

August 1, 2008

Citizens National Bank
1465 E. Sunshine
Springfield, MO 65804

Board of Governors of the Federal Reserve System
20th St. and Constitution Avenue, NW
Washington, DC 20551

Board of Governors:

Citizens National Bank of Springfield (CNB) is writing this letter in response to the proposed rules to prohibit unfair practices regarding overdraft services.

CNB is a community bank which was founded in 1989 in Springfield, Missouri. We have approximately \$340 million in assets and have been offering overdraft protection services on our accounts for the last five years. In 2005, CNB implemented the practices outlined in the "Best Practices" issued by the OTS so as to clearly disclose and explain the operation, costs, and limitations of our overdraft protection program to consumers. Our service is offered to eligible customers to protect them in case of errors or emergencies. Our program is an accommodation to our customers and is based on the bank's exercise of risk-based discretion. There is not a contract to pay overdrafts; however, at account opening customers have the opportunity to opt out or participate in the overdraft program. In addition, all service fees are made known to customers at account opening by providing them with the Regulation DD disclosures.

We believe our customers see a real value for overdraft protection. Although there is a fee assessed for this service, our customers recognize and are willing to pay a price for that accommodation. Customers should know that it is their responsibility to balance their account, and by good account management these overdraft fees are avoidable. This service saves them from embarrassment and having to pay additional merchant fees.

CNB feels a partial opt-out covering ATM's and debit card transactions is not a feasible option for several reasons. First, banks would be reliant on the ability of our vendors to provide technological changes to make an opt-out option available. This would require both an immense amount of time and money to achieve. There would be substantial costs involved in developing technology, along with the processing costs, that would allow such an opt-out to occur at a point-of-sale retailer or ATM. In the end, the cost would be passed on to the consumer, most likely costing them far more than would have originally been paid by using overdraft services already provided by the bank. Additionally, the costs would also be absorbed by consumers who do not readily use overdraft services, thereby affecting people who wouldn't otherwise have to pay a fee. Second, the bank is not and should not be responsible for determining which transactions are covered under the overdraft program. In today's technology-driven world, more consumers are opting to

use debit cards to make their purchases. Allowing checks to clear while offering an opt-out on debit purchases would cause additional problems for the bank and consumer alike. Again, allowing a customer to fully opt-out of the overdraft program upon account opening should be sufficient. If a customer chooses to participate, he or she is doing so knowingly accepting the associated fees in return for the service.

Consumer spending habits are such that they are not easily manipulated. Regulation DD requires service fees, including any non-sufficient fund or overdraft charge, to be segregated on monthly statements. Since making this accommodation a few years back, we have not seen any change in customer's spending habits or cutting back on the usage of the overdraft program. Therefore, knowing what they've paid in fees has not changed their behavior.

In conclusion, we feel this proposal is misguided and will actually lead to additional costs passed on to the consumer. If implemented in a complex manner, such as mandating a partial opt-out, it will result in fewer options for bank customers. Banks will most likely choose to not offer an overdraft protection service at all so as to avoid the massive costs involved in supporting such a program. This is a service that has successfully provided benefits to many consumers in the past which will no longer be available to those who need it.

Thank you for considering our comments.

Sincerely,

Jana Vieth, Vice President
Lisa Markle, Vice President
Amy Crane, Branch Operations Officer