



VIA electronic delivery to:
OverdraftComments@fdic.gov

September 24, 2010

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

Ladies and Gentlemen:

Flagstar Bank welcomes the opportunity to comment on the proposed FDIC FIL regarding the FDIC's expectations for management and oversight of automated overdraft protection programs.

Flagstar supports the interagency efforts to provide clear direction to financial institutions on the FDIC's supervisory expectations for the oversight of automated overdraft protection programs. However, we are concerned with the use of FIL's to impose new regulatory requirements, especially when those requirements will add significant compliance burdens to the detriment of customer choice.

At Flagstar, we use our overdraft protection program very judiciously. In fact, we are in the process of establishing a quarterly communication with customers that are high users of the program, including offering financial management education guidance.

We have also encouraged customers to set up automatic transfers from savings accounts and conventional lines of credit to cover checking account balances shortages and to only use our overdraft protection program as a final alternative. As a result, the number of conventional lines of credit accounts we are opening has increased significantly. Also, what we have found in our recent outreach efforts to educate our customers on the overdraft protection program is that customers want this protection. In fact, about 70% of customers that we speak to choose to opt in to the program.

Flagstar has consistently put forth a good faith effort to comply with all of the best practices suggested by our regulators and we have fully complied with those practices to the extent our systems have given us that ability. However, the cost to track and contact every customer with more than six overdraft transactions in a rolling 12 month period would be very significant.

Additionally, Flagstar is very concerned with the perception that the public has with its products and services. We strive very hard to only provide products and services that will benefit the customer. That desire is evidenced by our receipt of the 2010 JD Power award for highest in customer satisfaction in the North Central region.

Finally, management is keenly aware of the sensitivity of overdraft protection programs and I urge the FDIC not to impose a requirement for annual Board approval of program features. Our Board does not have the time, nor expertise, to undertake such a granular review of program features.

Thank you again for the opportunity to comment on this important issue.

Sincerely,
Alessandro P. DiNello
Flagstar Bank
EVP-Retail Banking
517-817-1000
sdinello@flagstar.com