



September 22, 2010

DELIVERED VIA E-MAIL:
OverdraftComments@fdic.gov

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

Re: FIL-47-2010

Dear Sir or Madam:

Hello my name is Theresa East. I work at The Community Bank located in Bridgeport, Texas. We are a newly chartered bank with assets of 38 million. The Community Bank has been open for 3 years and has strong community ties. Our staff of 12 people has a combined 200 years of community banking in Wise County Texas. We serve the banking needs of approximately 400 customers in this area. Our purpose in opening a new bank was to meet the needs of our community.

We have a small but strong and growing customer base, and surely if our customers feel that we are taking advantage of them, they would not maintain accounts with us. Our customers do have a choice of banks; in our small town of 6,000 people, we currently have 4 banks. We feel the very reason we retain our account holders is because of our customer service. **We do not at any time wish to take advantage of any customer.** I am afraid these regulations treat us as a so called "BIG BAD BANK" and we are not. We are a community bank.

After reviewing Regulation DD requirements, I think that the "six overdrafts in a rolling 12 month period" contradicts the existing regulations. This is an arbitrary number that is counter to the regulation which states "banks are to provide overdraft information to customers on a year to date basis". Another of my concerns would be whether **all** FDIC examiners will have the same definition of "appropriate daily limits on customer costs". All examiners need to have the same exam instructions and it should be clearly defined so all banks are examined the same. I would also like to see some discretion in the monitoring of the "six overdrafts in a rolling 12 month period". More guidance on this matter is necessary; an individual could have six occurrences in one day, so would it be six separate OD days?

Most of our customers make sound financial decisions, and for those who do not we already work with them to get them into the product that is best for them and their financial needs. We already have daily limits on the number of overdraft charges per day.

I personally feel that customers who do misuse the overdraft program were fully informed at the time they opened their account. Our OD disclosure clearly tells the customer that this product is meant to be used in an inadvertent mistake not as a line of credit. Our disclosure says (in part):

"No matter how careful you are with your finances, sometimes mistakes happen. You thought the check had already cleared, your deposit didn't go in when you thought—we've all been there. Protect yourself with The

Community Bank's "Community Checking" account with overdraft protection. If you make a mistake we will cover your checks up to \$300.00. This \$300.00 overdraft limit includes the overdraft charge of \$25.00 for each presented check (maximum number of per day overdraft charges will be 4, totaling \$100.00).

We at the Community Bank are offering you this overdraft protection product as a convenience to you; **it should not be used as a line of credit, because the charges could be very costly to you.** If you need a loan there may be lower cost alternatives available to you, if you qualify."

Where is the customer's personal responsibility?

One solution is to do away with overdraft privilege programs, and the bank can return all overdraft items and charge a non sufficient fee. The customer will then have to pay a fee to the merchant (or their check collection company) to handle the returned item. For example, a customer writes a check to a local restaurant, the check is presented for payment, the account does not have sufficient funds; we return the item to the restaurant and charge the customer \$25.00. The local restaurant then calls the individual and tells them they must pick up their check with enough cash to cover the amount of the check plus \$35.00 fee for the returned item. NOW the customer is out \$60.00 in fees instead of the \$25.00 overdraft fee; plus the embarrassment of picking up the check. With this in mind, have we helped the customer?

I appreciate the opportunity to comment on this matter and hope you will keep the "community" banks in mind as you make your decisions about the overdraft programs.

Sincerely,



Theresa East
SVP and Cashier
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