

From: beckym@ftnsbank.com [<mailto:beckym@ftnsbank.com>]
Sent: Monday, September 27, 2010 11:48 AM
To: Comments
Subject: FDIC Proposed Guidance on Overdraft Coverage

Becky Miller
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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 small community bank in Iowa. Our overdraft fees are the lowest in our area and we offer sweeps from another account, as well as a Ready Reserve loan product to our customers who qualify. We already have a maximum overdraft fee per day and do not charge for days overdrawn. If the account is overdrawn less than our fee, we do not charge the customer.

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. 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.

We will also be forced to close these accounts and then where will all these people 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 small little community bank in Iowa.

The proposed 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 is ridiculous. This mandate would be extremely burdensome and operationally unworkable for my bank and would result in an excessive number of calls, causing us to close the customer's account and return all payments.

Processing return items represents expense and employee time and cannot be provided free of charge. As stated above, we will just close the accounts.

We are already faced with so many lending regulations that is getting almost impossible to do a consumer loan and now you are wanting to tell us how to serve our checking account customers. All of these regulations and laws cost banks money and guess who will pay for it, yes our consumers.

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,
Becky A. Miller
712-235-2000