

From: kblack@heartlandbanks.com [mailto:kblack@heartlandbanks.com]  
Sent: Monday, September 27, 2010 9:58 AM  
To: Comments  
Subject: FDIC Proposed Guidance on Overdraft Coverage

Kevin M. Black  
1001 Walnut Street  
Gowrie, IA 50543-7462

September 27, 2010

Comments to FDIC

Dear Comments to FDIC:

By electronic delivery to:  
OverdraftComments@fdic.gov

Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429-9990

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

Dear Sir or Madame:

Heartland Bank is a privately owned community bank located in four small north central Iowa communities. We have been in existence since 1901 and serve primarily ag customers.

I strongly oppose the FDIC's proposed guidance (FIL-47-2010) that addresses overdraft coverage programs. Simply put now is not the time to introduce further regulation targeted at overdraft coverage products. My bank has just implemented new requirements under Regulation DD (Truth in Savings) and Regulation E (Electronic Fund Transfers) at great expense and manpower. Having to rework our bank's deposit products and to accommodate a regulatory moving target does not help my bank serve its customers.

My bank does not manipulate transaction processing to generate more fees and higher revenue. My bank is accountable to its community and its success is dependent on a mutually beneficially relationship with customers. If we engaged in "price-gouging" tactics, we COULD NOT do business in our community.

If the FDIC proceeds with adoption of the proposed guidance, please consider the following:

To eliminate the requirement to set daily thresholds on overdraft fees.  
We price this fee to manage the associated risk and as a deterrent to encourage consumers to engage in more financially-responsible practices.  
The majority of our customers who utilize the overdraft service appreciate

the bank's willingness to pay the associated checks instead of returning them.

The elimination of the requirement that banks monitor programs for excessive or chronic use (six overdrafts in a rolling twelve month period) and then contact the customer (in person or via telephone) to discuss less costly alternatives. This mandate would be extremely burdensome and operationally unworkable for my bank and would result in an excessive number of calls, causing us to either discontinue our overdraft coverage program, or to close the customer's account and return all payments.

Not to prescribe the order of transaction posting. Banks should retain the ability to post transactions in the order they deem appropriate as long as they do not manipulate processing to maximize overdraft fee income. Our experience indicates customers want to ensure the payment of larger debits which may include mortgage, utility or insurance premiums thereby necessitating high to low balance payment order.

I urge the FDIC to carefully consider this measure to ensure that the guidance does not impede my bank's ability to provide overdraft coverage services to my customers. If we are forced to abandon or significantly alter these services due to regulatory burden, the result could lead more consumers into becoming unbanked or relying on other products such as prepaid debit cards and check cashing services, which have higher fees and foster unsound financial practices.

Sincerely,

Kevin M. Black