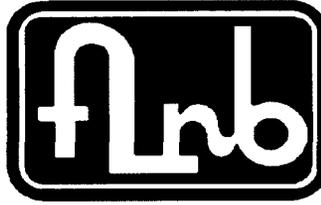


FIRST LIBERTY NATIONAL BANK

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June 13, 2008

Jennifer J. Johnson
Secretary, Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

RE: Proposed Rules for Unfair or Deceptive Acts or Practices

Dear Ms. Johnson:

I have received from my consultant a proposed letter to send in response to the above proposed rules for unfair or deceptive acts or practices. I have elected to use the letter only as guidance. I think forty years in the banking industry gives me sufficient knowledge and information to respond. This response may not be in the legal and proper format that you expect. For that I apologize. I think the Federal Reserve Board needs to hear straight talk from an old country banker.

Opt-out requirement

The consumer has the best opt-out requirement. Don't write an NSF item. No disclosures required. A little math and time is required to keep the checkbook balanced. The fact is that studies have shown over 50% of the consumers do not balance their checkbook and do not even open the bank statement.

We do send opt-out disclosures to the customers. One is given to the customer when the account is opened. One is mailed to the customer each quarter. Now, how many people do you think read that disclosure? I would suggest very, very few.

If the customer is charged an NSF fee and does not believe he or she should have been, we work with the customer to determine if the customer made the error or we made the error. If the error is a bank error, we reverse the NSF fee. If it is a customer error, we normally will split the fee with the customer. Of course this does not apply to those that consistently write NSF items. This is what community banks do every day, we work with our customers. If we did not, we would not be here.

Member: FDIC

The vast majority of our customers appreciate the overdraft protection. For those that do not like the overdraft protection, we offer alternative solutions such as overdraft loan or auto transfer from savings. For those that do not want the overdraft protection and do not want the alternative, we comply with their request. But my experience is these people have never written an NSF item and maintain more than enough funds to cover any check they might write.

Opt out for electronic channels

The community bank does not control the electronic channel. When a debit card is used, it is used as an ATM transaction or as a Visa transaction. The ATM electronic channel is controlled by Plus, Pulse, etc. The Visa electronic channel is controlled by Visa. So these companies would have to provide an opt-out option for the customer.

Based on our experience over the last five years, we have had very few customers complain to us that an electronic transaction from the use of a debit card overdrew their account without their knowledge. In those rare cases, we normally refund the NSF fee. Our customers are happy that the transaction cleared so that they would not be embarrassed at the merchant counter.

Let's use some common sense. Visualize a customer that has been shopping at Wal-Mart for the last hour. She has fought the lines. She has fought with her kids. She is hot and she is tired. The last thing she wants is a problem when she is checking out. She wants the transaction to go through smoothly and she wants to go home. She does not want her debit card transaction to reject because of an overdraft problem. She wants it paid. If she has a problem with the bank, she will call her banker and find out what the problem is. This knowledge is from experience.

Also, let's be fair. If you are considering causing the banking industry to have an opt-out option in case of a possible overdraft transaction, you should consider the same opt-out option for the case of the customer exceeding their credit limit on the credit card. Both cases cause fees to the customer.

Debit holds

When a customer uses a debt card, a debit hold is placed on the account. The bank guarantees the purchase. At this point, the funds are no longer the property of the customer but the property of the bank.

I seriously do not think the Federal Reserve Bank would allow First Liberty National Bank to use uncollected funds without some type of fee. So the customer should not be able to use the "debit hold" funds without some type of fee.

Limits on fees charged

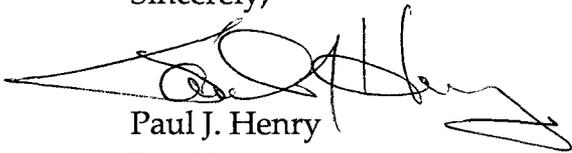
I agree there should be a limit on the maximum amount of overdraft fees charged in any one day as long as the Federal Reserve Board limits the number of transactions, either by check or by electronic means, that a customer can transact in one day. The point is that the customer controls when transactions are going to be made, not the bank.

Notice Format and content

I cannot agree to any additional notices. Our customers are overcome by the amount of paperwork we require to open an account and by the amount of disclosures that we must give that customer. I would feel differently if I felt the consumer read all the disclosures. They do not. From an environmental point of view, I believe we are killing enough trees. Please do not add any more to the loss of our valuable forest.

I thank you for allowing me the opportunity to express my comments and thoughts. Again, I apologize for not using the legal and proper format to express myself. I strongly believe the time for the legal and proper format has long since passed. The time for straight talk and common sense is more important.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul J. Henry', written over a horizontal line.

Paul J. Henry
President