

September 23, 2010

Federal Deposit Insurance Corporation
OverdraftComments@fdic.gov

RE: FDCI FIL-27-2010 dated August 11, 2010 "Overdraft Payment Supervisory Guidance"

On behalf of Legends Bank, I thank you for the opportunity to comment on the overdraft payment guidance provided by the FDIC. At Legends we serve eight small communities in the central Missouri area. The majority of our customer base is middle class to lower middle class, and historically I would describe them as monetarily conservative. They tend to spend their dollars carefully and wisely. Therefore, when account relationships are initiated, it is very important that the customer understands the account they are choosing for both their sake and for the integrity of the bank. This also applies to the overdraft services we offer and the costs thereof.

We at Legends Bank are committed to complying with validly passed laws and issued regulations. However, in our opinion there are certain provisions of the proposed guidance that impose expectations well beyond those required by law or regulation, and in fact seem to us to be an attempt to issue new regulations instead of providing guidance on existing regulations. These are more fully discussed below, along with our other comments on the proposed Overdraft Payment Supervisory Guidance:

FDIC expects financial institutions to give consumers the opportunity to affirmatively choose the overdraft payment product that overall meets their needs.

In our opinion, this implies that banks offer more than one overdraft payment product. We offer only one overdraft product to keep it simple for our customers so they know exactly what to expect if they ever go into an overdraft state. We do not offer overdraft lines of credit as the Regulation Z disclosures require an investment in resources that simply isn't feasible for us. We do provide each new customer with a deposit agreement booklet in association with Regulation DD disclosures, as well as detailed information on fees associated with overdrafts. Additional information is provided to a customer when and if they have the opportunity to accept or decline the option to have overdraft protection.

FDIC expects financial institutions to monitor accounts and take meaningful and effective action to limit use by customers as a form of short-term, high-cost credit, including, for example, giving customers who overdraw their accounts on more than six occasions where a fee is charged in a rolling twelve-month period a reasonable opportunity to choose a less costly alternative and decide whether to continue with fee-based overdraft coverage.

By regulation, we provide each customer with detailed information each month in their checking account statement about their use of overdraft services and the costs associated therewith. To require us to monitor each customer's account and then personally contact them if they are writing overdrafts is, in my opinion, ridiculous. Are they not able to read their statement themselves and understand it? Do you realize the cost associated with tracking overuse and subsequently contacting those customers for alternatives to the current way they are managing their money? Do you realize that if this is required, those costs would have to be borne by someone, which probably would result in additional fees being assessed to all account holders, the majority of whom are not users of overdraft services?

As mentioned above, when each customer agrees to have overdraft protection, all associated fees are disclosed to them. It is their responsibility going forward to manage their account according to what *they* chose to do. There are no current laws in place that require us to monitor accounts for excessive or chronic use or to take meaningful and effective follow-up actions. Attempting to require this by guidance is a clear overreach, as well as being financially unworkable.

We feel that putting specific terms on monitoring overdrawn accounts is unnecessary. If an account is in overdraft for a long period of time, we will evaluate the account and may stop paying overdrafts, and possibly close out the account. We must do this as a bank to ensure safety and soundness.

FDIC expects financial institution to institute appropriate daily limits on overdraft fees.

Current Missouri law does not have limits on what a bank may charge for overdraft fees. As mentioned above, customers are provided with all fees before *they choose* to have overdraft payment services on their account. If the customer is not satisfied with the fees associated with having overdraft payment services, they can choose not to have them. Additionally, if at any point during the account being open, the customer decides they no longer want the overdraft service, we will remove the service immediately. Also, every customer has choices when it comes to where they bank. If they are not satisfied with the accounts that are offered or the overdraft payment services, they certainly have the option to bank elsewhere.

The FDIC will take supervisory action where overdraft payment programs pose unacceptable safety and soundness or compliance management system risks or result in violations of laws or regulations, including unfair or deceptive acts or practices and fair lending laws.

We completely agree with this statement. We certainly understand that we are required to follow all banking laws and regulations. If overdraft payment programs ever pose an unacceptable risk to the bank's safety and soundness, we will be the first to rectify the programs accordingly. These programs were designed for the customer to protect them from embarrassment as well as significant consequences resulting from their check being returned to the merchant unpaid.

In conclusion, we feel that current banking laws and regulations are more than adequate to ensure the customer is well informed of the overdraft program they are entering into before they decide to do so. If in any way the customer decides it is not in their best interest to be involved in the program they can decide to end their involvement in the program at any time. Additionally, it is in the bank's best interest for the customer to be fully informed in order to maintain the reputation of the bank. The customer always has the final say on how they want to manage their accounts. It is our job to educate them on the accounts and then turn the management of the account over to them.

On behalf of Legends Bank, thank you for the opportunity to voice our comments on the proposed guidance. It is our hope that you consider our statements prior to implementing the guidance.

Respectfully,
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