

From: wevans@bankofthepacific.com [<mailto:wevans@bankofthepacific.com>]
Sent: Monday, September 27, 2010 12:54 PM
To: Comments
Subject: FDIC Proposed Guidance on Overdraft Coverage

Walker Evans
4164 Hanngegan Road
Belilingham, WA 98226

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

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Re: Overdraft Payment Supervisory Guidance, FIL-47-2010, August 11, 2010

Dear Sir or Madame:

I manage a region for Bank of the Pacific, in Washington state. We are a community bank operating in sub-metropolitan and rural markets, with total assets of approximately \$450 million, and a customer base comprised of small businesses and consumers.

I disagree with the FDIC's proposed guidance regarding overdraft fees for several reasons:

1. There are already numerous regulations we adhere to that are sufficient to ensure full disclosure to customers.
2. The proposed guidance might be warranted if all banks routinely sought to charge unfair fees, even designing operating programs to ensure them. This perception may exist given the enduring results of the financial crisis, but one community banks did not cause. However, the fact is the case for the great majority of banks, especially community banks: We don't have enough market share to survive with such tactics even if we didn't have the ethics to abhor such practices. In any event, it's quite possible for the FDIC under existing regulation and audit and oversight practices to determine if a bank is engaged in such practices.
3. The proposal seeks to limit fees. However, it should be recognized that overdrafts are expensive to process and present material credit risk, fees are disclosed to customers, and the alternate vendor costs of returned items or check cashing services are also very high.

4. Daily and rolling twelve month limits, as proposed, are not appropriately universal to all customers. How many items we, and a customer, may agree to pay over a period of time, and in what order (some customers want certain items paid and not others, for example) is often quite specific to the particular customer. Often, a decision to pay an overdraft is made by a credit officer regarding a specific customer, as dependent on that credit officer having working, current knowledge of the customer's financial position and debt repayment ability, all of which is necessary to protect the bank's deposits and assets.

5. To meet one-on-one, by telephone or otherwise, which each and every customer with overdrafts above some specific number, is not something that can be made appropriately the same for all customers, and is ghastly expensive as some customer accounts would simply not support. Faced with that requirement, the alternative would be to simply return all NSF items.

However, customers regularly tell us they do not like their checks to be returned (in part because returned checks fees charged by vendors are also significant). Furthermore, we already stop overdraft services for, chronic users, chronic as specific to a particular individual as based on what we know about that customer, as may be different from what's appropriate for another customer.

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,
Walker Evans
360 756-9170