



July 18, 2008

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

RE: Docket No. R-1315, Proposed amendments to Regulation DD – Truth in Savings Act

Dear Ms. Johnson and Board of Governors:

Thank you for the opportunity to comment on the proposed amendments to Regulation DD as they relate to courtesy overdraft programs.

United Community Bank is an \$8 billion state chartered bank headquartered in Georgia, with 110 branches located throughout Georgia, western North Carolina and east Tennessee. As is the case with most banks, we have informally paid customer overdrafts for the past 50 years. However, within the past 10 years our company chose to automate that decision making process by implementing a courtesy overdraft program as explained below:

- At account opening our customers are provided with a Truth in Savings disclosure that clearly describes the fees associated with the account, including non-sufficient funds (NSF) fees for items paid and for items returned.

Our institution charges an NSF fee to the customer when any debit transaction is presented and the customer does not have funds available in their account to cover the transaction. The fee is assessed regardless of whether the item is paid or returned.

- After the qualifying account has been opened for 60 days, we send a “Welcome Letter” to the customer informing them that their account has been approved for courtesy overdraft protection in a specified amount. The Welcome Letter explains the discretionary nature of the product, reminds the customer of our NSF fee structure, and complies with all other existing disclosure requirements of Regulation DD. No other advertising or marketing materials are used to promote the product, and the approved customer is never sent another letter encouraging them to use this product.
- All items presented against insufficient funds are reviewed by bank personnel on a daily basis and a decision is made regarding whether to pay the items and overdraw the customer’s account, or return the item. For customers who have courtesy

overdraft protection, the items are automatically paid but the bank retains the discretion to reverse the overdraft and return the item. For customers who do not have courtesy overdraft protection, the account is not automatically overdrawn, but the bank still makes the decision as to whether to pay or return the item, and then enters that decision manually into the bank's computer system. The only difference between courtesy overdraft program and the regular overdraft program is that one is manual and one is automated.

- In both instances, on the date when the insufficient funds item is presented the customer is sent a notice informing them of the transaction, advising them whether the bank paid the check or returned it, and reminding them of the NSF fee associated with the transaction so that they will know to deduct the fee from their banking records.
- Customer statements comply with the disclosure requirements as implemented by prior amendments to Regulation DD, meaning that we already disclose NSF fees assessed month- and year-to-day for items that were paid and items that were returned.
- We use a third party processor for debit cards, therefore insufficient funds fees that are a result of debit holds are currently not an issue for our bank as the customer is never assessed a fee because of holds placed on funds as a result of debit card transactions.

Outlined below are our specific comments related to the Board's proposal to Regulation DD:

- The definition of "overdraft fee" is not addressed within the proposal. It is presumed that this is a fee assessed to the customer when an insufficient funds item is paid and the customer's account is overdrawn.

The term "overdraft fee" should not be confused with or used interchangeably with "NSF Fee", which is the fee the bank assesses against the customer's account when items are presented against insufficient funds. This fee is assessed regardless of whether the item is paid or returned. It is important to clarify this definition, as it could create confusion for the customer when attempting to understand the regulation.

- Right to opt out of overdraft services:
 - United Community Bank does not charge an "overdraft fee" for paying an insufficient funds item. We do, however, charge an NSF fee for items presented against insufficient funds. The dollar amount of the fee is the same regardless of whether the item is paid or returned, and regardless of whether or not the customer has courtesy overdraft protection.

To provide the customer with an opt out notice for courtesy overdraft protection serves no purpose and would be extremely confusing to the customer. What exactly would they be opting out of? To clarify, if the customer chooses to opt out of courtesy overdraft protection but writes a bad check, our bank is still going to charge the customer the same fee that we would charge them otherwise, and because they have "opted out", we would return their check without paying it. By returning the check, the customer will then likely incur additional returned check fees from the merchant. Given that scenario, it is difficult to understand how giving the customer the opportunity to opt out in any way provides a benefit to the customer, and in fact will only serve to confuse the customer more because it implies that by opting out they can avoid paying NSF fees, which is not the case.

The decision to opt in or opt out of the service is made at the moment that the customer decides to initiate transactions from their account when they knowingly do not have funds available to cover the transactions.

- Our customers are provided with an NSF notice every time items are presented against insufficient funds. Additionally, our monthly statements comply with the notice requirements as already implemented under the Regulation. No additional benefit can possibly be gained by providing yet another notice to the customer on a recurring basis stating that they have the right to opt out of the courtesy overdraft program. They clearly see the fees associated with each transaction, as well as fees assessed month-to-date and year-to-date. If the customer wants to stop being assessed NSF fees, then the customer must stop writing bad checks. Opting out of the courtesy overdraft program will in no way stop the fees from being assessed if the customer continues to write NSF checks.

Conclusion

Again, we thank you for the opportunity to comment on the proposed regulatory changes to Truth in Savings. While we understand that the proposals are the Board's well-intended efforts to protect customers who frequently overdraw their checking account and incur overdraft fees, the proposals have many unintended consequences for the customer. For this reason United Community Bank does not support the Board's proposal to promote additional opt out disclosure notifications to the customer.

Respectfully submitted,



Carol A. Chastain
SVP, Chief Compliance Officer
United Community Banks, Inc.
63 Highway 515
Blairsville, Georgia 30512