



FIRST STATE BANK AND TRUST COMPANY, INC.

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CHAIRMAN OF THE BOARD

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September 27, 2010

By electronic delivery to:
OverdraftComments@fdic.gov

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

RE: Overdraft Payment Programs and Consumer Protection, FL-47-2010

Dear Ladies and Gentlemen:

We welcome the opportunity to respond to the proposed Federal Deposit Insurance Corporation's (FDIC) Financial Institution Letter (FIL) articulating the FDIC's expectations for management and oversight of automated overdraft protection programs. Providing an opportunity to comment on a financial institution letter demonstrates that the FDIC recognizes the importance of this topic to both consumers and financial institutions. We share that view.

Following the recent implementation of the new rules, banks and many consumers are adjusting to the Opt-In or Opt-Out choices and banks are over whelmed with serving its customer base.

Imposing new regulation requirements following the recent changes of Regulations E & DD is now proposing a "system overload" for bank staffs and consumers to understand the existing regulations and the implementations of these changes.

The regulation proposed to define excessive use of overdraft activity by consumers and have follow-up actions with customers by phone or letter, officer counseling, or alternative options is vague , subjective and difficult to measure/monitor and will be costly for all parties.

If it is the intent of FDIC and the regulatory community to impose a harsh and costly penalty for the financial institutions, it is very possible that a larger segment of customer base will be driven out of the banking system.

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The result will be a greater reliance for those, by their own profiles of individuals who are consistently overdraft and are unable to management their financial affairs, to shift into the unbanked community.

This population base will further shift to the Title Loan Companies, Check Cashing, Finance Companies, etc. that will not be subject to monetary oversight by the regulatory agencies.

This regulation imposing daily limits of overdrafts, monitoring, consulting and possible requirement of check payment order will impose significant new cost burdens with little or no customer benefit.

Yours truly,

A handwritten signature in cursive script, appearing to read "Duane S. Michie".

Duane S. Michie
Chairman of the Board

DSM:lm