

The Farmers & Merchants State Bank
307-11 N. Defiance Street
Archbold, OH 43502
May 29, 2007

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

ATTN: Comments - Model Privacy Form

Dear Mr. Feldman:

The Farmers & Merchants State Bank wishes to take this opportunity to comment on the Interagency Proposal for the Model Privacy Form. Section 728 of the Financial Services Regulatory Relief Act of 2006 (FSRRA) required the development of a Model Privacy Notice as an option for the provision of disclosures, which if used, would serve as a safe harbor for financial institutions.

Since this was prompted through regulatory relief legislation, our comments must address how well the proposal has addressed the aspects of simplification and clarity, as well as promoted regulatory relief to financial institutions. The following comments are provided:

1. The proposed Model Privacy Form does have a simplified format and appears to be customer-friendly. Yet, there needs to be more flexibility provided regarding the actual content of the privacy form enabling financial institution's to effectively communication their specific privacy policies along with relevant customer education information.
2. The proposed requirement that the notice be printed on 8½ X 11 inch paper, single-sided, one page per sheet along with the prescribed formatting standards would result in additional costs for paper, printing, and postage to facilitate delivery of the initial notice and annual notices.

Since our financial institution has customer opt-out rights, three pieces of 8½ X 11 inch paper would be necessary for each privacy notice. Currently, our privacy notices are provided in various different formats, such as the following, which result in cost-efficiencies:

- a. Statement stuffers sent with periodic statements.
- b. Self-mailers to customers who do not receive periodic statements.

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- c. Email delivery to customers receiving electronic statements and using online banking services.
 - d. PDF file for online application processes.
 - e. On the bank's website.
3. Proposed requirements that the Model Privacy Form be delivered separately and not provided with other mailings or compliance materials will increase postage costs, as well as result in additional staff time and procedures necessary to monitor delivery of the privacy notice - 1) at the time relationships are established; and 2) when mailing the annual privacy notices.

Thus, cost-efficient methods used to deliver the initial privacy notice and subsequent annual privacy notices via statement stuffer and as a self-mailer would be eliminated. This would ultimately create additional burden and more expense to ensure delivery of the privacy notices.

4. As currently proposed, the safe harbor is limited to Sections 332.6 and 332.7 of the Gramm-Leach-Bliley privacy rules. It should also specifically include the provisions of the Fair Credit Reporting Act pertaining to information sharing practices and choices governed by FCRA, much as the Model Privacy Form provides coverage for the FCRA provisions. Some of the more complex information sharing practices involve affiliate sharing, the opt out from affiliate sharing, and the distinction between transaction and experience information and other information relevant to the customer's understanding of the choice.

The true intent of this proposal was to provide for more effective and meaningful disclosures for consumers, and at the same time reduce the regulatory burden on financial institutions that must provide privacy notices. Thus far, the regulatory relief anticipated has not been achieved. The wishes of customers are well represented in the proposed Model Privacy Form. Limited consideration was given to the financial institutions that must comply with the rules and must bear the burden and expense of doing so. Since use of the Model Privacy Form is a voluntary option, financial institutions in deciding whether to use this option, should not be put at a disadvantage in doing so.

Thank you for the opportunity to provide feedback in order to make the Model Privacy Form more viable for all involved.

Sincerely,

Marilyn K. Johnson
AVP/Compliance & CRA Director