key provisions in the final rule include:

- **Exemption for Smaller Credit Unions:** The rule does not apply to credit unions with assets under \$10 billion. If your institution qualifies for this exemption, you are not subject to these new requirements.
- **Cost-Based Methodology Flexibility:** Financial institutions above 10 billion dollars are permitted to use a cost-based methodology set forth in the proposal to justify maintaining fees higher than \$5.
- **Other Provisions of Interest:**
 - Prohibition on compulsory pre-authorized electronic fund transfers for repayment of overdraft, however members can still opt in.
 - Requirement for covered overdraft protection above the \$5 fee threshold to be structured as an extension of credit and subject to Reg Z.
 - Application of the CARD Act provisions to hybrid debit-credit cards (prepaid cards).

If you are interested in exploring the finalized rule further, [click here for the Executive Summary](#) and [click here for the Unofficial Redline Version](#).

As always, our primary goal is to help you navigate these regulatory changes effectively and support your institution's success. We will leverage our connections and work diligently to push for reevaluation of the Overdraft Rule, based on member input. We will also keep you updated with the latest developments and actions as they unfold. Additionally, our compliance team will send a comprehensive compliance bulletin.

We welcome your feedback and questions.

Thank you,

John Trull

VP, Regulatory Affairs
971.263.0681 | 800.995.9064
gowestassociation.org

Gracie Nelson

Manager, Regulatory Advocacy
503.781.3290
gowestassociation.org