



July 21, 2008

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

Re: Proposed Regulations on Overdraft Protection  
FRB Docket No. R-1314

To whom it may concern,

Thank you for the opportunity to respond to the proposed comments referenced above, which were published at 73 FR 28904, regarding overdraft protection programs. The following are comments to general categories included in the proposal.

Overdraft protection programs are a convenience product offered by financial institutions to their customers. Many customers have voluntarily taken advantage of the program in order to keep necessary payments (such as mortgage, car payments, and in today's world, gasoline purchases) on time. Use of any overdraft protection service is voluntary regardless of whether it is an opt in or opt out program, because the use of the program is totally within the customers control. The customer can totally avoid the program by not overdrawing their account, which can be easily done by simple management of their account. And, those who do find themselves in an occasional position of being "short" on cash when the rent is due have frequently expressed their appreciation that an overdraft protection program exists.

The proposals suggest that a customer be allowed to opt out of overdraft protection programs all together or, perhaps, to be allowed to select a partial opt out for ATM and debit transactions. This, however, is not feasible given the complexity of the payment system currently used for account transactions and is unfair to those customers who might pay their most important bills—like utilities and rent—through recurring debits. Debits cards are no longer just used at a point of purchase. The proposal is offering a complicated scheme that could inadvertently do the most harm to those customers who need the help the most and who might misunderstand the various opt out options.

The payment system in the United states has become increasingly complicated as the transaction of customers have become more complicated, as technology has

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become more sophisticated and as consumer have become more savvy and demanding with regard to the way their finances are handled. Established rigid rules determining when and in what order payments are applied to accounts is impractical and perhaps impossible in this kind of market.

In 2005, best practices were issued by the primary federal banking regulators on overdraft protection program. The vast majority of financial institutions offering overdraft protection have complied with these best practices guidelines. The guidelines have worked, the customers are satisfied with the product.

I want to again make it clear that this product is a benefit and a convenience to our customers, who utilize this service as a small loan at the moment they need a loan. Our Customer's have the option to totally opt out of this product at any time.

Thank you for this opportunity to comment. We are adamantly opposed to the proposed regulations

Sincerely,

Eric J. Ralston  
Senior Vice President  
Director of Lending

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