

From: cindy@coastalbank.com [<mailto:cindy@coastalbank.com>]
Sent: Monday, September 27, 2010 11:08 AM
To: Comments
Subject: FDIC Proposed Guidance on Overdraft Coverage

Cindy Jones
10520 19th Ave SE
Everett, WA 98208-4276

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:

Coastal Community Bank head office is located in Everett WA. Current asset size is \$248,000,000 with 8 branch locations. Everett WA is approximately 18 miles North of Seattle, however our branches are located in small communities in North Snohomish & Island County. We serve many rural areas of the state in small communities with our local branch staff living in the community they serve.

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.

We are not driving an Overdraft program that is motivated by increasing the bank fees. Our program is built to create equity and efficiency; our branches work directly with our customers to help them access the best possible solution for their individual situation. I don't see any benefit to our customers to force the bank into returning customers items that will create even more fees to them.

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.

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. Our branch staff already monitor their customer accounts and take steps to discuss alternatives with our customers. For some customers; paying an overdraft fees is substantially less than the cost of not making the payment and far less than having the bank return the item which would cause fees from the payee on the item.

Coastal Community Bank has a daily limit already established and sets a minimum amount allowed to OD without a fee.

Processing return items represent expense and employee attention and should not be provided free of charge. We are charged by our processor and by the FED to return items. It also requires our employees to complete reporting and balancing to the return reports.

In closing; we are a small community bank working in a challenging economic environment with customers that are in financially challenging positions in their household budgets. We are making every effort to help support them through these difficult times. If we were not treating them fairly they would choose to bank elsewhere. We know our customers and work with them to offer the best options available. Please consider that there are people that depend on the bank paying their overdrafts and understand the fee associated with that choice.

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,
Cindy J Jones
425-357-3656