



July 30, 2008

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

Dear Sir:

Thank you for the opportunity to comment on the proposed rule on overdraft fees. This is a very important issue for our bank and it deserves careful consideration before implementing changes which could have an unintended adverse impact on both our bank and our clients who voluntarily use this service.

Renasant Bank, as is the case with many other banks across this country, has been paying client's overdrafts on a discretionary basis for many years. We feel this is a valuable service to our good clients who occasionally find themselves in an overdraft situation and is a much more desirable action for them than returning an insufficient check or rejecting a transaction. In addition to causing the client embarrassment and inconvenience, returning or rejecting the transaction could cost the client considerable amounts of money and possible legal action in addition to the fee that the bank charges. It should be noted that our bank charges the same fee whether we pay or return the item. In offering this service we have diligently followed the rules including the 2005 Interagency Guidance on Overdraft Programs and have never marketed the program. In all of the years we have offered this service we have had very few requests to remove this service and, in fact, several clients who had initially asked to be removed from the service requested to be reinstated after becoming overdrawn and having an item returned. We strongly believe that our clients who use this service, which by the way is a relatively small percentage of our total client base, do so voluntarily and value it as a desired service.

As noted above, we comply with the 2005 Interagency Guidance and believe that this guidance has done a satisfactory job of protecting the consumer while still allowing the process to work efficiently. While we believe that some of the proposals could help the process, many are either unworkable or will not have the desired results. The following are our comments on the proposals:

The proposal requires banks to allow customers two opt-out options. First, a complete opt-out so that no overdrafts are paid and second, a partial opt-out so that the bank may pay non-debit card transactions such as ACH and checks, but deny debit card transactions that overdraw the account. The fact is that the majority of our clients over the years have avoided overdrawing their accounts without the need for a specific advance notice and opt-out followed by repeated periodic opt-out reminders. Fees for covering overdrafts are disclosed to clients in their account agreements so they are aware of this at account opening. In addition we periodically disclose to our clients other means for avoiding overdrafts such as unsecured lines of credit or savings account sweeps. Again, our clients who use the service do so voluntarily and view it as a valuable service and do not need repeated opt-out reminders. Also, while being unnecessary, the op-out provisions could create client confusion. Our bank pays overdrafts on a discretionary basis and in no way is the bank contractually obligated to pay the overdraft. The proposal to provide an initial and periodic opt-out option could have the undesired affect of confusing clients into thinking that if they do not opt-out, the overdraft accommodation is a contractual obligation of the bank.

The proposal for a partial opt-out while not being necessary as explained above is also not technically feasible and could be confusing and inconvenient to our clients. Many debit transactions are in the form of recurring payments for insurance premiums, mortgage payments and utility services, etc. In many cases our bank would be unable to determine whether this was a card present transaction or not. In the case of recurring payments it would not be possible to provide the client with an opt-out option since they have already committed to this payment method with the service provider.

The proposal would prohibit banks from assessing overdraft fees if the overdraft is caused solely due to a hold. Our bank is very lenient regarding charging overdraft fees caused by IRS levy and garnishment holds until we have notified the client. Relating to debit card holds by merchants such as gas stations, our bank drops these holds at the end of day processing and therefore, they do not create overdraft charges.

The proposal would require banks to disclose only the amount of funds available in the client's account excluding any overdraft limits. We agree and this is the way we have always disclosed funds to our clients.

The proposal would require banks to disclose on periodic statements the aggregate cost of overdraft fees. Clients currently are notified for each overdraft and the fee is clearly disclosed to them in a separate mailing. The overdraft fee is also reflected on each statement the client receives. We believe that an additional disclosure would only serve to confuse the client as to whether these were additional charges or just a summary of historic charges.

The agencies are also seeking comment on the order of payment clearing processing. Currently order of payment varies by institutions across the country. In each case, there are pros and cons for each order of payment varying by client and even by day for a

particular client. There is no single rule that will work best for all clients all of the time. It is also technically impossible to allow the client to select the order of processing.

In conclusion, we again emphasize that providing discretionary overdraft protection to our clients has worked well for years for both the bank and our clients. Our clients that use this service do so voluntarily and consider it a valuable service. They consider it a better alternative than having their checks returned or transactions cancelled. If these proposals are enacted in their present form we believe it will jeopardize our ability to provide this service and will inconvenience and create additional expenses for our valued clients who use this service.

Thank you again for allowing us the opportunity to comment and I hope that these comments help you in making your final decisions.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'J. Gray', with a stylized flourish at the end.

James W. Gray
Senior Executive Vice President
Chief Information Officer