

From: michelle.carton@csbiowa.com [<mailto:michelle.carton@csbiowa.com>]
Sent: Monday, September 27, 2010 10:18 AM
To: Comments
Subject: FDIC Proposed Guidance on Overdraft Coverage

Michelle Carton
201 E Main St
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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:

Community Savings Bank is a \$300 million community bank in eastern Iowa.

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. We actually had over 80% of our affected customers "opt in" to preserve all their access options to their accounts and overdraft limits.

I fear that this proposal will ultimately do a great disservice to my customers, many of which appreciate the assurances that accidental overdraft coverage offers in preventing a bill being returned unpaid or a merchant-imposed fee being levied. If regulatory barriers and requirements become too burdensome, I will be faced with discontinuing these services and returning all check and ACH transactions, exposing my customers to fees far greater than those imposed by my bank.

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 specifically exempt ad hoc programs from this guidance. Ad hoc overdraft coverage is an extension of my bank's customer service and is based on our knowledge of the individual customer. Including ad hoc overdraft coverage in this guidance would damage the relationship between my bank and its customers.

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. Our overdraft protection program is very conservative and is managed tightly. They can only be overdrawn for 15 days without getting contacted to bring it positive or the option is taken away.

Some of the uses are for college kids to have emergency access to funds if needed. (I have four sons and also want the comfort of this product for my college son). Another common use of OD protection is if one spouse has the check book and the other has the debit card only, the spouse could write a check and the other one not know and then not have access by the debit card. (my husband works out of town and only uses a debit card) The point of this is, there are banks like ours who offer and manage these products in a very responsible manner. There are also MANY customers who want these options, even if they have to pay an OD fee. Community Banks understand our customers and will gain nothing from gouging them with fees. We have 4 banks and a credit union in our small town. If we do not treat our customers well, they simply go down the street. Please continue to allow banks to charge a fee for returning items paid by check or ACH. Processing return items represent expense and employee attention and should not be provided free of charge. My staff handles these returns and they take a lot of time and attention to be handled properly, including notifying our clients of potential fraud, etc. Please be realistic in your decisions on these proposals.

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,
Michelle Carton
563-927-4014