

From: munderwood@priorityonebank.com [<mailto:munderwood@priorityonebank.com>]  
Sent: Monday, September 27, 2010 12:23 PM  
To: Comments  
Subject: FDIC Proposed Guidance on Overdraft Coverage

Martha Underwood  
P.O. Box 516  
Magee, MS 39111-0516

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:

I strongly oppose the FDIC's proposed guidance (FIL-47-2010) that addresses overdraft coverage programs. I have worked for the same community bank for well over 20 years. My bank is approximately \$500 million in total assets and has 11 branches that serve south central Mississippi. I am writing this using a template provided by the ICBA that makes several points better than I could express them, but I want to give you a few personal notes.

I am offended at the accusations of price-gouging and trickery that have been leveled against banks in recent months. No bank could continue operating in the same communities for over 100 years if they were abusive to customers. Recent legislative and regulatory actions have taken a "guilty until proven innocent" approach with little or no opportunity for rebuttal. I am disappointed that the FDIC has been dragged into this highly political game of bank bashing in the name of consumer protection.

My bank has just implemented new requirements under Regulation DD (Truth in Savings) and Regulation E (Electronic Fund Transfers) at great expense and manpower. I understand the spirit and intent of the regs, but I believe the ultimate outcome will be negative for many of my customers. Because of the timing of processing, it is not possible to deny all debit card transactions that cause an overdraft. For example, many gasoline "pay at the pump" transactions authorize and hold one dollar then clear for the total amount of the purchase. It only took about two weeks for

some of our customer base to figure out how to manipulate the system. Whether inadvertent or intentional on the part of the customer, my bank is paying overdrafts but receiving no compensation for the processing costs and the substantial credit risk incurred. We will this week cancel some debit cards or close accounts. Is this helping our customers?

If the FDIC proceeds with adoption of the proposed guidance, please consider 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. Our bank has always, may I emphasize NOT in response to regulations, put forth significant efforts to educate customers and offer them many options that are less costly than excessive overdraft use. I also want to point out that the majority of "excessive" overdraft users are not poor, low-income, under privileged customers who need to be protected from the black-hearted bankers. They are middle to upper income who don't have the time or inclination to balance thier checkbooks, and don't care if their latte costs \$30.

PLEASE allow the free market system to work. Consumers have almost unlimited choices to provide banking services. Even in rural Mississippi, if our customers don't like our service they can easily change banks. 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, I 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,  
Martha Underwood  
601-8496431