

From: r.zeeryp@bankatcfb.com [<mailto:r.zeeryp@bankatcfb.com>]  
Sent: Monday, September 27, 2010 11:08 AM  
To: Comments  
Subject: FDIC Proposed Guidance on Overdraft Coverage

Rita Zeeryp  
1442 Lincolnway  
Clinton, IA 52732-7043

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:

I am the Compliance Officer of Citizens First Bank, a 10 year old bank in eastern Iowa with an asset size of 135 million. Banking has been good to me. I enjoy my work having worked as a teller right out of high school and then working my way through customer service, lending and now into compliance. The changes have been vast. Never have I seen such a time as this that the government has so strongly opposed our free enterprise system. I have seen regulations come into existence. Without a doubt many were necessary. What I have seen is that government dropped the ball in allowing, what they considered the proven mega business banks, to get by without proper oversight. Why on earth do those of us who have worked so hard to make America work for everyone have to be treated as dishonest and have it appear that we are out to bruise the public. We are the public!!!!

Since our bank is in eastern Iowa, on the Mississippi, I commute from Illinois. I have written to both states' Senators about my stand on several things; interchange fees, overdraft protection, the creation of the "Bureau". Complexity does not mean a job gets done, it just makes it more confusing to do it right. Please allow me to refer back to RESPA at this point. No one interprets those regulations the same.

Today I read an article about planning and strategizing. If one stays in the padded office and surrounds themselves with what appear to be ideals without looking out a window into real life, then the executed plans are ineffective and possibly devastating. The planning, strategizing and finally the execution create more problems than what it was supposed to

solve. Forgive me for being blunt, but as I study and read these regulations from a practical stand point, it is obvious that there are not many bankers or consumers who sit on these committees. I do appreciate you hearing what those who represent us have to say, such as ICBA. I must add a side note here about a new TV show where the boss of an organization goes out into his organization and works in all positions. Invariably he comes back to his office and makes different decisions than before he went out into his work force. He experienced first-hand the impact of implementing his own decisions. Frequently he does not like what he did and makes decisions differently after that experience. Nothing that is put on paper is as cut and dried when it is put into practice.

Do you realize that if you do not allow the consumer to overdraw their account and allow a one-time charged fee that the consumer will still have to pay that fee anyway as a returned item fee plus a returned item fee from the merchant? Most always the merchant submits the transaction a second time and the same thing happens. A \$22.50 fee, that is our fee, will now cost the consumer \$22.50 times 2 and at least a \$30.00 merchant fees times 2; total of \$105.00 for one check, versus the \$22.50 if we paid it. Now how does that protect the consumer?

We do not manipulate our transactions to generate more fees. From the beginning we have processed by check number order. We figure the customer writes the checks out of their blank check book and that is the way they calculated it in their register and want it paid.

I do not understand why government wants banks to monitor customers' accounts in the manner that is being prescribed in the guidance! Where is the responsibility of the consumer? Please eliminate 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. I can imagine that at some point the governing body will consider this harassment and then we will have to deal with that. Besides that, we just got done telling them all of that in the new Reg. E regulation as well as every time a customer opens an account. Redundant?

We have a daily threshold 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.

Please 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. We receive thank you from our customers for not returning their checks and saving them embarrassing situations.

I guess you can tell that I strongly oppose the FDIC's proposed guidance (FIL-47-2010) that addresses overdraft coverage programs. Now is not the time to introduce further regulation targeted at overdraft coverage products. Citizens First 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.

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,  
Rita Zeeryp  
563-243-6000