

September 23, 2010  
Federal Deposit Insurance Corporation  
550 17th Street N.W.  
Washington, D.C. 20429-9990

Regarding: Financial Institution Letter (FIL) 47-2010 Overdraft Payment Programs and Consumer Protection

Dear Ladies and Gentlemen,

Thank you for the opportunity to comment on the above FIL. The Federal Deposit Insurance Corporation's willingness to seek comments reassures me that as a community banker that I still have a voice. In this troubling time of economic woes and financial upheaval, it makes open dialog between us and our regulators even more important.

Our overdraft privilege program was established five years ago. During this time, customers have overwhelmingly responded with positive comments regarding payment of inadvertent overdrafts. Many commented that they gladly paid the overdraft fee as it saved them the embarrassment and higher fees associated with a returned item. I can count on one hand the number of complaints we received about the program. Less than 1% of our eligible checking account holders have chosen to opt out of the program; further indicating customers like to have a choice. Since the inception of our overdraft privilege program we have trained our staff and formulated all our literature to ensure customers are well aware that this program is not a substitute for other possibly less expensive overdraft protection options. Our program is audited yearly to ensure we maintain best practices and comply with regulation. We monitor our customers' accounts quarterly and send advisory letters to those who we feel may be abusing the program. In all our literature, we offer alternatives and stress that our overdraft privilege program should be the last resort in a long line of options for overdraft protection. We offer advice to seek credit counseling to those in need as well. In other words, we do it right for the customer.

Many of your suggestions in the FIL have been our practice since inception and long before they were in vogue by big banks. We have always had a limit on the number of overdraft fee charges per day. We have always had a courtesy overdraft limit with no fees so our customers don't spend \$36 on that cup of coffee. We have always paid checks from smallest to highest knowing that it is in the customer's best interest to do so. My bank is not alone. There are many other community banks like us, putting our customers' needs over our quest for profits because we believe as community bankers that if we take care of our customers, our customers will take care of us.

That being said, some of the suggested language in this FIL is troubling and adds to an already overwhelming compliance burden. The recent changes to Regulations E and DD have cost my bank significant amounts of money in time and resources required to implement these changes. Training our employees and the endeavor to educate our customers to ensure they make informed choices has been daunting. Half of those responding to our opt-in/opt-out letters have chosen to opt-in and keep the options they currently have with their debit cards. This indicates to me that my customers want the choice. To implement a process to track and follow up on each customer who has six overdrafts in a rolling 12month period is unrealistic. As described above, we already follow a regular course of customer monitoring and remove customers who we feel are abusing the privilege. Again, we follow "best practices" as outlined in the *2005 Joint Guidance on Overdraft Protection Programs*. If all financial institutions are reviewed to ensure they follow this guidance, there should be no need for further regulations. I urge you please to eliminate this portion of the proposed rule. It will be extremely cumbersome if not impossible to implement.

Again, I appreciate the opportunity to be able to express my concerns as one member of our vast base of community bankers.

Regards,

Henry T. Baum  
Senior Vice President  
Guilford Savings Bank  
1 Park Street  
Guilford, Connecticut 06437