

From: grobinson@pilotgrovesavingsbank.com [<mailto:grobinson@pilotgrovesavingsbank.com>]  
Sent: Monday, September 27, 2010 11:38 AM  
To: Comments  
Subject: FDIC Proposed Guidance on Overdraft Coverage

George W. Robinson  
1341 Pilot Grove Rd., P.O. Box 5  
Pilot Grove, IA 52648-0005

September 27, 2010

Comments to FDIC

Dear Comments to FDIC:

By electronic delivery to:  
[OverdraftComments@fdic.gov](mailto: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:

PILOT GROVE SAVINGS BANK  
1341 PILOT GROVE RD., PO BOX 5  
PILOT GROVE IA 52648-0005  
GEORGE W. ROBINSON, CONTROLLER/CASHIER  
ASSET SIZE \$300,000,000+  
OUR MARKET AREA IS PRIMARILY RURAL SOUTHEAST IOWA

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 again and to accommodate a regulatory moving target does not help my bank serve its customers. The continuous changing confuses customers even more.

The publicity the continues to be drawn by this continue debate make the community banks look like the dishonest people that abuse the system by overdrawing their accounts. Locally we already identify the customers in trouble and work with them by working out terms and refunding charges. 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.

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. Currently with the new Reg E requirements, electronic transactions (debit card and ATM) must be processed first against the balances at the start of the day.

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. Returning ACH items, under C21, require the same costs with the returning of a check with the addition of a FRB processing cost. We should be allowed to charge for the cost generated.

Implementation of a new set of regulations on an already over regulated area will only increase the cost to the customers that manage their accounts wisely while rewarding those who abuse our local merchants by willfully overdrawing their accounts..

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, we 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 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,  
George W. Robinson, CPA, Controller/Cashier  
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