

From: bloving@yourbank.com [<mailto:bloving@yourbank.com>]
Sent: Monday, September 27, 2010 10:48 AM
To: Comments
Subject: FDIC Proposed Guidance on Overdraft Coverage

William A.
Box 487
Franklin, WV 26807-0487

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:

I thank you for the opportunity to comment on FDIC's proposed guidance (FIL-47-2010) and the impact this guidance would have on our institution. Pendleton Community Bank is a \$250 million organization with 5 offices in West Virginia and Virginia. Our bank was chartered in 1925 and has successfully served our rural market(s) since inception.

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.

Further, any additional rules should be the result of an inter-agency effort to ensure consistency and fairness in its application for both banks and the customers we serve.

Lastly, I fear that this proposal will ultimately do a great disservice to my customers, many of which appreciate the assurances that accidental overdraft coverage offers in preventing a bill being returned unpaid or a merchant-imposed fee being levied. This fact is supported by the percentage of customers "opting in" during the recent changes, as noted above, in Regulation DD and E. Forty one percent (41%) of our total customer base "opted in" and ninety-four percent (94%) of customers who

were protected when they inadvertently overdrew their account in the last twelve (12) months "opted in". Truly an indication of both their acceptance and support of the security and product. If regulatory barriers and requirements become too burdensome, I will be faced with discontinuing these services and returning all check and ACH transactions, exposing my customers to fees far greater than those imposed by my bank.

I know that this guidance, along with other regulatory changes, was due to the "bad players" in the marketplace. Community Banks cannot operate as they and 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. As I noted earlier, being chartered in 1925 is a testament to our ability to meet our customers' needs and garner their trust. 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. We know our customers and we have our customer's interest at heart; therefore, we have discussed other options when a customer appears to be abusing the service. Having a "hard cap" number to monitor and then follow a prescribed policy or practice will, as noted above, create an undue hardship on our institution and potentially move the customer to an even higher cost alternative outside our institution.

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,

William A. Loving, Jr., CLBB
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