From: ahk@fmbanktrust.com [mailto:ahk@fmbanktrust.com]
Sent: Monday, September 27, 2010 10:33 AM
To: Comments
Subject: FDIC Proposed Guidance on Overdraft Coverage

Alan Kleinkopf
221 Jefferson Street
Burlington, IA 52601-5213

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:

We are a $200 million community bank located in Southeast Iowa.

I strongly oppose the FDIC's proposed guidance (FIL 47-2010) that addresses overdraft coverage programs. I do not think this is the right time to introduce further regulation targeted at overdraft coverage products. Banks have just completed complying with Regulation DD and Regualtion E regulation and at great expense. Having to rework our bank's deposit products and to accomodate a regulatory moving target des not help my bank serve its customers.

I also fear that this proposal will ultimately do a great disservice to my customers, many of which appeciate the assurances that accidential overdraft coverage offers in preventing a bill being returned unpaid or a merchant imposed fee. If regulatory barriers and requirements become too burdensome, we will be faced with discontinuing these servics and returning all check and ACH transations, exposing our customers to fees far greater than imposed by my bank.

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.

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. In my opinion, if customers know banks are required to limit daily overdraft fees, customers are more apt to keep on writing checks. It will basically be a FREE loan. Currently, customers know they will be charged for each item and that is used as a deterent.

Not to prescribe the order of transaction posting. Banks should retain the ability to post transactions in the order they deem appropriate as long as they do not manipulate processing to maximize overdraft fee income.

To allow banks to charge a fee for returning items paid by check or ACH. Processing return items represent expense and employee attention and should not be provided free of charge.

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,
Alan Kleinkopf