

From: hansen@thebankforme.com [<mailto:hansen@thebankforme.com>]  
Sent: Monday, September 27, 2010 12:23 PM  
To: Comments  
Subject: FDIC Proposed Guidance on Overdraft Coverage

Barry Hansen  
500 W. Main Suite 101  
Farmington, NM 87401-8447

September 27, 2010

Comments to FDIC

Dear Comments to FDIC:

By electronic delivery to:  
[OverdraftComments@fdic.gov](mailto: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:

Thank you for the opportunity to comment on FIL-47-2010.

I strongly oppose the FDIC's proposed guidance (FIL-47-2010) that addresses overdraft coverage programs, in its entirety. Simply put, now is not the time to introduce further burdensome, harmful 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.

There are enormous risks associated with overdrafts, and the losses that banks incur continue to increase. Fees are the only way to offset those risks and losses. If Government Price Controls are mandated, our bank will likely be forced to discontinue allowing overdraft privileges for most, if not all customers. This will result in more returned checks and other such transactions for our customers, and ultimately the closure of many accounts for customers that want the bank to provide this service. Yet another unintended consequence of over-zealous regulation will be the effect and the price our customers have to pay.

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. Being forced to implement some Government Mandated new payment clearing process would be an expensive, operational nightmare for all banks, and, once again, would force banks such as mine to not allow overdrafts to occur at all, or close the customer's account and return all items.

How is that going to benefit our customers?

Contacting customers in person or via phone after some arbitrary limit is exceeded is not possible, nor will it benefit our customers. Would you expect us to harass our customers at home or at their place of employment for a small overdraft on their account? That makes no business sense whatsoever, and our customers don't want it either. This is yet another cause-and-effect negative consequence that will force banks to discontinue providing a service that many customers consider important.

As Chief Financial Officer at Four Corners Community Bank in Farmington, New Mexico, I am involved in every aspect of our bank's operation and financial management. The constant exposure to the never-ending additions to regulations and guidelines that affect every aspect of our business is beyond overwhelming. There is obviously a serious lack of understanding of our industry by those drafting these types of "guidelines". The continual barrage of regulatory interference in the banking industry, particularly with community banks, is completely out of control. The presumption by regulatory agencies that all banks are "out to get" the customer has absolutely no basis in reality.

We are a \$200 million community bank, and have been proudly serving our customers since our inception ten years ago. We value the relationships with our customers and provide important products and services to them and our community. In fact, most of our customers receive our basic deposit services for free. However, the never-ending misguided attempts to over regulate our industry are only placing restraints on banks to continue to provide those services at little or no cost to the customer, and will ultimately destroy our industry. If that is your goal, you are on the road to success. But to banks and our customers, over-reaching regulations and "guidelines" such as this are nothing short of a complete failure to those you are supposed to be helping.

Thank you for your consideration of my comments.

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,  
Barry Hansen