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July 22, 2004

***Via email:*** [reg.comments@federalreserve.gov](mailto:reg.comments@federalreserve.gov)

Ms. Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street & Constitution Avenue, Northwest  
Washington, DC 20551

**RE: Docket No. R-1197-Truth-In-Savings Act**

Dear Ms. Johnson:

Many of the members of the Independent Bankers Association of Texas, which represents over 600 community independent banks domiciled both in Texas and Oklahoma, offer some form of overdraft protection. In many cases, the protection is rather informal in nature and has been available to customers for many, many decades. In other situations, the process of permitting occasional overdrafts has been automated to decreased costs and provides better service to customers. In the later case, the programs that are most common in Texas are described as coverage for "inadvertent" or "occasional" overdrafts. The disclosure documents that are most common are very clear that the bank reserves the privilege of paying or not paying at its discretion and that the privilege can be lost if abused.

**Section 230.6 Periodic Statement Disclosures:**

(A)(3)(ii) creates some significant data processing problems for institutions in Texas. Current programming is not such that institutions can disclose a total dollar amount for all overdraft fees on a calendar year to date basis. There are apparently coding issues with regard to developing programs to accomplish this new disclosure. In addition, there would be a significant one-time cost to community banks providing overdraft programs, as well as an ongoing cost. This new disclosure and cost would appear to apply whether the bank is using an automated program or simply occasionally honoring a customer's overdraft in a time honored tradition.

**Section 230.8 Advertising:**

Generally, most of these new additional disclosures in connection with automated overdraft services are already provided. The fee for the payment of each overdraft is already a disclosure requirement under the Truth-In-Savings Act. Including the types of transactions for which a fee may be imposed for overdrawing an account would provide useful additional information to the customer so that they understand that an NSF charge will be imposed if the transaction occurs at an ATM as well as if it occurs as a result of a check.

***"Collectively Creating Value for Community Banking"***

*Ms. Jennifer J. Johnson*

*July 22, 2004*

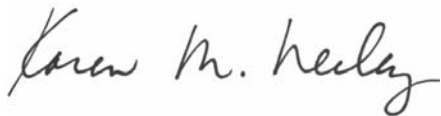
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The circumstances under which an institution would not pay an overdraft are a bit more problematic. However, the commentary model language “*overdraft will not be paid if your account is not in good standing, or you are not making regular deposits, or you have too many overdrafts*” typically would be accurate for the vast majority of programs of which we are aware.

In general, the amendments to the Commentary and additional corrections to Regulation DD appear to largely comport with current practices among Texas and Oklahoma banks that offer so-called overdraft privilege to their customers. Our major concerns are with those changes that will necessitate significant new data processing programming and on-going additional costs.

Thank you for this opportunity to comment.

Sincerely,

A handwritten signature in cursive script that reads "Karen M. Neeley". The signature is written in black ink and is positioned above the typed name and title.

Karen M. Neeley  
General Counsel