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Sent: Monday, September 27, 2010 3:58 PM  
To: Overdraft Comments  
Subject: Comment on FIL-47-2010

*Comment on Overdraft Payment Supervisory Guidance as drafted in FIL-47-2010, dated August 11, 2010.*

Thank you for the opportunity to comment on FIL-47-2010.

At First Freedom Bank, we agree that customers should be provided clear, up-front disclosures for all fees charged by the bank, including fees for NSF's and overdraft balances. Any changes made to these fees should also be clearly communicated to customers with sufficient time for them to determine if they want to shop their banking business with our competitors. We also believe that customers should not be charged fees that are caused by bank errors.

We have concerns regarding the proposals in FIL-47-2010. Limiting the number or dollar amount of NSF's paid per year, will necessarily result in accounts being closed after the limit is reached. The bank incurs, on an unlimited volume basis, a hard dollar cost, as well as soft costs for each NSF. No prudent business model can sustain offering services for which it cannot recoup its risk-adjusted costs. The inexorable result of this regulation will be a swelling in the number of unbanked individuals.

Bank customers are diverse in terms of their financial service wants and needs. Dictating the types, methods, and prices of these services will limit choices and be counterproductive. A better use of government resources would be to insure that all banks provide sufficient, timely disclosures so that customers are fully aware of the products and prices charged and can compare these costs between competitors. This ability for consumers is substantially enhanced if their community has a number of financial institutions that are engaged in a robust, competitive environment. New regulations should be balanced with the increased cost to businesses of complying. Higher costs will ultimately lead to a reduction in the number of institutions, and thus, less competition and fewer choices for consumers.

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