

From: rwelborn@firstamb.com [<mailto:rwelborn@firstamb.com>]  
Sent: Monday, September 27, 2010 10:58 AM  
To: Comments  
Subject: FDIC Proposed Guidance on Overdraft Coverage

Raymond Welborn  
303 Main St  
Artesia, NM 88210

September 27, 2010

Comments to FDIC

Dear Comments to FDIC:

By electronic delivery to:  
[OverdraftComments@fdic.gov](mailto: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:

First American Bank is located in rural southwestern New Mexico, we were founded in 1905. We have offered an ODP to our customers over the years. Customers have enjoyed the benefits of the program.

I strongly oppose the FDIC's proposed guidance (FIL-47-2010) that addresses overdraft coverage programs. Simply put now is not the time to introduce further regulation targeted at overdraft coverage products. My bank has just implemented new requirements under Regulation DD (Truth in Savings) and Regulation E (Electronic Fund Transfers) at great expense and manpower. Having to rework our bank's deposit products and to accommodate a regulatory moving target does not help my bank serve its customers.

Further, any additional rules should be the result of an inter-agency effort to ensure consistency and fairness in its application for both banks and the customers we serve.

Lastly, I fear that this proposal will ultimately do a great disservice to my customers, many of which appreciate the assurances that accidental overdraft coverage offers in preventing a bill being returned unpaid or a merchant-imposed fee being levied. If regulatory barriers and requirements become too burdensome, I will be faced with discontinuing these services and returning all check and ACH transactions, exposing my customers to fees far greater than those imposed by my bank.

Manipulation of transaction processing has many variables and can vary from location, individuals transaction mix and even how Fed passes the items to the bank. Even the changes in Reg E and the mix of opt in and opt out have an effect on the revenue stream from this product.

If the FDIC proceeds with adoption of the proposed guidance, please consider the following:

To specifically exempt ad hoc programs from this guidance. Ad hoc overdraft coverage is an extension of my bank's customer service and is based on our knowledge of the individual customer. Including ad hoc overdraft coverage in this guidance would damage the relationship between my bank and its customers.

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. This would also cause consumers to be charged a return charge by the merchants thus doubling the cost of overdraft to the customer.

To eliminate the requirement to set daily thresholds on overdraft fees. We price this fee to manage the associated risk and as a deterrent to encourage consumers to engage in more financially-responsible practices.

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.

On a personal note as a consumer of this product at other institutions I have used this product and believe it to be of great benefit having saved myself the embarrassment of having checks returned and the additional savings of the additional costs from the merchant and the preservation of my good credit.

I do not like the changes to reg as it has complicated the product offered to me. It has inconvenienced me having to make sure that I am opted in to the programs at the financial institutions I bank with.

I do not want the regulators or government involved in my personal financial business nor do I want my banks or government thru consumer laws making it harder to do business which is what has happened to me since many of the new regulatory changes have gone into effect. I also do not believe that it is the place of a financial institution to council me on the use of my checking account or any product unless I ask for that information.

I have also found to this point in time that congress and the regulators made changes to this process without fully understanding the process or implications that the changes are having. The normal timely process for regulatory changes are being bypassed and rushed for political reasons. We are in a storm of change and not taking the prudent time to evaluated and implement regulatory changes.

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,  
Raymond Welborn  
575-736-8959