

From: amckenna@tiogabank.com [mailto:amckenna@tiogabank.com]
Sent: Friday, September 24, 2010 5:06 PM
To: Overdraft Comments
Subject: FIL-47-2010

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

RE: Overdraft Payment Programs and Consumer Protection FIL-47-2010

We at Tioga State Bank are concerned with the referenced Supervisory Guidance, particularly since we have just completed a costly and comprehensive change as a result of the new Reg E changes. Although cloaked as "guidance", experience has shown us that it will not take long for examiners from all agencies to translate this into expectations and then requirements. If these new recommendations did not end up in the just-finalized regulations, it seems extremely unfair for one agency to come out and introduce even more burdensome language. It does not seem appropriate to use a Financial Institution Letter to put forth additional rules and regulations.

Tioga State Bank pays very strict attention to our overdrafts. We monitor them closely, especially for abusive situations, and have removed overdraft privileges from customers when necessary. We have discovered that there is not one definition for "excessive or chronic use". We will follow up with customers when we see a heavy use of their overdraft privilege. We are very aware of the risks involved, both to the bank as well as to our customers, and have internal controls in place to mitigate those risks. We consider this program as a service to our customers and they are willing to pay for this service. If consumers did not appreciate this service, it would not be as pervasive as it is.

Tioga State Bank has discovered many times over that our overdraft privileges are very much appreciated by our customers. They appreciate the fact that the bank will honor their payments, **saving** them multiple fees, additional time and trouble, as well as embarrassment with their business and personal associates. They recognize the value of the safety net TSB puts beneath them in times of need. We have also heard loud and clear that our customers do not want the government stepping in and taking away their choices. Dictating how and when they can overdraft their accounts as well as dictating what and when we can charge them will certainly curtail many of the choices they current enjoy.

Regulators have already insured consumer protections with the 2005 Joint Guidance on Overdraft Protection Programs and the more recent updates to Reg E. Providing guidance to your examiners is understood and expected. However, now that the laws have been passed, implementing new rules, defining specific procedures and prescribing one-size-fits-all behavior through this mechanism can undermine the strength of our current system.

Thank you for allowing our bank to voice an opinion on this matter.

Sincerely,
Anne McKenna
SVP, Finance & Control
Tioga State Bank
One Main St., P.O. Box 386
Spencer, NY 14883
607-589--7600 ext.204
amckenna@tiogabank.com