



SUBMITTED VIA E-MAIL

August 6, 2004

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

RE: Docket R-1197 Proposed Amendments To Regulation DD for Overdraft Protection Programs

Ms. Johnson:

Thank you for the opportunity to comment on the proposed amendments to Regulation DD regarding Overdraft Protection Programs (ODPs). This is an important emerging issue for banks. The Undersigned is the Vice President and Director of Compliance and CRA for First National Bank & Trust (FNBT). FNBT is a super-community bank with 28 banking locations throughout central Indiana. As of 6/30/2004, the Bank had approximately \$1.4 billion in assets.

We appreciate the desire of the Board to ensure that consumers receive adequate disclosures and ensure ODPs are presented to consumers in a fair and accurate manner. We support the proposed changes regarding advertising ODPs. We believe these rules will make the service more easily understandable for consumers.

However, we have several concerns regarding the proposed statement disclosures. We believe these provisions will create greater burden than their potential usefulness. Discussion follows.

The proposed rule would require Banks to disclose aggregate year-to-date fees assessed for overdrafts and returned items. These would be the only fees requiring year-to-date totals. Rather than providing useful information, we believe that this disclosure will actually create more confusion for the customers. In the event fees are rebated, it is likely that this disclosure may not reflect the actual amount of fees ultimately imposed year-to-date. Tracking and modifying the year-to-date total to ensure accuracy would be costly and would not provide commensurate benefit to the consumer. Our Bank already communicates with the depositor every time the ODP service is utilized.

Additionally, capturing, calculating, and modifying current statement formats will be costly and time-consuming. We utilize a core-processing program maintained by a third party. Our vendor estimates that eight to twelve months will be required to develop and test the programming changes necessary to comply with the new rule. The costs associated with these changes will be in excess of \$300,000.

We recommend that the proposal to require disclosure of year-to-date totals for overdraft and returned item fees on periodic statements be removed from the final rule. Further, in light of the time necessary to make changes to statement formats and the core processing system, we recommend that compliance with these provisions be phased in, with compliance mandatory 12 months after implementation of the final rule.

The proposed rule asked for comment on whether the requirement to disclose cumulative year-to-date fee totals should be limited to institutions that market overdraft payment services, and thereby encourage routine use of the service. We would like to point out that there is no definition in current law or regulation as to what constitutes an “overdraft protection service.” A definition of this service in the regulation would be necessary before any such rule could go forward. Further clarification of the criteria for whether such a service is “marketed” and what constitutes “encourage(ment) of routine use” would have to be developed and included in the regulation.

We appreciate the opportunity to comment on the proposed rule. We believe that the changes we have recommended will permit adequate disclosure and management of overdraft services by consumers, while not imposing an undue burden on institutions.

Sincerely,

/s/

Paul J. Brinker
Vice President
Director of Compliance and CRA