

**From:** Mary Ward [mward@swst.com]  
**Sent:** Friday, September 24, 2010 12:17 PM  
**To:** Overdraft Comments  
**Cc:** [Name]  
**Subject:** Overdraft comments and Financial Accounting Revisions combined letter.

Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20429-9990

File Reference FIL-47-2010 Overdraft Payment Programs and Consumer Protection

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Technical Director  
Financial Accounting Standards Board  
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File Reference No. 10810-100 Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities.

Ladies and Gentlemen:

Thank you for the opportunity to respond to the proposed Federal Deposit Insurance Corporation's Financial Institution Letter regarding FDIC's expectations for management and oversight of automated overdraft protection programs; a very important topic for banks and consumers.

Southwest Securities, FSB is a 1.8 billion dollar asset bank that employs 207. One great source of pride in our bank is customer service and customer satisfaction. One challenge for us is the imposition of new regulatory requirements, particularly obligations that will add compliance burdens to the detriment of customer choice. The difficulty of understanding "excessive or chronic use" or requiring caps on the coverage elected by customers are contrary to the policies of good customer service. We actually have customers who think it is preferable to pay the overdraft fees than spend the time to manage their accounts.

Our bank has re-evaluated our policy on ATM and one time, point of sale debit card transactions; we do not charge the consumer an overdraft fee when caused by a "one-time" debit card transaction, which causes additional cost and burden to the bank.

The FDIC statement indicating expectations that its supervised banks "institute appropriate daily limits on consumers costs by, for example, limiting the number of transactions that will be subject to a fee or providing a dollar limit on the total fees that will be imposed per day." The imposition of such a requirement through the mechanism of a bank seems a contradiction of the purpose of the Financial Institution Letter.

The FDIC statement that it expects banks to "review check clearing procedures to ensure they operate in a manner that avoids maximizing customer overdrafts and related fees through the clearing order. Examples of appropriate procedures include clearing items in the order received or by check number." This ignores established consumer preferences including important payments-which tend to be large –be

paid. Consumers view this as a complete loss of control of their ability to manage their accounts; not to mention excessive monitoring and expense, again, to banks.

Of equal, if not a greater concern is the FASB proposed changes to the way banks mark their financial instruments.

Market value of a loan traditionally has not received much attention on a performing loan. We hold our commercial loans and do not sell them on the secondary market. Frankly, if you are a bank such as ours who services our community many of the commercial loans would not fit the mold to sell.

Our bank has incurred significant costs in providing new appraisals for existing, performing loans to prove fair value estimates. I see no benefit to the customer. I see no benefit to the bank. The cost to maintain the loan on the books is soaring but more importantly when asked to sell the loans out of the bank because they no longer fit the mold is devastating.

The proposal by FASB to provide consistent accounting is far from complete.

I ask you to consider the “trickle down” effect your decisions will have on banks and consumers when making your final decisions.

Sincerely,

Mary Ward, President  
Government Affairs Division  
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