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July 18, 2008

WACHOVIA

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

Re: Regulation DD  
Docket No. R-1315  
Proposed Amendments to Regulation DD, Truth in Savings Acts

Dear Ms. Johnson:

Wachovia Corporation and its subsidiaries, including Wachovia Bank, National Association and Wachovia Mortgage, FSB (collectively referred to herein as "Wachovia"), appreciate the opportunity to comment on the Federal Reserve System's notice of proposed rulemaking (the "Proposed Rule") under Regulation DD ("Reg DD"), which implements the Truth in Savings Act ("TISA"). The Proposed Rule sets forth the content and format requirements for notices consumers receive informing them of their right to opt out of overdraft services. The Board has proposed the substantive opt out requirements by separate rulemaking under amendments to Regulation AA ("Reg AA"). Although Wachovia also intends to submit comments regarding the proposed amendments to Reg AA, for purposes of this comment letter we will assume that the Reg AA proposals have been adopted.

Although Wachovia supports the Board's efforts to enable consumers to make more informed decisions regarding overdrafts services and the associated costs, Wachovia urges the Board to reconsider its decision to impose Reg DD requirements on all institutions rather than only on those institutions that market their overdraft services. Although we will address this concern in greater detail in our comments to the proposed amendments to Reg AA, we believe that the systems and compliance costs for an institution that does not market such services outweigh the benefits to its customers. Should the Board elect to adopt the proposal to apply the Reg DD requirements to all institutions, Wachovia has several concerns with the frequency of the proposed disclosures and portions of the required information.

*Timing and Content of Overdraft Services Opt Out Disclosures*

Under the Proposed Rule, an institution must provide consumers, prior to imposing an overdraft fee, an opt out notice and a reasonable amount of time to opt out of such service. In addition, the Proposed Rule requires that subsequent notices be provided on any periodic statements reflecting any overdraft fee or charge or at least once per statement period on any notice sent promptly after an institution makes an overdraft payment. If the Board were to apply the Reg DD requirements to all institutions whether or not they market overdraft services, we believe that periodic re-disclosure of opt out provisions are unnecessary and that such disclosures should be required only at the time of account-opening. For existing customers, the Proposed Rule contemplates that the disclosures would be made after an overdraft has been assessed. Instead, we believe existing customers should receive a one-time “catch up” disclosure.

With respect to the model disclosure, we suggest that language be included to clarify that institutions do not encourage overdrafts and are not obligated to provide overdraft services. We also request that the Board consider including model language addressing the possible consequences of opting out, such as incurring non-sufficient funds fees for items returned unpaid by the bank, potential merchant fees, and significant customer inconvenience associated with transaction denials and items returned unpaid. Finally, the Board requested comment as to whether institutions should be (i) *required* to provide a form with a check-off box that consumers may mail in to opt out and (ii) *allowed* to permit consumers to opt out electronically. Wachovia urges the Board not to *require* institutions to provide consumers with mail in opt out forms because of the substantial costs institutions will incur under such requirement. In addition, there may be substantial time delay between the mailing of the form by the customer and actual receipt of the form by the institution during which overdrafts may occur. Instead of requiring specific opt out methods, Wachovia requests that the Board give flexibility to institutions in addressing opt out methods by allowing institutions to determine which method, or combination of methods, is the most effective and efficient for the institution and its customers.

*Disclosures of Fees Charged*

Under the Proposed Rule, institutions will be required to disclose on periodic statements the aggregate dollar amount for all overdraft fees or charges and for all fees imposed on the account for returning items unpaid both for the statement period and for the calendar year to date. With respect to the content of the disclosure, we request that the Board include a line item disclosure regarding fees which have been refunded. With respect to the timing of disclosures, we believe that providing year-to-date disclosures is unwarranted, will lead to unnecessary system development costs, and may lead to customer confusion. From a customer relationship standpoint, a customer who accidentally incurs an overdraft in January will be presented the fee information charge 12 times during the year with little additional benefit to the costumer after the initial

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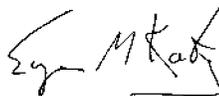
disclosure. The repeated re-disclosure of charges could confuse some customers who may interpret the historical information as a current additional period charge. From a systems perspective, most depository institutions generate periodic statements that cover activity from the beginning of the period (usually monthly on a DDA statement) to the end of the period, as required in Regulation DD (12 C.F.R. Section 230.6). Periodic statements are not geared to present year-to-date information. It would also be a costly modification to add functionality to our statement processes to capture, store and print historic year-to-date information.

Wachovia also believes that it is important to provide flexibility as to how and where fee information and other disclosures are printed. Periodic statements already convey significant balance, transactional, disclosure and other information, and it is important that information flows in a logical order. In addition, periodic statements are staggered throughout the month. As a result, any month-to-date or year-to-date information should be tied to the cycle date, not the calendar month. For example, a statement cycling on the 10<sup>th</sup> of the month should present month-to-date information that starts on or around the 10<sup>th</sup> of the prior month, or January 10<sup>th</sup> in the case of the year-to-date information.

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We appreciate the opportunity to respond to the Proposed Rule, which will have a significant impact on our relationship with customers and our internal operations. If you have any questions regarding this letter, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene M. Katz". The signature is written in a cursive style with a horizontal line at the end.

Eugene M. Katz