



July 28, 2008

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

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

Re: FRB Docket No. R-1314; OTS Docket No. OTS-2008-0004;
Unfair or Deceptive Acts or Practices; 73 *Federal Register* 28904;
May 19, 2008

To Whom it May Concern:

You have asked for comments by August 4th concerning the proposed rule as it relates to overdraft fees. We would provide the following comments.

The vast majority of our checking account customers manage their accounts without causing overdrafts and the corresponding overdraft fees, thus, this rule has no bearing on that significant majority of our customers. However, a certain portion of our customers do overdraw their account for any number of reasons and are almost always genuinely appreciative of the fact the bank proactively decided to pay these overdrafts versus returning the check, debit card transactions and ACHs. This simple proactive process by the bank eliminates the customers having to arrange repayment of the existing obligation or transaction which will almost always cause significant expense above and beyond the amount of the overdraft fee that was incurred.

Your proposal to have customers, prior to any activity, determine to opt in or opt out of such services may put the customer in a significantly worse financial position if they elect to opt out and taking the option of the bank to cover overdraft fees out of the customer service options. In addition, the proposal that allows for a partial opt out of ATM and debit card transactions certainly would cause more confusion for this process. It especially puts the consumer at more risk both financially and in personal embarrassment with the opt out of debit card transaction, as these debit card transactions are quickly becoming the norm versus the abnormal in terms of payment processing procedures.

Your proposal certainly will not streamline the payment process system nor would it add any protection to consumers and in fact may cause more issues as it may have a significant negative impact on merchants and card processing systems that already exist.

21236 Archibald Rd. • P.O. Box 520 • Deerwood, Minnesota
Phone 218-534-3111 • Toll Free 800-291-6597 • Fax 218-534-3454
www.deerwoodbank.com

We highly recommend that the proposed rule, as it relates to the overdraft procedures, not be implemented.

Sincerely,

A handwritten signature in cursive script that reads "Vern Smith". The signature is written in dark ink and is positioned above the printed name.

Vern Smith
Chairman

VS/vf