Community Bank

GRANBURY
ACTON
BURLESON
CLEBURNE
FORT WORTH
HURST
ROCKWALL
SOUTH ROCKWALL
ROWLETT

1300 S. University Dr., Suite 100
University Centre I
Fort Worth, Texas 76107

Jimmy Campbell
President, CEO
Direct Line: (817) 573-5902
Fax: (817) 870-0125
e-mail: jcampbell@communitybank-tx.com

Federal Deposit Insurance Company
550 17th Street, N.W.
Washington, D.C. 20429-9990

Re: Overdraft Payment Programs and Consumer Protection, FIL-47-2010

Ladies and Gentlemen:

Community Bank is a $500,000,000 privately owned bank, head quartered in Fort Worth, Texas. The bank has ten (10) full service branches located in the smaller communities surrounding the Dallas-Fort Worth metropolitan area. The bank employs 130 full time people and has approximately 20,000 customers among those branches, and has been in existence for over 40 years. We have taken pride over the last 15+ years as a relatively conservative bank with excellent capital, excellent earnings, reasonable growth, and great customer service, with a relatively high percentage (compared to our peer group) of demand-to-time deposits. We were the first in our markets to offer no service charge checking accounts without any qualifying criteria. We continue to offer that product and service today.

However, in order to provide that no fee product to our customers, the bank management and staff recognized that the bank must reduce its operating costs and improve its efficiencies to counter a loss of revenues from checking account service charges. Over 40 years ago, when I entered the banking industry, one of my first tasks was to daily manually create the charges for overdrawn checking accounts and charge the customer accounts accordingly. (Obviously, daily overdrafts have been an important service provided by banks for many, many years). I knew the labor and time involved in that daily task. To make matters worse in today's automated processes, the insufficient checks had to be "shipped" to and from the branches in order for the officers to make the decision of whether to pay the item or not. We elected to automate that process and reduce the handling costs and time involved by establishing a $300 limit through which each account would be overdrawn up to that amount without the time consuming check review by each officer. (That amount was established as an economic exposure of the loss the bank was willing to accept, very similar to the exposure created by not verifying signatures on smaller checks). The bank never printed an advertisement or promoted this as a product. We did have to meet the compliance rules and inform our customers where and when required. We didn't increase our overdraft charge per item nor did we encourage the use. If a customer complained about the service, we simply offered to refund the charge and remove the limit. I must say that in the last 12 years, having talked to many customers, not one was willing to have the limit removed or reduced. In fact, with the implementation of the new Regulation E "opt in" requirements, the bank experienced an 80% opt in by customers who have had 1 or more insufficient fund debit card transactions during the previous 12 months. And, daily, the bank Call Center receives calls from customers who have been declined asking that they be allowed to opt in for the overdraft coverage. Many of the users of the overdraft service are highly educated professionals who simply do not take the time or effort to maintain a check register. I was amused at a newspaper article last week concerning the failure of the [redacted] internet banking system. The paper interviewed an upset customer who said he hadn't been able to buy a camera because he hadn't been able to access his account on the internet to determine his balance. I'm not certain what he did with his check register or account reconciliation form. Plus, I'm not certain that the bank has the responsibility to question how the customer uses his/her checking account or spends their funds. (No one requires the Wal-Mart clerk to ask the customer if he/she can afford what they are buying or if the customer has looked elsewhere for a better less expensive product). The current rules require that the bank disclose the accumulated amount of overdraft fees charged to a customer on a monthly basis. Any additional requirements on the bank, such as counseling or maximum number of charges, would simply indicate to the customer that he/she isn't capable of handling a checking account.

I appreciate the opportunity to comment on this important matter and trust the FDIC will carefully consider its use of this guidance.

Sincerely,

Jimmy Campbell

Jimmy Campbell
President