ASTORIA FEDERAL SAVINGS

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July 17, 2008

VIA OVERNIGHT COURIER

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., N.W.
Washington, D.C. 20551

RE: Docket No. R-1315
Proposed Rule to Amend
Regulation DD

Dear Ms. Johnson:

Astoria Federal Savings and Loan Association ("Astoria Federal") appreciates the opportunity to comment on the rule proposed by the Federal Reserve Board (the "Board") to amend Regulation DD that appeared in the Federal Register on May 19, 2008 (the "Proposed Amendments"). We applaud the Board's desire to educate consumers as to the costs of overdraft services and how such services operate generally and believe that such information may help consumers to make informed judgments with respect to the maintenance of their accounts. We do, however, wish to comment on two aspects of the Proposed Amendments.

Like most depository institutions today, Astoria Federal offers several overdraft services; (i) a traditional overdraft line of credit; (ii) a program called Bounce Protection in which funds are swept from a linked savings account into a checking account to cover one or more overdrafts; and (iii) a process called "OD Enhancement" under which Astoria Federal may, in its discretion, pay items presented for payment even though the account on which they are drawn contains insufficient or uncollected funds. Astoria Federal's disclosure and "Opt Out Notice" relating to its "OD Enhancement" process is set forth in our "Checking Account Rules & Regulations" brochure, which is provided to customers at account opening. This disclosure makes it clear that Astoria Federal may or may not pay overdrafts.

Unless a financial institution is contractually bound as it is with respect to a line of credit, it has no legal obligation to pay items that are drawn on insufficient or uncollected funds. This brings us to the first aspect of the Proposed Amendment upon which we would like to comment. Section 230.10(b) of the Proposed Amendment requires depository institutions to provide consumers with an "Opt Out Notice" in "a format ***substantially similar*** to Sample Form B-10...." Sample Form B-10 reads, in pertinent part, as follows: "We provide overdraft services for your account." Since our OD Enhancement is discretionary on the part of Astoria Federal, we believe our "Opt Out Notice" should state, "We ***may*** provide overdraft services for your account." It is not clear, however, that such a revision would be deemed "***substantially similar***" to Sample Form B-10 and thus in compliance with the Proposed Amendments. If our proposed language is not deemed "***substantially similar***" to Sample Form B-10 and we are forced to use more definitive language such as that currently set forth in Sample Form B-10, we may be forced to provide overdraft services on accounts on which we may not wish to provide them. As stated above, we provide our "Opt Out Notice" at the time of account opening at which point we may have not yet determined whether we wish to extend our OD Enhancement process to the account. We believe that if we continue to provide our "Opt Out Notice" at the time of account opening and we are required to use the current language of Sample Form B-10 we will be contractually binding ourselves to provide such services from that point in time. If we must use the language of Sample Form B-10 as it currently reads, our only alternative would be to commence providing our "Opt Out Notice" to customers at the point in time in which we actually decide to provide them with OD Enhancement. Such a change to our process would require us to implement a costly system to track which customers have received an "Opt Out Notice" and which have not.

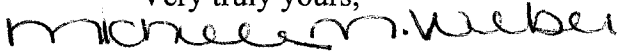
There is no legal obligation on the part of depository institutions to provide overdraft services and even the Board, in its commentary to the Proposed Amendments, has acknowledged that "most overdraft program disclosures state that payment of an overdraft is discretionary on the part of the institution, and disclaim any legal obligation of the institution to pay any overdraft." We are concerned that the "Opt Out Notice," set forth in Sample Form B-10, will have the unintended effect of eliminating or significantly restricting the discretionary nature of overdraft programs. Accordingly, we believe that the Board should revise Sample Form B-10 to make it clear that the provision of overdraft services is completely discretionary on the part of depository institutions so that depository institutions can continue to provide the required "Opt Out Notice" at the time of account opening without fear of contractually binding themselves to providing services to a customer to whom they may not wish to provide such services.

We would also like to comment on section 230.10(c)(2) of the Proposed Amendments which requires depository institutions to provide subsequent "Opt Out Notices" in either "each periodic statement reflecting any fees or charges for paying an overdraft", or "at least once per statement period on any notice sent promptly after the institution's payment of an overdraft" which notice Astoria Federal refers to as an "Unavailable/Insufficient Funds Notice" or "NSF Notice". While we have no objection to providing subsequent reminders to consumers of their right to opt out of overdraft services in either periodic statements or in a NSF Notice, we don't believe it is necessary to repeat the "Opt Out Notice" in its entirety as is required by section 230.10(c) of the Proposed Amendment. We believe four of the six items of information required to be in the "Initial Opt Out Notice" may be deleted from the "Opt Out Notice" set forth in subsequent periodic statements or NSF Notices. First, we do not believe it is necessary to include in a subsequent "Opt Out Notice" the "dollar amount of any fees or charges imposed for paying checks or other items..." as such information appears elsewhere in the periodic statement or NSF Notice. Second, we believe including a statement that "a fee may be charged for overdrafts as low as $1..." is also unnecessarily repetitive since the amount of the item that created the overdraft, for which a fee is charged, also appears on the periodic statement or NSF Notice. Lastly, we do not believe it is necessary to include in subsequent "Opt Out Notices" either a statement of "the maximum amount of overdraft fees or charges that may be assessed per day...." or a "statement that the institution offers other alternatives for the payment of overdrafts." We provide this information in our "Initial Opt Out Notice" which as explained above is included in Astoria Federal's "Checking Account Rules & Regulations" that is distributed to consumers to retain for future reference. We believe that the two items of information, repeated reading of which will benefit consumers the most, are (i) the types of transactions for which an overdraft fee may be assessed, and, (ii) an explanation of the consumer's right to opt out, including the methods by which the consumer may exercise such right. Paring down the contents of the subsequent "Opt Out Notices" in this fashion will shorten the length of the document which may make more consumers inclined to read it and also reduce the cost to depository institutions to produce it.

In summary, Astoria Federal supports the Proposed Amendments to Regulation DD but requests the Board to revise Sample Form B-10 as proposed above and that subsequent "Opt Out Notices" be limited to reminders of the types of transactions for which the depository institutions may pay overdrafts and the right of the consumer to opt out of such services.

Thank you for considering Astoria Federal's comments upon the Proposed Amendments. Please do not hesitate to contact me with any questions you may have regarding such comments.

Very truly yours,



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