

September 27, 2010

Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW  
Washington, D.C. 20429-9990

Re: Comments on Overdraft Payment Supervisory Guidance

Dear Sir or Madam,

Union Bank & Trust Company appreciates the opportunity to comment on the proposed Overdraft Payment Supervisory Guidance (FIL-47-2010). Union Bank & Trust Company has offered an automated overdraft protection service since 2002. Many of our customers have expressed their appreciation for the bank covering their overdrafts. With the recent changes to Regulation E, we provide consumers the option to have their ATM and one-time debit card purchases included in their overdraft protection plan. Many of our customers have requested this option. Even when they do not plan to utilize the service, many customers prefer to have the peace of mind in knowing these items will not be rejected in the event of an emergency.

We generally support and appreciate the FDIC's efforts to provide clear direction to financial institutions for management and oversight of automated overdraft protection programs. However, if regulatory requirements become too burdensome, we may no longer be able to offer these services to our customers. This will expose consumers to the same magnitude of fees due to items being returned as non-sufficient, but without the value of having their items paid into overdraft. Our experience has been customers expect and welcome the bank paying their reasonable overdrafts. Also, we offer many ways for our customers to monitor their accounts with eAlerts, Mobile Banking and Online Banking services and can even be alerted when their balance is low. Should the customer find themselves in a situation of not being able to cover their overdraft in a timely manner we will many times offer our Fresh Start repayment plan or a number of other solutions that fit our customers' needs. Again, if regulators continue placing constraints on overdraft programs, financial institutions will no longer offer these programs. An unintended consequence for the consumer will be higher fees and a decrease in service level.

Our primary concern with the proposed Overdraft Payment Supervisory Guidance is with the following specific action;

*Monitor programs for excessive or chronic customer use, and if a customer overdraws his or her account on more than six occasions where a fee is charged in a rolling twelve-month period, undertake meaningful and effective follow-up action.*

Regulatory efforts to define excessive use and to require prescriptive follow-up requirements will impose significant costs to financial institutions contrary to customer preferences. We see no material benefit in requiring financial institutions to repeatedly notify a consumer of overdraft program alternatives once they reach an arbitrary threshold related to overdraft activity. There is no need to require financial institutions to repeatedly remind consumers of these services throughout the life-cycle of the account, especially when enrolling in such alternative programs will not guarantee a decrease in the consumer's overdraft activity.

The proposed method in contacting consumers regarding overdraft volume is also of serious concern. The FDIC proposes that financial institutions contact customers in person or via telephone. In today's environment many of our communications are through mail or electronic, and contacting the consumer

personally via phone or in person will require additional staffing during expanded hours. This requirement will cause additional costs due to the additional staffing, training, and documentation of compliance without manifesting the intended results. Added cost will ultimately result in fewer products and higher prices for consumers. Any required consumer notification should be allowed to be in written form or electronically if the consumer agrees.

In summary, we believe adequate initial disclosures about our overdraft fees and the opportunity to opt in for ATM and debit card overdrafts, as well as prominently displaying the fees on the customer bank statement are sufficient for our customers to understand our overdraft program.

Again, we appreciate the opportunity to submit our comments on this proposal. We are hopeful our comments will be reviewed and taken into consideration.

Respectfully,  
Becky L. Shupe  
Assistant Vice President  
Union Bank & Trust Company