
From: Larry Neal [mailto:LNeal@securitystbk.com]
Sent: Monday, August 16, 2010 12:21 PM
To: Overdraft Comments
Subject: FIL 47-2010

The Management of Security State Bank, Pearsall would like to comment on FIL 47-2010. In my thirty years as a Bank, this is my first attempt at a request for comment.

We would ask the FDIC to consider these facts. If the overdraft program is somehow limited in frequency of use, the consumer will still be subject to an insufficient funds charge and the check returned unpaid. This could subject the consumer to fees charged by the merchant for a return item and then possibly to a collection agency. The fees generated by these unregulated entities will greatly surpass any overdraft fee charged by a financial institution.

It has been the experience of our Bank that our customers are pleased with the program that we provide. We provide disclosures of how the program is to be administered at the time the account is opened. It is our opinion that our customers will be disappointed to hear that we have had to change our program due to regulatory guidance.

We also have the opinion that the abuse in the overdraft program has been created by the larger banks. We have never provided balance information to our customers that included the overdraft program. We have never allowed overdrafts on ATM or POS transactions. Please consider the source of the complaints and address those problems within those institutions.

The last thing we would like to comment on is the order in which checks are paid. As a general rule, the largest checks are the most important to the consumer. A car payment, house payments, utility bills are all examples of significant large items. If we are to follow the check clearing suggestions as laid out in the FIL, this practice is to be altered. The alteration of this practice could subject the consumer to accelerated payments and late fees in accordance with the terms of their loans on their cars and mortgages.

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