

From: dkercheval@montestbk.com [<mailto:dkercheval@montestbk.com>]  
Sent: Monday, September 27, 2010 12:19 PM  
To: Comments  
Subject: FDIC Proposed Guidance on Overdraft Coverage

David Kercheval  
101 South 4th St Box 128  
Montezuma, IA 50171-7700

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:

We are a small town Bank with \$40 million in deposits. We know most of our customers personally.

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.

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:

To specifically exempt ad hoc programs from this guidance. Ad hoc overdraft coverage is an extension of my bank's customer service and is based on our knowledge of the individual customer. Including ad hoc overdraft coverage in this guidance would damage the relationship between my bank and its customers.

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. We have written many letters to our customers and offered alternatives to paying overdraft fees. Of those that responded and tried alternatives, most are right back to overdrawing their accounts within 6 months and do not seem to care or could not continue to not write checks when they did not have the funds. They just want their checks paid so the merchants do not charge them additional fees.

To eliminate the requirement to set daily thresholds on overdraft fees. We price this fee to manage the associated risk and as a deterrent to encourage consumers to engage in more financially-responsible practices. We would be happy to have no one on our overdraft list. However, this will never happen. We increased our fees \$5.00 per item and this did not have any effect.

With all the other regulations that have been dumped upon us recently, most of which were not needed and almost impossible for us to manage, we do not have the manpower to deal with another consumer issue with only 10 employees in our entire operation. We have not abused our customers or we would not have stayed in business for the last 118 years. Spend my tax payer dollars on ways to prevent social security and insurance fraud or crime prevention, not on harassing small town financial institutions that built this country.

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,  
David Kercheval  
641-623-5766