

HORIZON STATE ♦ BANK

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September 21, 2010

Federal Deposit Insurance Corporation
Fax (703)465-4303

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

Horizon State Bank appreciates the opportunity to comment on the above-referenced guidance. We certainly understand that the traditional deposit account relationship between banks and their customers has evolved and continues to evolve, primarily due to increasing ways that accounts can be accessed. This evolution presents challenges for banks and their customers.

FDIC expects financial institutions to monitor accounts and take meaningful and effective action to limit use by customers as a form of short-term, high-cost credit, including, for example, giving customers who overdraw their accounts on more than six occasions where a fee is charged in a rolling twelve-month period a reasonable opportunity to choose a less costly alternative and decide whether to continue with fee-based overdraft coverage. We think that some of the terms that FDIC uses in this is an invitation for class action lawsuits. No law or regulation requires banks to monitor programs for "excessive or chronic customer use" and take follow-up actions, and we think this would impose an extra burden on us. On the monthly statement that customers receive the overdraft fees are detailed including the year-to-date total. Customers can review this each month and if they think they are excessive, there are other options. They can close the account, keep better track of their transactions, call us to see if we have other options that might work more to their advantage, or ask to opt out of payment of overdrafts on their account.

This would be extremely difficult for us to implement. FDIC does not explain how these six "occasions" are counted. Are they counted by account, or by customer? Customers are constantly changing their accounts which would make this extremely difficult and costly to monitor.

You suggested that banks contact customers with follow-up calls. This action would require more resources from us. We believe in customer service, however, we feel this to be an unwelcome intrusion for the customer. If the customer has already affirmatively opted in to the bank's payment of overdrafts by ATM and one-time debit card transactions, we should not harass them about their overdrafts by asking them again if they want another "reasonable opportunity to decide".

From a safety and soundness and risk management standpoint, we agree that we should monitor our overdraft accounts, however it should be at the bank's discretion whether we take action in connection with a customer with excessive overdrafts. There is not a "one size fits all" standard when it comes to customer overdrafts. We should have the flexibility to determine the appropriate action in dealing with our customers, such as, stop paying overdrafts, close the account, or reach out to the customer.

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We at Horizon State Bank believe that we have acted responsibly toward our customers. As we move forward into the new Dodd-Frank Act era, there are real issues about the amount of regulation and associated costs that we can absorb and stay in business. We believe that financial education in our public schools should be the starting point to make bank account owners more responsible in handling their checking accounts and avoiding overdrafts. It is in everyone's best interest that bank customers are informed so they may make the best decisions to manage their finances. Any efforts by the FDIC in providing financial education would be welcomed.

Thank you for your time and the consideration of our comments.

Sincerely,



Judy Fore,
Compliance Officer