



Ezra Eckhardt
President and Chief Operating Officer
Sterling Savings Bank
111 N. Wall St.
Spokane, WA 99201

September 21, 2010

Federal Deposit Insurance Corporation
Via email: OverdraftComments@FDIC.gov

Dear Ladies and Gentlemen:

We appreciate the opportunity to comment on FIL-47-2010 regarding overdraft payment programs and consumer protection.

Sterling Savings Bank is a Washington state chartered commercial bank with over \$9.7B in assets. We are headquartered in Spokane, WA and operate 178 branches in five states.

Sterling has offered a courtesy overdraft program for our deposit customers since 2002. We have offered and communicated the ability for customers to fully or partially opt-out of the program since its inception and now allow them to fully or partially opt-in pursuant to the latest Regulation E changes. We have found a high percentage of our customers that utilize our program find value and appreciate the benefits it offers. That fact was evidenced as we converted to an 'opt-in' program this summer. Over 82% of our customers that utilize our program more than occasionally chose to opt in.

We are particularly concerned about the proposed supervisory guidance and expectations that have been published. Sterling believes that regulations should apply to all financial institutions equally, regardless of charter or regulator and that nuances in guidance and expectations that differ between regulatory bodies creates an uneven playing field positively and negatively. In the case of the proposed guidance on overdraft payment, we believe the FDIC will place Sterling in a negative competitive situation relative to institutions supervised by the OCC, Federal Reserve, and NCUA. We would prefer that if changes to regulations are necessary, they should be accomplished within the regulations proper and not through the commentary, guidance, and expectations that can vary between agencies.

Sterling actively communicates with our customers regarding their short term cash flow choices and our overdraft program already meets or exceeds most of the proposed expectations of FIL-47-2010 with the following exceptions which we feel compelled to provide specific comments below:

111 N. Wall Street
Spokane, WA 99201-0696

- **The expectation to monitor accounts and limit overdraft payment for customers exceeding six overdraft occasions in a rolling twelve month period and facilitating a phone or in person discussion regarding choices and excessive use of the product is punitive.** We believe it would likely result in our customers feeling harassed and causing them to seek less regulated forms of short term borrowing, including payday lenders. Our customers are very aware of the cost of their overdraft usage which is presented monthly on their deposit account statement. We believe the proposed limits and communication would lead to a cycle where customers become unbanked or substantially more reliant on hard currency as a form of payment as they develop distrust for an industry that could stop access to funds due to the FDIC mandated ceiling on the number of transactions they can conduct. We believe our customers are in the best position to make choices regarding their finances and it is our responsibility to present the best options for which they qualify. Since some of our customers choose to utilize our product in excess of the proposed six occasion limit, we believe that repeatedly contacting them and being required to discontinue their availability of funds is not consumer friendly. Our “opt-in” rate for the recent Regulation E changes supports that an overwhelming percentage of the active customers of our overdraft product wish to continue it on their accounts. Additionally, if FDIC supervised institutions were required to monitor and limit transactions, customers would find substantially friendlier venues for their preferred products in institutions supervised by the OCC, Federal Reserve, and NCUA.

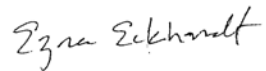
- **The proposed expectation to ‘not process transactions in a manner designed to maximize the cost to consumers’ may result in consumers incurring more fees via biller late charges, merchant return check fees, etc. as institutions would pay the lower dollar items up to their program limits and return the higher dollar items exceeding the limits.** We believe our customers prefer to have their high dollar items that are usually for important necessities paid before their lower dollar, likely incidental items. Such regulation could have the unintended consequence of bankers arbitrarily choosing which items to pay for their good customers while allowing systematic defaults for others. We believe the payment order process is one that should be between a bank and its customers, not determined by regulation or guidance.

Overall, we offer a competitive product in courtesy overdraft that our customers value. Our fee has not increased since 2004. We fairly communicate its benefits, its cost, and offer available alternatives. We are fully disclosed in alignment with regulatory guidance. To even further regulate or supervise that offering would likely create unintended consequences for consumers that outweigh the benefits.

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Should you desire further information about our program or would like to discussed our comments or alternatives, please contact us using our regulatory contact information via FDICconnect.

Sincerely,

A handwritten signature in cursive script that reads "Ezra Eckhardt".

Ezra Eckhardt
President and Chief Operating Officer

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