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**FDIC OVERDRAFT PAYMENT PROGRAMS AND CONSUMER PROTECTION
FIL-47-2010**

RE: Comments on Overdraft Payment Supervisory Guidance

Dear FDIC –

Thank you for the opportunity to comment.

As a small community bank, we have great concerns with the proposed changes to Reg E and Reg DD.

At our bank account holders are already made aware of alternates to fee based overdraft programs at account opening and within required disclosures related to ATM and everyday debit card overdraft service opt-in. Once informed, there should no longer be a need to require us to repeatedly remind account holders of these services.

Since the inception of our ODP program, we have operated with a daily maximum of three NSF/ODP fees. During the three years that our program has existed, we have waived and continue to waive numerous charges to assure customer understanding of overdraft protection.

The FDIC should not require us to contact account holders by means other than written, or electronically if the account holder agrees. If adopted, this requirement will place severe compliance costs, to include additional staffing, infrastructure, and training.

Customers expect and welcome financial institutions paying their reasonable overdrafts. When we contacted our customers who paid the most fees, their first concern was “you are not going to take the program away from me are you?”. If regulators continue placing constraints on overdraft programs, financial institutions will no longer offer these programs. Customers will be driven to payday lenders and other less reputable lenders outside of the banking system with a total loss of control in attempting to protect them. An unintended consequence for the accountholders will be higher fees and a decrease in service levels; increased fees not paid to the bank, but to other entities collecting on “bad” checks.

Much of the analysis done at the bank level ignores the impact of fees or other costs to the customer from outside the offering bank. Return item fees from merchants, increases in credit card rates, late charges on big ticket items such as mortgages and credit rating impact are a few of the adverse consumer impacts that should not be lost in the analysis.

Sincerely,

Michael J. Muzio
President
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