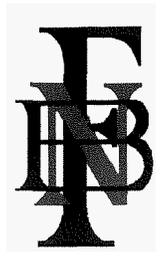


04-1198



The First National Bank of Monterey

June 1, 2004

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

Dear Ms. Johnson:

Thank you very much for your solicitation for public comments on the proposed guidance on overdrafts.

Our company has always endeavored to follow best practices but is very concerned about our program that makes overdrafts available to those that receive entitlement payments from the Federal Government. There seems to be some issues there regarding the ability of the bank to make an overdraft and then later collect these funds from clients receiving Social Security payments.

We are currently requesting guidance from our primary regulator and deliberating if we should continue with our present program.

We are hopeful that you will address these concerns in your final ruling.

Respectfully,

The First National Bank of Monterey

Allen B. Chesser, Vice President

ABC/ps

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“Traditional Banking - Serving Community Needs”