

From: wagnon@thebankforme.com [mailto:wagnon@thebankforme.com]
Sent: Monday, September 27, 2010 6:38 PM
To: Comments
Subject: FDIC Proposed Guidance on Overdraft Coverage

Jessica Wagnon
500 W Main Street, Suite 101
Farmington, NM 87401-8447

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:

I work for a community bank that is currently very strong and exercises sound banking practices. Banks like ours have had NOTHING to do with the corporate bank failures and yet are being punished more than those institutions actually responsible.

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.

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.

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.

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. The majority of customers I speak with would rather pay the bank an NSF charge to have an item paid as opposed to the multiple fees they can be assessed by the merchant. Customers would rather support their local community via their community bank than any one involved in the money hungry corporate world.

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.

Not to prescribe the order of transaction posting. Banks should retain the ability to post transactions in the order they deem appropriate as long as they do not manipulate processing to maximize overdraft fee income. As a manager, I work overdraft accounts every morning and consistently try to find ways to SAVE our customers overdraft fees. Because of community banks like mine, customers are able to work through this troublesome economy. If that option is taken away from me as a banker, I can assure you the level of customer service I continually provide to my customers will drop and will outrage my customers...my community. I strongly believe a community bank knows their community and customer base far better than someone in Washington does. Washington knows politics, not banking.

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. As mentioned before, customers would rather pay the bank fees than pay a returned fee from a merchant. For those customers who really don't care about their account by not taking care of their overdrafts, why should they be rewarded for their negligence? Is this society not becoming a selfish, me obsessed society with no accountability? I pride myself on the service I give to my customers, even if it includes being able to pay their electric bill until they receive their paycheck tomorrow? However; for those that go on shopping sprees and don't care about their day to day life, why should they be rewarded while those consumers who are just trying to survive are punished?

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,

Jessica Wagnon
505-327-3222