

**From:** Robert Bodio [Robert.Bodio@milfordfederal.com]  
**Sent:** Thursday, September 23, 2010 7:12 PM  
**To:** Overdraft Comments  
**Subject:** Comment letter  
September 23,2010

Federal Deposit Insurance Corporation  
550 17th Street N.W.  
Washington D.C. 20429-9990

RE: Overdraft Payment Programs and Consumer Protection, FIL-47-2010

Ladies and Gentlemen:

I welcome the opportunity to respond to the proposed FDIC FIL explaining the FDIC's expectations for management and oversight of automated overdraft protection programs.

Milford Federal Savings and Loan Assoc. is a small community based thrift in south central Massachusetts. We began offering our overdraft program in 2006 in an effort to satisfy customers needs for short term overdraft privileges. Since our resources are limited, we selected Strunk and Associates as a consultant to assist us with structuring the aspects of the program and to continually guide us in compliance. Our customers are pleased with our program as it includes the options of an overdraft line of credit, transfer coverage from a savings account and/or the conventional automated overdraft protection program. We emphasize quality customer service and believe we achieve it by offering this overdraft program.

I am aware that the ABA has filed a comment letter. I have studied it in depth and agree with all the aspects of their response.

During the last several months we have expended significant time and resources in order to implement the changes required to Regulations E and DD. We have trained our Customer Service staff and engaged in significant customer outreach to ensure that our customers accurately understood the changes to our overdraft program and those that wanted to retain overdraft protection for ATM and point-of-sale debit card transactions had the opportunity to OPT-IN.

A series of three letters were sent to our customers over a 90 day period accurately explaining the changes to Regulations E and DD along with Model Form A9. In this way, we have been able to be sure that all customers are aware of available overdraft alternatives. Of our ATM/Debit Card customers, 45% have chosen to OPT-IN, 14% have chosen to OPT-OUT and 41% gave no response. Through all of this effort we only had a small number of customers select one of our alternative overdraft options.

We believe that these results validate the fact that a large number of our customers truly appreciate the availability of our Automated Overdraft Protection Program.

With regard to your desire for banks to begin monitoring accounts and providing counseling to customers who overdraw 6 or more times in twelve months, the staff needed to manage a program of this size would be much too costly. If we had 10% of our customers qualify for monitoring ( 6 overdrafts in 12 months) we would need to personally contact (in person or by telephone) 800 account holders each month. We employ 120 people in our entire company. I think this expectation is unrealistic and I hope you eliminate it from your plans.

At this time we monitor repeat users of our program on a monthly basis as of their statement date. For accounts that we consider frequent users of the overdraft program, we contact them through the mail offering counseling and the opportunity to select one of the alternatives to the Automated Overdraft Protection Program. We have had some customers change their habits, but generally it is temporary and they return to overdraft habits. Very few select any of the alternatives.

Finally, you are recommending that our Board of Directors annually review and approve the features of our Automated Overdraft Protection Program. We suggest that you do not impose this requirement as our Board has neither the time nor the expertise to undertake a detailed review of our overdraft program features. This task is best left to Management.

I appreciate the opportunity to comment on these important issues. I believe that many of the statements of supervisory expectation included in this FIL impose new regulatory requirements that will impose significant new costs and burdens on us with little or no customer benefit. I strongly urge that the FDIC refrain from imposing these requirements at this time when the state of overdraft programs and customer experience with them is unknown.

If you have any questions about these comments, please contact the undersigned at 508-381-5210 or via e-mail at [robert.bodio@milfordfederal.com](mailto:robert.bodio@milfordfederal.com)

Sincerely,  
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\*\*Milford Federal Savings and Loan Association WILL NOT Request Personal or Password Information Pertaining to Customer Financial Records Via Email.  
Please contact us immediately if you receive a request for this type of information.