

## **Overdraft Protection**

### **Frequently Asked Questions**

#### ***What is overdraft protection?***

An overdraft occurs when the Bank pays a transaction, even though the customer does not have enough available funds. Overdraft protection is discretionary and is not a contractual obligation of the bank.

We may initially provide eligible accounts (checking accounts, excluding money market, student and business checking products) with \$100 in overdraft protection. Once the account has been open for at least 90 days and you maintain your account in good standing, the bank may periodically increase the amount of overdraft protection, to a maximum of \$500. You will be notified in writing prior to any other increase, should you qualify.

If you are interested in adding overdraft protection to your account, please visit any of our offices to sign the appropriate agreements and disclosures.

#### ***What fees are associated with overdraft protection?***

If the funds in your account are not sufficient to pay an item when it is presented, we will charge you a \$39 fee, regardless of whether we pay the item or return the item unpaid. However, we will not charge returned item and/or overdraft fee(s) for items resulting in an overdrawn balance less than \$10.

We will limit the number of overdraft fees that may be charged to an account in a single day to a maximum of 5 fees (\$195). In addition, we will charge a daily continuous overdraft fee of \$7.50 if the account remains negative for more than 3 consecutive days, regardless of having overdraft protection. You should always cover your overdraft as quickly as possible to avoid additional fees. You must cover your overdraft within 60 days or the account will be closed.

Returned item and/or overdraft fee(s) may be created by check, ACH, foreign ATM(s) and Debit Card/Check Card transactions.

#### ***Understanding Your Account Balance for Overdrafts***

Your checking account has two kinds of balances: the current balance and the available balance. When the bank processes items to your account, the current balance plus your overdraft protection, minus any holds on the account are taken into consideration. If the funds are not in this balance you have the potential of having an overdrawn account. To learn more about Current Balance and Available Balance continue reading below.

The information below explains how your checking account balance works, including the differences between your current balance and your available balance.

### ***Your Current Balance***

Your current balance is the amount of money that is actually in your account at any given time. Your current balance reflects transactions that have “posted” to your account but it does not include transactions that have been authorized and are pending. While it may seem your actual balance is the most up-to-date display of the funds you can spend, this is not always the case. Your account may have purchases, holds, fees, other charges, or deposits made to the account which have not yet posted and, therefore, will not appear in your current balance.

### ***Your Available Balance***

This balance reflects any holds placed on deposits you have made, any pending incoming electronic deposits (such as payroll), any pending debit card transactions, and any funds still available from your overdraft protection (if applicable).

### ***Example of Overdraft Fee for Insufficient Available Balance***

If the current balance and available balance are both \$100 and your debit card is used at a restaurant for \$35, a hold is placed on your account and the available balance will be reduced. Your current balance is still \$100 because the transaction has not yet posted to your account. If a check you had previously written for \$75 is presented for payment before the restaurant charge is sent to us for processing, you will incur an overdraft fee. This is because the available balance was \$65 when the \$75 check was paid. In this case, we may pay the \$75 check and charge you an overdraft fee. The overdraft fee will also be deducted from your account, further reducing the balance.

### ***How are transactions posted to your account?***

There are two main types of transactions in your account: credits or deposits of money into your account and debits or payments out of your account. It is important to understand how each transaction is handled so you know how much money you have available to use in your checking account. The information below describes how we handle credits and debits to your account and the resulting impact on your available balance. The information is a general description of how certain types of transactions are posted. We may receive multiple deposit and withdrawal transactions on your account in many different forms throughout the day. This means you may be charged more than one overdraft fee if we pay multiple transactions when your account is overdrawn.

### ***Credits***

Most deposits are added to your account when we receive them. For some checks you deposit there may be holds placed.

Please see the Funds Availability Statement at the end of this FAQ.

### ***Debits***

You can make several types of debit transactions from your account. Keep in mind there are many ways transactions are presented for payment by merchants and other financial institutions and we are not necessarily in control of when transactions are received and posted to your account.

