

From: dmcmillan@sbandt.com [mailto:dmcmillan@sbandt.com]  
Sent: Monday, September 27, 2010 10:38 AM  
To: Comments  
Subject: FDIC Proposed Guidance on Overdraft Coverage

David McMillan  
P O Box 1080  
Clarkesville, GA 30523

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:

My Bank is almost five years old serving a small rural community in Northeast Georgia serving small businesses and consumers. My personal experience spans 40 years in similar situations.

Please take note that I oppose the FDIC's proposed guidance (FIL47-2101) that addresses overdraft coverage programs. This is not the time to attempt to implement new requirements under REG DD and/or REG E as the last changes proved very expensive. Constantly changing disclosures and explaining products offered to the Bank's customers will not be beneficial.

Our experience is that only a few customers abuse the overdraft privileges afforded by banks. Should we be forced to follow proposed guidelines, these customers will experience additional hardships as well as the ones that might overdraw once or twice over a lifetime. It would be necessary for us to close their accounts because of abuse.

I have not worked with a bank that paid large items first in order to generate more fees. We have felt our reputation regarding fairness has been more important than increased fees. If we were not fair, business could be lost over time.

Please consider this:

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. Experience has taught us that most frequent users of overdrafts expect to pay the fee and are glad checks are paid. They either can't, or don't want to, manage their check books and appreciate the service provided by our Bank.

Our Bank does not impose a daily fee on overdrawn accounts and encourages customers to cover their overdraft in a timely manner.

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. In addition to this, the risk for losses is greater.

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,  
David McMillan  
706-754-0001