COMMUNITY FIRSTBANK
884 Orleans Road
Charleston, South Carolina 29407
Telephone: (843) 723-7700
Fax: (843) 723-5446
General Email: info@commfirstbank.com

Sent via e-mail to:
OverdraftComments@fdic.gov

September 27, 2010

Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429-9990

Re: Overdraft Payment Programs and Consumer Protection, FIL-47-2010

Ladies and Gentlemen:

I appreciate the opportunity to respond to the proposed Federal Deposit Insurance Corporation's (FDIC) Financial Institution Letter articulating the FDIC's expectations for management and oversight of automated overdraft protection programs.

Community FirstBank is a $600 million dollar community bank located in Charleston, South Carolina. We have six branches and serve approximately 4,500 consumer checking account customers. Our level of customer service is the one thing that makes us stand out from the numerous financial institutions located in our market. Our overdraft protection program is a very important service. While our program is not fully automated, the requirements set out in this FIL will, indeed make a huge impact to our operation.

I have read the comment letter submitted by the American Bankers Association on behalf of its members. I whole-heartedly agree with the points made in that letter. It speaks to the many burdens that community banks will have to address if the proposal is put into affect.

Our efforts to comply with the recent changes to Regulations E and DD involved significant expenditures of time and resources to make the required operational changes, to train employees and to engage in customer outreach to ensure that they understood the changes to our overdraft program and those that wanted to retain overdraft protection from ATM and point-of-sale debit card transactions had the opportunity to opt-in.

This new regulatory framework empowers the consumer to make an informed choice. We have made numerous efforts to increase our customer's awareness of available overdraft alternatives, including overdraft line of credit and/or linked accounts. To-date, 36% of our existing consumer customers and 78% of new consumer checking account customers have exercised their right to opt-in to overdraft coverage on ATM and ACH transactions.

Implementation of a tracking and follow-up program to communicate with each consumer that has six overdraft transactions in a rolling 12-month period would be extremely burdensome. The expense of such a program in an already tight capital environment could be detrimental to our capital position.

Additionally, our success depends on providing responsive, responsible customer service. The proposed monitoring and follow-up program risks embarrassing and annoying customers.

I appreciate the opportunity to comment on these important issues. I believe that many of the statements of supervisory expectation included in the financial institution letter impose new regulatory requirements that will result in significant new costs and burdens with little or no customer benefit. I strongly recommend that the FDIC refrain from imposing these requirements at this time when the state of overdraft programs and customer experience with them is unknown. I encourage the FDIC to work with the other banking agencies to draft interagency guidance that integrates the changes to Regulations E and DD. Having one clear statement of supervisory expectation rather than individual agency pronouncements layered on top of the amended regulations and the 2005 Interagency Guidance will promote clarity and consistency, ensuring much better consumer protection than can be provided by an inconsistent patchwork of individual agency mandates.

Sincerely,

David L. Morrow
Chief Executive Officer