



# Franklin Savings

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August 4, 2008

Jennifer J. Johnson  
Secretary  
Agencies of Governors of the  
Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenues  
Washington, D.C. 20551

Chief Counsels Office  
Office of Thrift Supervision  
1700 G Street, N.W.  
Washington, D.C. 20552

RE: **Objections to the proposed rule on overdraft programs.**

Dear Ms. Johnson and Chief Counsels Office, OTS:

This letter is to request that you reconsider the proposed rule on overdraft fees. Overdraft programs have been widely accepted by consumers as an alternative to having their checks returned as unpaid due to insufficient funds. Consumers know they will be paying a fee for this overdraft service. They choose to pay one bank fee (for our customers, \$29) rather than a merchant fee (sometimes as high as \$50) on top of a bank NSF fee. The proposed rule seems to call into question the ability of banks to continue to offer such overdraft programs.

There are several aspects of the proposed rule to which we object most strenuously:

-The periodic opt-out provision seems particularly unnecessary and burdensome. Customers understand it is their responsibility to properly maintain and balance their checking accounts. They know that through good account management overdraft fees are entirely avoidable. Customers are provided with adequate disclosures upon being availed of our overdraft program. They know what the overdraft fee will be should the program be utilized. Customers are fully aware of the consequences of their actions. Overdraft programs permit them to make informed choices to have checks paid by their bank rather than to be late with a payment (possibly incurring merchant late charges) and/or being forced to pay merchants' returned check fees.

-The partial opt-out provision covering debit card transactions and Automated Teller Machine transactions is not feasible. Debit card usage has soared over the last few years. Many consumers use debit cards as their primary payment method, including for

Our Mission

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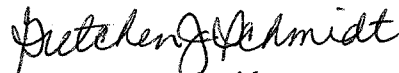
Franklin Savings provides high quality, cost effective financial products and services which accrue to the benefit of our customers, employees, shareholders, and the communities we serve.

recurring transactions. A partial opt-out for debit card transactions would be too broad for many customers, as it would not allow banks to pay an inadvertent overdraft caused by a recurring transaction.

- Payment of any type of overdraft in all of the overdraft programs with which we are familiar is always done at the discretion of the financial institution. The partial opt-out for debit card transactions will in all likelihood confuse consumers as to the bank's obligation to pay overdrafts resulting from check and/or ACH transactions. Anything which may create an impression in customers' minds that their bank is obligated to pay overdrafts must be avoided.

Franklin Savings and Loan Company has maintained our overdraft program in complete compliance with the Office of Thrift Supervision's Guidance and industry best practices. We have provided a valued service to the majority of our checking account customers. The proposed rule seems to indicate that our present program and those of other financial institutions are unfair to consumers or have not been implemented fairly. We respectfully request that the proposed rule on overdraft programs be withdrawn.

Sincerely,



Gretchen J. Schmidt  
President/CEO