

From: Farmers Citizens Bank, Doris Lambert

Subject: Electronic Fund Transfers

Comments:

We are a small community bank, our overdraft protection program simply helps us to do what we have always tried to do and that is to pay people's checks instead of returning them. Paying the check the first time through incurs a one-time charge for the customer, maintains their credit and prevents them from being double charged on the same check (1st time submitted and 2nd time submitted if returned the first time or being charged a return check fee by the payee). The program also promotes efficiency and consistency at the bank level.

Regarding proposed changes to Reg. E, we would like to make the following comments:

1.

We have serious concerns about requiring consumers to opt in: First of all, we fully disclose our overdraft protection programs to consumers and allow consumers to opt out (entirely; not partially) of those programs. We have not had complaints regarding this service and an extremely small number of customers have chosen to opt-out.

Second, our customers value overdraft coverage as an effective way to ensure that important transactions go through.

Third, if adopted, an opt-in requirement would impose additional administrative burdens and high costs to our bank without any offsetting consumer benefit.

2.

A partial opt-out approach would be confusing to the customers, plus it adds compliance burdens and substantial technology development costs. These costs would be borne disproportionately by smaller banks. We believe the Board should implement a regulation that allows financial institutions to offer discretionary overdraft payment services on an "all-or-nothing" basis and should not punish them for varying the terms on accounts that do not offer overdraft services.

3..

We support the Proposal's reasonable-belief exception, but we believe that implementing the necessary technology to comply with the complicated safe harbor rule will be very expensive, especially for small- and mid-sized institutions like ours. It is questionable what value the consumer will receive from the implementation of this additional technology.

4..

The Proposal would prohibit financial institutions from assessing an overdraft fee if the overdraft was caused by a debit hold in excess of the actual transaction amount and the actual transaction amount would not have caused an overdraft. We have never charged a customer an overdraft fee in connection with a debit hold so once again our customers would receive no value for additional expensive technology.

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