



August 23, 2004

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Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G. Street, NW
Washington, DC 20552
Docket No. 2003-67

Re: Interagency Guidance on Over-Draft Protection Programs

Dear Sir or Madam:

Eastern Bank is a mutually owned commercial bank based in Boston, Massachusetts with over 150,000 consumer households in its customer base. We appreciate the opportunity to comment on the proposed interagency guidance on over-draft protection programs. We agree with many of the conclusions which resulted from the agency's review. Furthermore, we certainly agree that consumer education is a critical component in the operation of an appropriate overdraft protection program. However, several proposed requirements, we believe, warrant your reconsideration. Most importantly, we believe several provisions, including changes to Regulation DD, blur the distinction between over-draft protection programs and over-draft lines of credit. We strongly urge that these proposed regulations only apply to marketed bounced-check protection programs for which a specific limit is disclosed.

The guidance defines all forms of over-draft protection as a credit service. We disagree. An over-draft line of credit is a guarantee to pay over-drafts up to a clearly defined limit and under certain defined terms. On the other hand, an over-draft bounced-check protection program is provided on a discretionary basis. By not making this distinction, the proposal requires that all overdraft balances be reported as loans for purposes of required quarterly financial reports, and that banks should adopt policies and procedures to assess credit and other risks. Equally problematic is the suggestion that available amounts of bounced-check protection programs be reported as "unused commitments". We strongly object to these requirements, which will add confusion for both bankers and consumers.

Furthermore, the proposed requirement that over-draft balances be charged off within 30 days is troubling. Most over-drafts are corrected within 30-60 days. Allowing a minimum of 60 days will result in fewer adverse consumer credit reports and higher rates of repayment along with less regulatory burden.

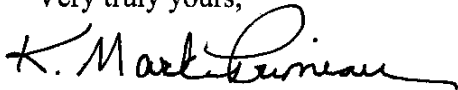
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We believe that banks should be allowed to design their policies to meet the needs of their customers and the particular circumstances of their institution. We also believe that institutions should clearly explain the discretionary nature of these programs. Banks should be required to simply disclose whether or not payment of any over-draft is discretionary. We also believe it would be difficult, if not impossible, to alert customers before a non-check transaction triggers fees. However, we do agree that available balances at an ATM should not include funds available through the bounced-check protection program.

Lastly, banks should have the discretion to assess customer use to take appropriate action or suggest alternative products available. Consumer education on how to avoid over-drafts should remain the primary focus for all.

We appreciate this opportunity to comment on the proposed regulations.

Very truly yours,

A handwritten signature in black ink, appearing to read "K. Mark Primeau". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

K. Mark Primeau
Executive Vice President