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September 22, 2010

Federal Deposit Insurance Corporation  
  
550 17<sup>th</sup> Street NW  
Washington, D.C. 20429-9990

DELIVERED VIA E-MAIL:  
[OverdraftComments@fdic.gov](mailto:OverdraftComments@fdic.gov)

Re: FIL-47-2010

Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW  
Washington, D.C. 20429-9990

Delivered Via E-mail: [OverdraftComments@fdic.gov](mailto:OverdraftComments@fdic.gov)

Dear Sir or Madam:

I am president of a community bank that has served our communities since 1913. I, personally, have worked for this bank for almost forty years. So I have the benefit of knowing how the banking industry has changed and how the community banks have improved service to our community over this time period.

Before the new product of overdraft protection was developed, banks returned most insufficient funds items. The banks charged the same fee for paying an item or for returning the item. The only difference was if the bank returned the item, the bank did not take a risk of a customer not paying the overdraft amount. With all the regulatory or consumer agencies complaints on overdraft protection, I have found in my experience that our customers appreciate the knowledge that if they overdraw, we will pay the overdraft. Therefore, I do not believe the regulatory agencies or the consumer agencies really understand the desires of the consumers.

Further, the agency does not understand that the consumer has control over the checking account. The bank does not. We provide personal tellers to answer customers questions. We provide telephone banking for customers to inquire about their accounts. We provide on-line banking for customers to inquire about their accounts. We provide ATMs that give balance information. And we have just added mobile phone banking. So the customer can have full knowledge about their account. Forty years ago, you either had to walk into the bank or to call the bank to get information on your account. Today, you can be in France

and have full access to your information. My point is simple. The customer has access and control of his/her account.

Now having written the above, let me address the agency's thoughts:

- Requiring counseling if customer exceeds 6 overdrafts in a twelve month period
  - o Our customers are not children. They are adults. It is time that Washington begin to realize this fact. People have control over their life. They do not want me calling them every six months and tell them what they already know.
  - o Every quarter, we send letter to our customers about overdraft protection. And we offer our customers the opportunity to visit with us about their financial problems.
  - o Daily, we work with our customers on the phone or in person to help them with their financial problems.
  - o Community banks serve the community. That is what we do.
- It appears the FDIC wants to limit the amount of overdraft fees we charge our customers.
  - o Our customer can limit the overdraft fees. In fact, it is a small number of customers that pay the majority of overdraft fees. I would say less than 10% of our customer base pays any overdraft fees.
  - o The bank does have an option. If regulation becomes so hard on how we can manage overdrafts, we can go back to the old days. That is, we return all the checks except for the elite few. Then Washington will cause a liquidity crisis for the lower income group.

In conclusion, I think FDIC does not give the consumer enough credit for knowing their business. The banking industry has slowly moved out of the small consumer business. The reason is cost of servicing that business. The small consumer has moved to the pawn shops and the day loan shops. If FDIC is truly concerned about the small consumer, FDIC and Washington would encourage banks to work with the small consumer and not keep forcing more and more consumer regulations on the banks.

As always, I appreciate the opportunity to write to the FDIC.

Sincerely,

Paul J. Henry  
President

Copy to: J. Eric T. Sandberg, Jr.  
President and CEO  
Texas Bankers Association  
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