

September 24, 2010

Federal Deposit Insurance Company  
550 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20429-9990

***By electronic delivery to:***  
[OverdraftComments@fdic.gov](mailto:OverdraftComments@fdic.gov)

Re: Overdraft Payment Programs and Consumer Protection, FIL-47-2010

Ladies and Gentlemen:

I am a member of the senior management team at Grandview Bank. We are a locally owned community bank serving the Johnson County area in Texas. Johnson County is predominately a rural community. Our customer base is made up of local farmers and ranchers, teachers, oil field industry workers, and small business owners and their employees. Our bank prides itself on our taking care of our customers' needs through the products and services we offer.

While I can understand the FDIC's concern regarding overdraft protection services, I must assure you that the customers in our market understand and value overdraft protection. Most of our customer don't want to overdraw their account, but appreciate the emergency cushion overdraft protection provides when needed, however often that may be. Our customers would much rather pay an overdraft fee to have their checks and/or ACH payments for groceries, utilities, car payments or house payments paid, than to suffer the consequences if those items are returned. Thanks to Regulation DD's periodic statement summaries of overdraft usage and associated fees, customers know what they are doing and the expenses they are incurring for the choices they have made. The vast majorities of overdraft users understands the product and have consciously chosen to use it to bridge the gap between paychecks or for unexpected financial needs.

Regulatory efforts to define excessive overdraft use and to require prescriptive follow-up requirements impose significant costs contrary to customer preferences. Many customers needing the occasional short-term accommodation are embarrassed by having to explain their non-sufficient funds transactions. Regular calls inquiring about "excessive" overdrafts may drive them from the bank. Especially if incurring overdraft fees six times a year is not what the customer thinks of as "excessive" and doesn't want to be stereo-typed as an excessive user by their bank. Grandview Bank urges the FDIC to avoid this result and instead permit financial institutions to exercise discretion with respect to the identification and treatment of excessive overdraft users. We believe that banks should be afforded the leeway to determine what constitutes chronic or excessive use and the flexibility to determine the most effective means of communicating with those customers.

The FDIC also states that it expects institutions to "review check clearing procedures to ensure they operate in a manner that avoids maximizing customer overdrafts and related fees through the clearing order. Examples of appropriate procedures include clearing items in the order received or by check number." This dictate does not take into consideration the complexities of presentment, settlement, and payment order and the myriad issues presented by such a review. It also ignores consumer preferences that important payments, which tend to be large, be paid.

Grandview Bank appreciates the opportunity to comment on these important issues. We understand and support the FDIC's efforts to identify existing compliance gaps and to address them. We believe, however, that many of the statements of supervisory expectation included in the financial institution letter impose new regulatory requirements that will impose significant new costs and burdens with little or no consumer benefit.

Sincerely,

Samantha Edsel  
Vice President - Operations