

From: BankDitt@aol.com [mailto:BankDitt@aol.com]

Sent: Monday, September 27, 2010 11:11 PM

To: Overdraft Comments

Cc: john.dittman@cornhuskerbank.com

Subject: Mandated limit of 6 overdrafts per year

Dear Sirs: As a 60 year banker I'd just like to add my 2 cents worth to the subject above. I have dealt with individuals over so many years who represent a small percentage of our accounts, but who misuse overdraft common sense, by their own choice. I have counseled with many multiple times about their bad choice in creating expense for themselves unnecessarily by writing checks or withdrawing funds electronically without checking their balances or updating their check books to verify if funds are available. Of course there can be individuals who occasionally have an overdraft, as is soon to be mandated in your 6 overdrafts in a rolling 12 month time period, but these people exhibit discipline and seldom repeat. Some people CHOOSE to have an overdraft and much prefer it to having a check or withdrawal declined even if it incurs a fee? Do you plan to implement regulations on all merchants who charge a fee for checks that are returned to them by the bank if the overdraft is declined? There is a very real cost to collecting from a check issuer who has walked out the door with merchandise. There is a very real cost to banks to collect from these individuals who have incurred an overdraft, used funds that are not followed by a deposit, resulting in the equivalent of loan losses, and a reversal of any income anticipated from the service provided in paying a check. Have you done any studies on the amount of lost principal and charges in banks for this service provided? I can assure you that it is substantial, amounting to 10's of thousands of dollars quarterly in our bank. Please, at least analyze the cost of this proposed implementation before implementing it.

In our \$350 Million bank, we have an officer who spends at least a half day each day contacting, or attempting to contact our customers who have had a check or checks presented from the previous day. These checks are still within the 24 hour time limit to pay or return the item. If we are able to contact them they have the choice to return the item if they choose NOT to have an overdraft and we have the choice to return the item if it cannot be verified that they have a regular history of repeated deposits such as Social Security, or payroll. A new account with one deposit followed by insufficient funds checks would almost always be closed as it is not fair to merchants to have them misuse the system. We would invite you who are assigned to reading this e-mail or your representative to visit our bank and see the time and energy that goes into hand sorting, calling and processing these insufficient funds items and we will prepare a report (which we have quarterly at our Board meeting) of the dollars charged off from checks and fees that we are unable to collect. We also have a program called "Fresh Start" which enables willing customers to work out a plan to repay overdrafts over time and restore their accounts to good standing. This is a special effort on our part to assist customers who are honorable with time to overcome what might have been an unforeseen problem or a lack of communication between spouses on a joint account.

Lastly, I am sad to report that the majority of chronic overdraft customers, who have been repeatedly warned against writing overdraft checks, who have been notified that their account will be closed if this practice is continued (we do not want merchants to suffer if the intent is to defraud), may have become addicted to irresponsible check writing. These are by no means individuals who are poor, disadvantaged, or illiterate. They understand what they are doing. These individuals must be prevented from opening another account with another financial institution if the account is closed for cause, for a substantial period of time. Is there anything in the new legislation about that?? We hope so. If you think addiction of any kind can be cured without individual responsibility, you are sadly mistaken. Banks can spend millions of dollars at a time when it is a real added burden, and still not accomplish what congress hopefully intended as a helpful consumer goal. Take me up on my offer to see that a meaningful education could be provided in a day spent at our bank and I will be glad to see that it happens. I work without salary so our staff would jump at the chance to assist in any way and so would I.

Alice M. Dittman, Chairman Emeritus, Cornhusker Bank, Lincoln, NE 402-420-1206