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August 1, 2008

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th St. and Constitution Ave, NW
Washington, DC 20551
Reg.comments@federalreserve.gov

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
ATTN: OTS-2008-2004

Re: FRB Docket No. R-1314; OTS Docket No. OTS 2008-2004

Four years ago our bank implemented an overdraft privilege program and we have been operating according to the 2005 Interagency Guidance and Best Practices. The service is available to all customers; however, the customer has the option to opt-out of the program. Since implementing this program, I have had many people thank us for not returning their checks and incurring an additional fee from the merchant, plus we spared them the embarrassment of having a returned check. This program has been very well received by our customers and is perceived to be a real benefit.

I am writing to share my concerns about some of the proposed rules on overdraft fees.

- The proposal would impose advance opt-out requirements and periodic opt-out reminders. Consumers can avoid such fees by managing their accounts to avoid overdrawing. The vast majority of our customers do exactly that without such notices. Our customers receive overdraft notices per occurrence. They also have access to their account balance information through our on-line banking or telephone banking services.
- The proposal for a partial opt-out of ATM and debit-card transactions while maintaining coverage for check and ACH items. This option would require significant programming changes and we are not certain such changes are even feasible. It could negatively affect customers who use debit cards for recurring payments. It is my understanding that our system provides a notice on the ATM screen indicating that the customer's withdrawal will overdraw the account. The customer has the option to either proceed or terminate the transaction. This is the notice as it appears on the screen if the customer is about to overdraft his account: "If you proceed with this transaction, you may be subject to a \$27.00 overdraft

fee. Press cancel to end transaction or for your security, please re-enter your PIN number and press enter to proceed.”

- The proposal covering debit holds would be very difficult to implement and very challenging for the customer to understand.

Lastly, I understand the agencies are seeking comments on payment clearance processing. Our system processes items in the order that the customer writes the checks. Sometimes different types of items are presented for processing at different times; therefore, it would be difficult to apply one rule across the board. Letting an individual customer choose a payment processing order would be impossible to implement and would impose significant costs.

Again, our program is working very well and compiles with current guidelines and regulation rules. And lastly, our customers certainly perceive this service as a real benefit.

If you have any questions or would like to discuss this further, please give me a call at 618-939-6194.

Sincerely yours,



Gary D. Hemmer
President and CEO
and ABA Board member

cc: Nessa Feddis

GDH/aml