

Larry T. Wilson
Chairman,
President and
Chief Executive Officer

July 22, 2008

Jennifer J. Johnson
Secretary
Board of Governors of the Federal
Reserve System
20th St. and Constitution Avenue, NW
Washington, DC 20551

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
ATTN: OTS-2008-0004

RE: Proposed Rule on Overdraft Fees
FRB Docket No. R-1314; OTS Docket No. OTS-2008-0004

Dear Sirs:

I am very concerned about the proposed regulation regarding the above referenced issue of overdraft fees. Our bank has had an overdraft protection program since 1989 and it has proven to be a very valuable service that we provide to our customers. Over the years, we have received several comments from customers who appreciated the fact that we paid a "check or several checks" when there were insufficient funds in their account. Our action in those cases saved them embarrassment with the payees involved and our customers were glad to pay the fees incurred.

In addition, we have observed the 2005 Interagency guidance and best practices regarding overdrafts. With such recent guidance on overdrafts, there should be no reason to indicate that our existing program is somehow "unfair" to our customers now. In addition to these concerns, other aspects of the proposal that should be addressed include:

- 1.) The proposal for a partial opt-out of debit card and ATM transactions, while retaining coverage for checks and ACH entries, is not feasible because our software provider has not made that available to us. This type of opt-out processing would be extremely complicated and our customers have not asked to have this type of service.
- 2.) The proposal also involves "debit holds" and that is far too complicated to be understood by our customers.
- 3.) Customers can avoid overdraft fees altogether by properly managing their accounts. The vast majority of our customers do not overdraw their accounts. Requiring a specific advance notice about overdrafts, including opt-out features, would simply confuse many customers who do not overdraw their accounts.

This proposal seems to have been generated because of a few customers overdrawing their accounts on a regular basis and, therefore, essentially borrowing money from the bank. To penalize the other customers by requiring complicated notices to them is not the answer to the problem. The customers who are using the overdraft privilege to borrow money short-term simply need to understand that such action is a short-term, expensive fix to a financial problem.

I strongly encourage you to drop this proposed regulation because the net effect is that a few people will have eliminated a service that is welcomed and accepted by many of our customers. At the very least, this issue should be studied in greater depth. I will be glad to volunteer to provide information about our bank's overdraft protection product to show you that it is a beneficial service, operating the way it currently is, to the majority of our customers. I will appreciate your exercising prudent judgment and good common sense in reviewing this proposal.

Sincerely,

A handwritten signature in cursive script, appearing to read "Larry T. Wilson".

Larry T. Wilson
Chairman, President and
Chief Executive Officer