From: rkd626@gmail.com [mailto:rkd626@gmail.com]
Sent: Monday, September 27, 2010 6:18 PM
To: Comments
Subject: FDIC Proposed Guidance on Overdraft Coverage

Rosslyn K. Duncan
3370 Baldy Dr
Helena, MT 59602-9568

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:

My name is Ross Duncan. I am a native Montanan and have been a banker for thirty years. I began my career with Norwest Bank which merged with Wells Fargo. Eleven years ago I joined Valley Bank of Helena, a small community bank which has grown from $65 million in assets to $300 million during that time.

Valley Bank has been recognized by a number of organizations and publications recently for its financial performance both locally and nationally. We routinely receive high examination ratings and have received outstanding CRA ratings in our last several exams. We are a community bank governed by a strong set of values developed by the staff and the board of directors. We value community, family, and making a positive difference for our customers everyday. Those values are not just rhetoric in our institution, we live them every day, and we believe our success is a result.

The current regulatory environment and the proposed regulations and guidance unfortunately are not in concert with my bank's values. While well intended, many of the new proposals will actually have the opposite effect and will not only harm consumers but will make it very difficult for banks like mine to take care of them.

I strongly oppose the FDIC's proposed guidance (FIL-47-2010) that addresses overdraft coverage programs. My bank has just implemented new requirements under Regulation DD (Truth in Savings) and Regulation E (Electronic Fund Transfers) at great expense in both time and dollars. A great deal of time was spent talking to customers and dealing with confusion over the "required" language. My small bank had over 6,000 direct conversations with customers, many of whom were angry about continued government intervention and "being protected from themselves like they were not responsible, capable individuals."

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. We currently pay items in the order that they are created by the customer. This is reasonable and appropriate and the FDIC should not dictate otherwise. It is also reasonable to allow banks to charge a fee for returning items of any type. All returns represent expense and employee time and should not be mandatorily provided free of charge.

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

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. In my experience customers' do not want to be counseled unless they ask for it. We routinely talk to all of our customers and frequently make courtesy calls about overdraft situations. To put a specific requirement on the when and how will render our current practices impractical.

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,

Rosslyn K. Duncan
406-459-6548