

HORIZON STATE ♦ BANK

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September 21, 2010

Federal Deposit Insurance Corporation
Via fax (703) 465-4303

RE: FDIC FIL-47-2010 dated August 11, 2010 "Overdraft Payment Supervisory Guidance

As a small town Missouri Bank we appreciate the opportunity to comment on the above referenced guidance. The relationship between our bank and its customers is forever evolving. In order to remain competitive, stay in business, and offer services that hold us apart from other institutions; these issues remains a challenge. This evolution created by banks meeting customers where their services are requested is always changing.

Technical advances are usually necessary and generally ahead of the law allowing banks and customers to work together to avoid problems in connection to all transactions and deposits. As always, when another party is involved; be it a vendor, merchant, or other 3rd party, a customer's account balance may not be accurate due to procedural inadequacies.

Like many other banks in Missouri, we feel the proposed Overdraft Payment Supervisory Guidance goes beyond what has traditionally been provided as guidance between managing agencies. We have looked to these agencies for support and direction and have been able to develop policies to meet or exceed the required policies and comply with existing laws and regulations. Certain provisions of this proposed guidance goes beyond what is considered reasonable and necessary and imposes rules we are not currently required to comply. Should the FDIC adopt this as a rule and the Federal Reserve Board and OCC do not, FDIC regulated banks will be at a competitive disadvantage. This will increase our costs and burden us with additional rules not affecting all institutions. We feel it should be enacted by all agencies, not just one.

One element regarding this proposed guidance is dealing with the "expected" honoring of customer's request to decline coverage of overdrafts in non-electronic transactions. Nothing exists in laws today requiring banks to do this. The model form adopted by the Federal Reserve Board states a bank may authorize and pay overdrafts for checks and automatic bill payment. This recognizes the banks right to do this. If requested, banks would honor what their customer requests, if it meant sending back overdrafts, but this guidance is not appropriate to expect banks to do so when no law or regulation states such.

Another element is the "expectation" the financial institutions offer consumers the opportunity to choose their overdraft payment protection product that will meet ALL their needs. Not every bank will be able to offer nor should a bank be required to offer every type of "overdraft transaction coverage" that is available. For a customer to be able to custom build such a feature would ultimately

create additional problems and possibly more and more costly overhead to efficiently handle such features. Many banks currently, do not offer overdraft lines of credit as the open-end disclosures dictated by regulation Z are extremely complex and require costly investment in resources and technology not feasible by "home town" community banks. Customers receive Regulation DD disclosures prior to account opening that describes the fees and features available for an account. Not every bank is going to offer every feature that is suitable or even desirable for every customer. The idea that banks may be dictated to do so is placing an undue burden some may not be able to sustain.

Here at Horizon State Bank, we have enacted rules and regulations that are required by law in order to meet our customers' every evolving need. We respect our customers and appreciate them very much for what we are able to provide one another in a banking/customer relationship. Moving into the "Dodd-Frank Act Era", we are starting to see more of a financial burden accompanying the already heavily rule laden banking industry. This is especially true concerning the amount of regulation being forced upon us that may satisfy the needs of only a few. There is no formula to make the overdraft go away. This is why financial education has been active in our community and throughout the state of Missouri. It is in everyone's best interest that bank customers are informed and they learn to make the best decisions regarding their finances. As always, any effort by the FDIC in providing financial education would be welcome.

Thank you for your time and consideration of our comments.

Respectfully,

A handwritten signature in cursive script that reads "Dallas D. Lockridge". The signature is written in black ink and is positioned above the typed name and title.

Dallas D Lockridge
Vice President
Commercial and Ag Lending