From: Donna Stone [dstone@first-community.net]
To: Overdraft Comments
Sent: Mon 8/30/2010 4:29 PM
Subject: ODP
Overdraft Protection – Overdraft Privilege – I find it interesting as I review the posted comments that a majority of consumers really don't know, or care, about the difference the regulatory agencies or the banking industry has placed on the two terms used to describe the method utilized to provide money in excess of that available. The consumers' main objective is to have their checks paid, preferably without cost, and **ultimately spend money that is not theirs.**

The actions the FDIC expects financial institutions to follow as outlined in the summary of the proposed Overdraft Payment Supervisory Guidance certainly have merit. We do **not** process items in a manner to increase cost for the customer, we **do** limit daily fees, and we certainly **won't pay a check** for anyone who doesn't want it paid into overdraft. But the limit of six occasions during the twelve month period will not only harm the very consumer you wish to protect, but will compound the cost and compliance burden our bank will incur to comply.

Ultimately, the proposed regulations and guidance could leave the banking industry one choice. If the funds are not in the account, the item will be returned unpaid. Whether that returned item is levied with a fee or not isn't the issue, the real problem will be the added legal cost, reputation risk of the customer, and the loss the merchants will endure from that returned item. And the customer who was depending on their local banker to help them between paychecks will now have to frequent the payday lenders for their financial needs.

I agree that a $30.00 fee for a 50 cent shortage is a steep penalty; and as we all know, it is very easy to make a mistake and overdraw your account. But the majority of those who are complaining so loudly aren't the occasional offenders; they are the customers/deposit account holders who live weekly by writing checks, making purchases, and using their debit cards while just hoping the item doesn't make it to the bank before their next deposit. What alternative is there to offer that customer if the six occasions during a rolling twelve month period is breached? For those individuals, the six occasions will be realized in the first six weeks. If there was money in a savings account that could be linked, the overdraft wouldn't be a necessary funding method to them. If they actually qualified for an unsecured line of credit to cover short-term deficits, the overdraft would be occasional and not a necessary funding method.

When and where did our industry allow the misconception to develop that it is a right of the account holder to spend money that is not in the bank? Supposedly the NSF fee, while covering cost to the bank of handling that item, is to be a deterrent to the consumer from the practice of overspending. Well, we can see how well that has worked. Not only does our cost for processing these items continue to increase daily with new regulations and compliance issues, but the same individuals who benefit from having their debt covered complain as if the bank was the culprit**. And yes – an NSF check is a debt – unsecured and unapproved debt!**

I respectfully request that consideration be given to the consequences this guidance could bring and a compromise be reached that would limit the repercussions to both the account holder and the financial institution.

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