

From: jdewhirst@southeastbank.net [<mailto:jdewhirst@southeastbank.net>]
Sent: Monday, September 27, 2010 11:53 AM
To: Comments
Subject: FDIC Proposed Guidance on Overdraft Coverage

James Dewhirst
1878 S. Congress Parkway
Athens, TN 37303-2855

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:

SouthEast Bank & Trust is a \$270 million dollar community bank serving the rural areas of lower east Tennessee with seven branches. The bank was started in 2002 with the goal of serving our customers (most of which are our neighbors) with products that allow them to conduct their financial affairs as they see fit. If we do not treat our customers fairly, they could, and would, move their business to another bank who will.

I strongly oppose the FDIC's proposed guidance (FIL-47-2010) that addresses overdraft coverage programs. This is not the time to introduce further regulation targeted at overdraft coverage products. SouthEast Bank & Trust has just implemented the new requirements under Regulation DD (Truth in Savings) and Regulation E (Electronic Fund Transfers) at great expense and manpower. SouthEast Bank & Trust does not manipulate transaction processing to generate more fees and higher revenue. It is accountable to its community and its success is dependent on a mutually beneficially relationship with customers.

Finally, I fear that this proposal will ultimately do a great disservice to SouthEast Bank & Trust 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. Customers have a choice of whether to use this product or not and SouthEast Bank & Trust already limits the daily number of overdraft fees charged to a customer's account. If regulatory barriers and requirements become too burdensome, SouthEast Bank & Trust will be faced with discontinuing these

services and returning all check and ACH transactions, exposing customers to fees far greater than those imposed by the bank.

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 SouthEast Bank & Trust's customer service and is based on our knowledge of our individual customer. Including ad hoc overdraft coverage in this guidance would damage the relationship between SouthEast Bank & Trust 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 alternatives. This mandate would be extremely burdensome and operationally unworkable for SouthEast Bank & Trust and would result in an excessive amount of time spent contacting customers to discuss decisions they knowingly made, causing us to either discontinue our overdraft coverage program, or to close the customer's account and return all payments.

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,
James Dewhirst
423-746-2349