

From: Kendall Nix [mailto:kendall.nix@comanchenational.com]
Sent: Monday, September 27, 2010 11:36 AM
To: Overdraft Comments
Subject: Overdraft Comments

September 26, 2010

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

DELIVERED VIA E-MAIL: OverdraftComments@fdic.gov

Re: FIL-47-2010

Dear Sir or Madam:

We are a nationally-chartered \$230 million community bank that has been serving our community for 121 years. We employ 73 people and serve 20,000+ customers in 8 counties. We have 20 or more competing banks in our trade area plus many other financial service providers that offer bank-like services without the regulatory burden. What sets us apart from our competition is our service to, and knowledge of, our customers.

We have a well known set of customers who are chronically overdrawn. Many of these customers have limited incomes and similarly limited financial management abilities. By allowing them to overdraw their accounts, and charging them a fee, we allow them to remain eligible to write checks to, or use debit cards at, local and national merchants. Were we to return their checks due to insufficient funds these merchants would charge the customer higher fees than we do, bar them from writing future checks and turn them over to the criminal justice system for possible prosecution resulting in more fees and fines. They would eventually end up operating on a cash-only basis which would leave them without some basic necessities: food, utilities, etc., due to a shortage of funds by month end, every month. Other customers who are consistently overdrawn simply don't care about incurring our fees. They have money in the bank, just in the wrong account, and they count on us to cover their mistakes. They enjoy knowing they can write a check that will be covered in any event and see the fee as a minor inconvenience. All of these customers are contacted and counseled frequently. For both groups, there is nothing we as their banker can do to alter their financial situation. Serving these customers requires significant time and effort. All of their names are well known throughout the bank because we deal with them so regularly. Maintaining their accounts costs the bank money. We recoup some of these costs through overdraft fees. Adding additional regulatory burden just increases our costs while doing nothing to help our customers.

Second, I am very concerned with the notion that regulatory agencies know best what our customers can and cannot afford. We already place limits on our overdraft fees and regularly waive fees on a case-by-case basis depending on our customer's individual situation. Again having additional regulations just limits our flexibility in serving our customers. Each one is different and requires personalized review. Having one hard fast set of regulations will in the long run hurt the customer by reducing the banking services available to them. Our bank, like most banks, can only accept losses on customers for so long. We are charitable, but we are not a charity. We do the very best we can, in many cases forgoing income and absorbing expenses to meet the needs of our customers; however, we operate to earn a return on the money our stockholders have invested in us. They expect, and are entitled to, a reasonable return.

Also there seems to be an inconsistency with the rolling twelve month period the FDIC suggests we follow to monitor our customers' use of overdraft programs and with existing federal regulations; specifically, Regulation DD. Regulation DD currently requires us to disclose the total dollar amount for all overdraft fees. This must be done both for the statement period and for the calendar year. Introducing an inconsistent rolling time range for which we must reach out to our customers to counsel them on their overdraft usage imposes additional compliance burdens and costs on us, which will lead to increased costs for all bank customers. I find it interesting that the FDIC is proposing this guidance with the hopes of protecting customers, but the adoption of this guidance will ultimately be detrimental to the very customers it is intended to protect. The FDIC cannot directly alter the fees charged by merchants for returned checks and cannot force merchants to do business with any specific customer. It similarly cannot directly alter any criminal fines and court fees assessed on customers referred by merchants to the court system. By placing additional onerous restrictions on banks, the FDIC will reduce the number of banks willing to serve these individuals thereby increasing the ranks of the unbanked and making it more difficult for these customers to manage their daily lives.

I appreciate the opportunity to comment on this matter and I hope the FDIC will reconsider the promulgation of this guidance.

Sincerely,

William K. Nix
Chairman and CEO
Comanche National Bank