



JUNCTION NATIONAL BANK

THE Brand Name in Kimble County Banking

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September 22, 2010

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

Transmitted via email

Re: Comments on Overdraft Payment Supervisory Guidance

Dear Sir or Madam:

As a \$43MM institution, Junction National Bank of Junction, Texas has been servicing Kimble County and the surrounding counties since 1935. We currently employ fifteen people and assist approximately 3,000 customers with their financial needs in and around the area.

The recent overdraft supervisory guidance is quiet troubling. As a small, rural institution, Junction National has always had a very liberal overdraft policy in its 75-year history with only minimal loss, even when overdrafts were not looked at favorably by the industry. In 2009, 39% of the banks net income derived from insufficient fund fees. On another note, in 2009, 68% of insufficient fund fees were waived in a consistent manner. The bank has managed overdrafts prudently over the years and in a style that does not take advantage of its customers. Regretfully, it appears this valuable service is in jeopardy of being eliminated and one of the bank's most stable sources of income eradicated.

Providing overdraft privileges to our customers has been a vital service in our area where most live paycheck to paycheck. The bank counsels customers that incur frequent overdraft charges and does provide another option, small consumer loans with no minimum loan balance; however, most prefer overdrawing their account temporarily. The bank does not offer consumer open-end lines of credit as the product is not considered economically feasible. Customers also have the option to have automatic transfers from another account within the bank to cover overdrafts abiding by regulatory limits. In addition, the bank provides services for customers to monitor their accounts 24 hours a day, 7 days a week that should assist them in avoiding an overdraft situation.

Bank research indicates more than 30% of the bank's deposit customers overdraw their account in excess of 6 times in 2009. According to the guidance, if a customer overdraws their account and pays a fee on more than 6 occasions in a rolling 12-month period, this

would be considered excessive and further action would be required by the bank. This arbitrary limit is considered extremely low and most systems in place could not track as proposed without costly modifications. Furthermore, the rolling 12-month period is contradictory to regulations requiring year to date information be provided to customers. Customer follow up necessitated would be considered "harassing" as the vast majority is repeat overdrafts. As a rural community bank where every employee wears multiple hats, we lack the personnel and time to take on such an onerous task.

The majority of our customers conduct their business in a satisfactory manner, even in spite of the current economy. It is unfortunate that these customers will more than likely be plagued with increased costs of services due to the ramification of regulatory compliance.

I strongly urge the FDIC to reconsider and withdraw this proposal. Results of implementation of recent amendments of regulations related to overdrafts are unknown at this time. It would be considered prudent to analyze these results prior to formulating new guidelines. I appreciate the opportunity to comment.

Respectfully submitted,

A handwritten signature in cursive script that reads "Darla Rooke".

Darla Rooke
President/C.E.O.