

From: arottner@northtxbank.com [mailto:arottner@northtxbank.com]  
Sent: Monday, September 27, 2010 6:13 PM  
To: Comments  
Subject: FDIC Proposed Guidance on Overdraft Coverage

Andrew Rottner  
PO Box 1238  
Decatur, TX 76234-6142

September 27, 2010

Comments to FDIC

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:

North Texas Bank is a small community bank in Decatur, TX that has served the needs of our customers and community since 2004. We stick to the basics - taking deposits in and loaning money out to creditworthy borrowers in the communities we serve. In that regard, we do not utilize any complex or difficult to understand products, services or pricing models. Confidence and trust in my staff of bankers is what our customers expect. Without it, we would not be in business. Therefore, I am deeply disturbed about the new Overdraft Payment Supervisory Guidance, FIL - 47-2010.

First, North Texas Bank does not have a formal Overdraft Protection program. However, we have already been affected by previous Reg E requirements this year and now are subject to possible further changes.

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.

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 previously mentioned, 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. This task alone would require additional personnel, even for a smaller institution like North Texas Bank.

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. It is very common for our staff to NOT assess a fee on every check that is insufficient or creates an overdraft.

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. Regardless of your guidance, we DO have fees associated with our processor for any insufficient or return items. We are assessed costs and therefore customers should be assessed cost as well.

If you proceed with limiting the number of fees assessed in a given month or year, you are about to do just the opposite of protecting a consumer. You are going to force banks like North Texas Bank to close customer accounts after those thresholds have been met, due to the additional costs and risks associated with someone's account who writes insufficient checks. Not being able to assess appropriate fees due to federally mandated restrictions will result in us closing that customer's account. How many others will follow suit and you have now, courtesy of our federal government, created a massive population of unbankable customers. It will be real helpful to those ex customers to be forced to utilize the unregulated services of pawn shops and check cashing facilities, making outrageous amounts of money on these customers, thereby exacerbating their problems.

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,  
J. Andrew Rottner  
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