

From: george@cattlemansnationalbank.com [mailto:george@cattlemansnationalbank.com]  
Sent: Monday, September 27, 2010 6:03 PM  
To: Comments  
Subject: FDIC Proposed Guidance on Overdraft Coverage

George Schuh  
10603 U.S. Highway 281 North  
Round Mountain, TX 78663-5069

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:

Cattleman's National Bank (Cattleman's), Round Mountain, Texas is a \$75 million community bank located in the Texas Hill Country approximately 50 miles west of Austin. Cattleman's markets are primarily rural and suburban. Cattleman's serves the citizens of Blanco, Dripping Springs, Johnson City, and Marble Falls, and Round Mountain, Texas.

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. Cattleman's 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 Cattleman's serve its customers.

Further, any additional rules should be the result of an inter-agency effort to ensure consistency and fairness.

Lastly, I fear that this proposal will ultimately do a great disservice to our 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, Cattleman's will be faced with discontinuing these services and returning all check and ACH transactions, exposing our customers to fees far greater than those imposed by Cattleman's.

Cattleman's National Bank does not manipulate transaction processing to generate more fees and higher revenue. Our 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:

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 Cattleman's and its customers.

To eliminate 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 Cattleman's 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.

To eliminate the requirement to set daily thresholds on overdraft fees. Cattleman's prices this fee to manage the associated risk and as a deterrent to encourage consumers to engage in more financially-responsible practices.

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.

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. Schuh  
830-825-3247