

From: howardphillips@mccbflorida.com [<mailto:howardphillips@mccbflorida.com>]
Sent: Monday, September 27, 2010 8:43 AM
To: Comments
Subject: FDIC Proposed Guidance on Overdraft Coverage

Howard Phillips
P.O. Box 834
Madison, FL 32341-0834

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 am the Senior VP and Chief Financial Officer at Madison County Community Bank. We are a \$90 million Community Bank in North Central Florida.

I strongly disagree with additional changes to overdraft program coverage at this time. Banks are still trying to absorb the costs associated in complying with Regulation E changes and consumers are still struggling with understanding of this regulation change.

Our overdraft program is totally discretionary (an ad hoc program), we do not pre-approve overdraft limits and we work closely with our customers to train them on how to avoid overdrafts (i.e. properly managing their account, keeping up with their check register, using a savings or line of credit for overdraft protection).

Our Bank does not process transactions in a manner which is designed to maximize overdraft charges at the expense of our customers. Of course electronic transactions are processed first then we process checks by check number (in the order they were written). We manually review our overdraft list every day and "decision" items as to whether or not to return. We give special attention to what a given overdraft item is and always try to find some way NOT TO RETURN power bills or mortgage payments.

Our Bank has continued to grow because we are responsible to our customers and our community. Most of our growth has come from the Mega-Banks who have a definite history of engaging in "price-gouging" tactics. We do not, nor will we ever use these practices.

If the FDIC deems it necessary to proceed with the adoption of the proposed guidance, we would ask that you consider the following:

To specifically exempt ad hoc programs from this guidance. Ad hoc overdraft coverage is an extension of my bank's customer service and is based on our knowledge of the individual customer. Including ad hoc overdraft coverage in this guidance would damage the relationship between my bank and its customers.

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. Our overdraft fees are the lowest in our community which includes two mega-banks, one large regional and an additional community bank.

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.

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. As previously stated, we post in the order the customer writes a check, but work with our customers on not-returning items which are critical to them.

Not to prescribe a certain monitoring program or number of overdrafts within a period. This would cause our bank and many other banks to be less lenient in allowing customers with what we would term "excessive overdrafts" to maintain an account. This provision could lead to a larger community of the "un-banked".

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,
Howard O. Phillips
850-973-2400