

From: bvavra@bankiowabanks.com [<mailto:bvavra@bankiowabanks.com>]  
Sent: Monday, September 27, 2010 9:23 AM  
To: Comments  
Subject: FDIC Proposed Guidance on Overdraft Coverage

Robert Vavra  
701 W Sheridan Avenue  
Shenandoah, IA 51601-1741

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:

Our Bank Iowa has been in existence for almost 110 years. We are a rural bank with assets of \$130,000,000.00 located in Shenandoah, Iowa. We do not charge the fees that other banks charge for routine services. Our customers have come to expect that from their community bank..

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. If we engaged in "price-gouging" tactics, we COULD NOT do business in our community.

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, 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.

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. We have few complaints on our overdraft service and we truly believe that our customers are used to this program and would be hurt by the proposed new rules.

There are a number of other reasons that this service needs to stay viable for our customers sake. Our bank does have expenses that we would need to charge a fee for returning items paid by check or ACH and should not be provide free of charge.

The customers will pay more with the charges that will be incurred by the businesses and more will be going to the pay day services that definitely will put the customers in a hole that will be difficult if not impossible to get out of.

I am Robert Vavra, president of the bank and I truly fear all of the new regulations that have been passed and the ones that are being proposed.

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,

Robert Vavra  
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