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September 23, 2010

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

Via fax: 703-465-4303

Gentlemen and Ladies:

I am the Operations officer for a \$125MM community bank in Nebraska and I administer our Overdraft Privilege program (ODP). We offer an ODP line of \$700 to all of our qualified consumer checking accounts and this service has been accepted by 85% of those customers. When we offered opt-ins for one-time debit card and ATM overdrafts this year, 46% of those ODP customers opted in and only 9.5% actively opted out, while 2% opened Line of Credit loan products instead. This indicates that our customers value our ODP service and want it to continue.

York State Bank has spent considerable time and resources this past year because of the changes in Reg E to: upgrade our system, train our staff, produce and mail the opt in disclosures, and code the accounts after opt-ins or opt-outs are received. This is on top of the recent programming upgrades we have made for the Reg DD changes.

We already monitor accounts for excessive reliance on ODP and suspend its use when necessary. But our reporting program does not offer the ability to compile daily overdrafts for an entire year; we look at only three rolling months. When usage exceeds our criteria, we send a letter offering options to ODP and help in balancing a checkbook, as well as warning that ODP will be suspended if the customer does not minimize usage within 45 days. We monitor usage for the next two months before suspending ODP. We believe this gives the customer the time needed to make changes in their spending habits or bookkeeping practices in order to avoid ODP suspension. Modifying the reporting program that facilitates this monitoring would be an added monetary burden to the bank when we have already spent so much to keep up with regulatory changes.

I also believe our customers would consider your suggested maximum of six overdrafts in a 12 month period to be much too stringent. Customers who have Overdraft Privilege appreciate and expect to have their occasional overdrafts paid. Many would be angry if we indicated to them that six overdraft items in a year were all we could allow and pay. Even though we offer other options, some customers either cannot qualify for or do not want a loan product instead of ODP.

Thank you for considering my concerns.

Sincerely,

Catherine Ochs  
VP/Operations