



the Liberty national bank
IN PARIS, TEXAS

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Jan C. Weiberg
Senior Vice President & Cashier

August 7, 2008

Jennifer J. Johnson, Sec
Board of Governors
Federal Reserve System
20th St. and Constitution Ave. NW
Washington, DC 20551
regs.comments@federalreserve.gov

Regulations Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
Attn: OTS-2008-0004

Re: BOARD Docket No. R-1314; OTS Docket No. OTS-2008-004
Unfair or Deceptive Acts or Practices; 73 Federal Register 28904

Gentlemen:

As a banker I am concerned regarding the UDAP proposal as it relates to overdraft protection services for several reasons, but primarily due to the effects it may have on our ability to offer what has become a valuable financial benefit to our customers from their perspective. I know that the banking agencies are very concerned about the proposed rule being pursued under the Federal Trade Commission Act instead of applying the rule under our existing regulatory framework, i.e. Regulations E, CC, and DD which already serves as a foundation of the payment system policy. I agree that adding another rule-making authority to the banking system is redundant and unnecessary.

But the greater concern for me is the effect that adding more regulatory burdens for these programs will have on our customers. I know from first-hand experience that our depositors appreciate the overdraft limits. We give them very clear disclosures about the fees and how the program works, and when we see a depositor that is abusing the privilege which results in excessive fees we communicate specifically with that customer regarding other options and encourage good fiscal management to avoid more fees. It is ultimately in their control whether they choose to continue to use their limits.

Also, as an example of customer expectations, early in our program we attempted to mitigate unintentional use of OD limits by removing the OD limits from available balances on our ATM and debit card transactions, and I can assure you that our customers made it known that they expected us to offer those privileges in all of their payment systems, including the ATM. So we make the limits available on those systems as well due to customer demands, and we minimize the possibility of unintended overdrafts by displaying current balances without any OD available limits. Again, the customer is in control of whether they choose to request withdrawals or make purchases that will overdraw their account and result in fees.

We stress to our customers both in the disclosures and in person when they open their accounts that the overdraft limits are discretionary and intended to be a means to avoid returns and merchant fees that result from inadvertent errors; it is clearly their choice whether they choose to utilize the limit for short-term cash needs. And with our free market system, any customer who feels their bank does not operate the program to their satisfaction or whose fees are higher than they feel is fair, they can close their account and find a new bank.

It is my belief that the current regulatory framework is in place for the payments system without adding additional rules, and that as long as clear disclosures are presented and the customer is in control of whether they want the service or whether they utilize the service, there is no basis to make major changes to overdraft privilege programs that customers demand and appreciate.

Thank you for your consideration of these comments.

Very truly yours,



Jan Weiberg
SVP & Cashier
Liberty National Bank in Paris