#### ***What is a debit card authorization hold?***

When a debit card is used to conduct a signature or “credit” transaction (you do not enter your PIN), the merchant sends an amount. This amount is placed on hold and removed from the available balance immediately. The hold is released when the transaction clears or after the merchant’s authorization expires; whichever comes first. The authorization expiration is set by the merchant and can stay as long as six days if the matching transaction is not processed. The hold helps determine the available balance on your account.

#### ***Will debit card authorization holds apply to all my purchases?***

No, debit card authorization holds only apply to debit card transactions when you sign your name or do not enter a PIN. PIN based and ATM transactions nearly always settle the same business day as they are authorized.

#### ***What is the difference between current balance and available balance?***

Your available balance reflects any authorization holds or deposit holds and is used by the bank to determine available funds when transactions attempt to clear your account. The balance we use as transactions clear is called your available balance and includes all items which have cleared your account up to that point and reflects any items on hold. If your available balance is not sufficient to cover a transaction, we may pay the item and charge you an overdraft fee.

Generally, available funds are reduced by the amount of authorized transactions. However, for certain types of transactions where the amount authorized is often different than the amount will settle – for example, gasoline purchases – the bank may reduce the available funds by the full authorization amount (which could exceed the actual purchase amount), reduce the available

funds by an amount that may be substantially less than the purchase amount (such as \$1), or elect not to make any reduction in available funds.

***How can I opt-out of overdraft protection?***

If you decide you no longer want overdraft protection on your account, simply come to any of our offices to sign opt-out paperwork.

***What are my alternatives to overdraft protection?***

The bank can easily set up an automatic sweep transfer. For example, if you would like, your savings account can cover your checking account every time the latter is overdrawn. The bank will charge \$7 per sweep transfer. A transaction is every time the sweep occurs, not each item being covered by the sweep. If you have both a sweep transfer and overdraft protection on your account, the sweep will occur prior to the overdraft protection, until there are no funds available within your overdraft limit. If you are interested in setting up an automatic sweep transfer, please come in to any of our offices to sign the appropriate form.

Another alternative to overdraft protection is a line of credit. To see if you are eligible for a line of credit, please contact any of our offices. Overdraft lines of credit incur a fee of \$7 per transaction, plus interest charges. A transaction is every time the sweep occurs, not each item being covered by the sweep.

***What is the difference between a sweep transfer and overdraft protection?***

A sweep transfer happens when the bank completes the transfer of funds from another account to cover the overdrawn account. The bank charges a \$7 fee per transfer for this service. Overdraft Protection happens when the bank charges a fee (\$39) for paying an item and taking the checking account into the negative, rather than returning the item.



## FUNDS AVAILABILITY DISCLOSURE



Our policy is to make funds from your cash and check deposits available to you on the first business day after the day we receive your deposit. Electronic direct deposits will be available on the day we receive the deposit. Once the funds are available, you can withdraw them in cash and we will use them to pay checks that you have written.

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and Federal holidays. If you make a deposit before 6:00 P.M. Monday through Thursday or before 6:00 P.M. Friday on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after these cut-off times or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

### LONGER DELAYS MAY APPLY

In some cases, we will not make all of the funds that you deposit by check available to you on the first business day after the day of your deposit. Funds may not be available until the second business day after the day of your deposit. However, a minimum of the first \$200.00 of your deposits may be available on the first business day.

If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the day after we receive your deposit.

If you will need the funds from a deposit right away, you should ask us when the funds will be available.

In addition, funds you deposit by check may be delayed for a longer period under the following circumstances:

- o We believe a check you deposit will not be paid.
- o You deposit checks totaling more than \$5,000.00 on any one day.
- o You redeposit a check that has been returned unpaid.
- o You have overdrawn your account repeatedly in the last six months.
- o There is an emergency, such as failure of communications or computer equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the 7TH business day after the day of your deposit.

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**SPECIAL RULES FOR NEW ACCOUNTS**

If you are a new customer, the following special rules will apply during the first 30 days your account is open.

Funds from electronic direct deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,000.00 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal, state and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). The excess over \$5,000.00 will be available on the ninth business day after the day of your deposit. If your deposit of these checks (other than a US Treasury check) is not made in person to one of our employees, the first \$5,000.00 will not be available until the second business day after the day of your deposit.

Funds from all other check deposits will be available on the 11TH business day after the day of your deposit.

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