



The First State Bank

"Friendliest Bank Anywhere"

www.fsblouise.com

September 23, 2010

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

DELIVERED VIA E-MAIL:
OverdraftComments@fdic.gov

Re: FIL-47-2010

Dear Sir or Madam:

We are writing today on behalf of The First State Bank, Louise, Texas, a Community Bank with 256 Million in assets, eight branches serving rural agricultural areas and the employer of close to 100 loyal committed employees with a customer base of 25,000. As President and Chief Executive Officer, we represent our hardworking men and women who work strive to ensure that our Texas bank, unlike the multitude of others across our nation, remains both fiscally strong and responsive to our customers' needs. We are proud of the work we do in our communities and our slogan is "The Friendliest Bank Anywhere".

We begin with the comments above because we feel that the FDIC, in proposing this guidance, is operating on the mistaken belief that we as bankers are willfully and deliberately taking advantage of our customers through our overdraft payment programs. Nothing could be further from the truth. The fact of the matter is that if we were trying to mislead our customers for profit's sake, we would soon have no customers. Competition in today's marketplace is tough, and we are doing everything we can to ensure we keep the customers we have.

So, with this being said, we would like to comment on the following specific areas of concern in the proposed supervisory guidance. First, the proposed requirement that a financial institution monitor their overdraft programs for excessive or chronic customer use, and, if a customer overdraws his account on more than six occasions in a rolling twelve-month period, undertake meaningful and effective follow-up action. This proposal makes a number of assumptions that we believe are erroneous. We often have customers who take advantage of overdraft programs rather than maintaining an accurate picture of their account's balance. For these customers, who have repeatedly indicated that they are willing to absorb any overdraft charge caused by their own failure to keep good records, requiring the bank to contact them and offer less costly alternatives would yield no benefit. Our customers have been provided less costly alternatives and have simply refused to participate in them. Furthermore, if our customer repeatedly tells us they are

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okay with their overdraft expenses, calling them every six months to counsel them on credit alternatives could be viewed as harassing, and it could also be grounds for to take their business to another bank.

Secondly, we are concerned with the notion that our bank, with whom our customers have a contractual relationship, must limit the amount of fees that our customers could incur as a result of violating their depository contract (i.e., the depository agreement setting out the customer's duty with regard to maintaining a positive account balance.) As a for profit entity, we certainly operate to make money; that is the nature of our business. However, we are not willing to do so at our customers peril because they want to continue their operations. Again, this is a competitive market and there are no banks we know of that willingly drive their customers away.

Finally, there seems to be an inconsistency with the rolling twelve month period the FDIC suggests we follow to monitor our customers' use of overdraft programs and with existing federal regulations. Regulation DD currently requires disclosure of the total dollar amount for all fees or charges imposed on an account for paying checks or other items when there are insufficient or unavailable funds and the account becomes overdrawn and the total dollar amount for all fees or charges imposed on the account for returning items unpaid. This must be done both for the statement period and for the calendar year. Introducing an inconsistent rolling time range for which we must reach out to our customers to counsel them on their overdraft usage imposes additional compliance burdens and costs, which could potentially lead to increased costs for our customers. It appears that the FDIC is proposing this guidance with the hopes of protecting customers, but we believe our customers will ultimately be harmed by the adoption of this guidance.

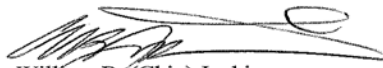
We appreciate the opportunity to comment on this matter and hope the FDIC will reconsider the promulgation of this guidance.

Sincerely,



Kinnan J. Stockton, President
President

Sincerely,


William R. (Chip) Jenkins
Chief Executive Officer

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