From: emullis@guardianbankonline.com [mailto:emullis@guardianbankonline.com]
Sent: Monday, September 27, 2010 8:48 AM
To: Comments
Subject: FDIC Proposed Guidance on Overdraft Coverage

ELI MULLIS
P.O. Box 3340
Valdosta, GA 31604-3340

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:

We are a multi-bank holding company located in South Georgia. Our markets are rural in nature and carry a lot of consumer deposits. We run an overdraft program at one of our institutions. The product has received favorable reviews from our customers. We manage it appropriately, allowing smaller items to post before larger items to minimize the cost to the customer. It is simple and easy to understand. It gives the customer confidence that accidental overdrafts will not result in checks being returned, which could have a negative effect on their credit score (via the merchant and not by us).

We have recently implemented the new requirements under Reg DD (Truth in Savings) and Reg E (Electronic Funds Transfers), which was a substantial expense to the Bank in time and actual dollar costs. The new guidance would represent yet another shift in regulatory requirements in an extremely short period of time. Current core system vendors cannot adapt our systems quickly enough (and economically) to handle the changes, so we will be forced to do this manually. That represents a great expense when you have several thousand accounts to monitor.

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.

Setting daily thresholds on fees or enacting a system to monitor excessive use -- defined as six overdrafts in a rolling twelve month period -- would undermine the intended use of the product. If we do not charge, we are in essence extending a free loan to the customers who overdraw their account. So we cannot price for the risk the bank is undertaking. To set up monitoring and counseling services with our customers is operationally unworkable.

From our community bank perspective, our customers are wiling to pay for a service that allows them to occasionally overdraw their account without fear of reprisals from merchants. We are willing to assume the risk of non-repayment for our customers if we can charge a competitive fee for this risk. If we cannot, we will simply have to do away with the service.

The competitive landscape of banking has led to community banks being forced to provide several products and services free of charge to garner deposit business. Eliminating another modest revenue stream will ultimately lead to the demise of several rural banks in our areas.

Thank you for the opportunity to provide feedback on the new guidance.

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,

ELI MULLIS
229-316-4189