

From: jeff@mstreetbank.com [<mailto:jeff@mstreetbank.com>]
Sent: Monday, September 27, 2010 8:08 AM
To: Comments
Subject: FDIC Proposed Guidance on Overdraft Coverage

Jeff Dick
727 Elden Street
Herndon, VA 20170-4669

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:

MainStreet Bank is a community bank chartered in 2004. When we designed our banking products, it was with the customer in mind. Rather than prescribing to a onerous fee structure, we built a suite of products and services that we would want ourselves - our overdraft protection account is at 11.99% APR, with no advance fees - for example.

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.

Further, any additional rules should be the result of an inter-agency effort to ensure consistency and fairness in its application for both banks and the customers we serve.

Lastly, 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 processes transactions as they are presented. As you are aware, at one point it was determined that most people would prefer to have their mortgages and car payments made first. However this can end up in higher fees on returned checks to the consumer, therefore we have always paid as presented.

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

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. As stated previously, we minimize our customer fee schedule. However, there are some fees which represent the cost associated with doing business. This is one such fee.

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.

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.

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,
Jeff W. Dick
7034814555