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September 21, 2010

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

DELIVERED VIA E-MAIL:
OverdraftComments@fdic.gov
& Fax

Re: FIL-47-2010

Dear Sir or Madam:

I am writing today as a community banker and a strong believer in the nation's community-based, consumer-oriented system of small and mid-sized financial institutions. I feel that I can speak on behalf of all community bankers when I say that it is our mission to bring financial services to consumers in a manner that provides the public with affordable financial products. I would ask you to keep in mind that community banks across this nation, unlike many of the larger and less consumer-oriented institutions, have remained fiscally strong and responsive to their customer's needs throughout the past few years.

Due to my strong belief in the statements I made above, I feel that the FDIC's proposed guidance on overdraft programs suggests that the FDIC believes community bankers are willfully and deliberately attempting to take advantage of their customers in order to augment profits. Quite frankly, I feel that this belief, if true, stems from a lack of appreciation of the competitive business environment in which community banks operate, a lack of knowledge about the costs incurred by banks in offering checking account products to customers, and a complete misunderstanding of the importance placed on customer relationships by community banks.


Most concerning is the implied belief that banks are trying to mislead customers and, in doing so, charge them with unfair and deceptive overdraft charges. The FDIC should bear in mind that banks do not charge customers overdraft charges unless the customer violates the deposit contract agreed to by both the bank and the customer. Furthermore, with the recently implemented opt-in rules on overdraft charges, the consumer must agree to be charged for overdrafts caused by one-time debit card or ATM transactions. It is troubling to think that the FDIC is suggesting that a bank, a for-profit enterprise with whom its customers have a contractual relationship, must limit the amount of fees that a customer could incur as a result of violating their depository contract when these fees were fully and clearly disclosed to the customer prior to the establishment of the contractual relationship and specifically agreed to by the customer. Doing so suggests that the FDIC does not consider a contract, a foundation of American law, to be sufficient to govern the relationship between the bank and its customer.

The recommendation that banks monitor overdraft usage on a rolling 12-month time frame and counsel customers imposes considerable compliance burdens for banks with very little, if any, benefit. Regulation DD already requires banks to disclose monthly and year-to-date overdraft charges on all account statements. Requiring banks to contact customers in addition to the existing Regulation DD requirements will cause additional staffing and materials costs that will ultimately have to be passed along to consumers in the form of higher fees. Furthermore, a banker calling a consumer every six months to counsel him or her on credit alternatives could not only be viewed as harassing, it could also be grounds for the customer taking his or her business to another bank.

Please understand that our relationships with our customers are the basis for our existence. We community bankers know that building strong and lasting positive relationships with our customers is the only way to help build and support our communities and to prosper as a financial institution. Taking advantage of our customers in the way the FDIC seems to believe we are doing would be the quickest way to lose customers. Contrary to the FDIC's apparent belief, we are doing everything we can to keep the customers we have.

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

Sincerely,

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

Tammy Phillips
Deputy President, Administration
Community Bank of Mississippi