

# Overdraft Coverage Options – Personal Accounts

What is overdraft protection? An overdraft occurs when you do not have enough money in your account to cover a transaction, but we pay it anyway. You can decide how you would like us to handle items presented against your account that would cause an overdraft. If you would like us to consider paying items that would overdraw your account, the following options are available to you.

	Most cost effective: Account Linked Overdraft Protection	Can be costly if used excessively: Overdraft Privilege Program**	
How does it work?	We will pay items by transferring funds from a linked account. At the end of the day we simply transfer the exact amount necessary to cover the overdraft(s).	If your account is eligible, when we receive an item for payment that causes the balance in your account to go below zero, we may (at our discretion) pay that item.	
How much does it cost?	No cost to set up. \$11 transfer fee each time used.	No cost to participate in the program. \$30 each for the first 7 items in the most recent 12-month period, \$35 each for 8 or more items, maximum charge of \$175 per day.* \$6 daily overdraft charge if account remains overdrawn for ten (10) or more consecutive business days until the account is returned to a positive balance. *Charge waived on debit card transactions that overdraw account by less than \$5.	
What are the requirements?	An eligible account linked to your checking account.	Account established for at least 30 days. Total deposits of at least \$400 within each 30 day period. You are not in default on any loan obligation to us. Account not subject to any legal or administrative order or levy. ** Refer to Deposit Account Agreement for program terms and conditions. Accounts owned by minors are not eligible for Overdraft Privilege.	
What transactions are covered?		Overdraft Privilege	Overdraft Privilege with ATM/Debit Overdraft Service
Checks	X	X	X
ACH	X	X	X
Fees	X	X	X
Recurring Debit	X	X	X
Non-Recurring Debit	X		X
ATM	X		X
How do I apply?	Simply complete the transfer form.	If your account is eligible, we will automatically enroll you in the program. You can OPT-OUT of the program at any time; simply let us know if you wish to be removed.	If you would like your Overdraft Privilege extended to cover ATM and everyday debit card transactions you will need to OPT-IN by completing a consent form, online or in person, or calling us. Please note, you must have overdraft privilege to extend your coverage.
How much coverage will I receive?	Your coverage on any given day is equal to the available balance in your linked account.	A maximum of \$800. All fees, including but not limited to NSF/OD fees, will be included in and count against your assigned Overdraft Privilege Limit.	
Can I have more than one?	Sure. If you have multiple services the Account Linked Overdraft Protection will activate first.	If you have multiple overdraft services, Overdraft Privilege will be utilized after exhausting all other service(s).	
How do I cancel?	Simply let us know and we will cancel the transfer	Simply complete an ODP OPT-OUT form and we will remove you from the program.	

For more information go to <http://www.fremontbank.com/overdrafts/>



## **What do you need to know about courtesy overdraft protection or bounce coverage, plans?**

- **Avoid using these plans as short-term loans** - they are costly forms of credit.
- **If you overdraw your account, get money back into your account as soon as possible.** Remember that you need to put enough money back into your account to cover both the amount of your overdraft and any bank fees.
- **Even if you have one of these plans, there is no guarantee that your bank will cover your checks, ATM withdrawals, and debit card or other electronic transactions that overdraw your account.**
- **Good account management is the lowest-cost way to protect your hard-earned money.** If you need overdraft protection every now and then, ask your bank about the choices and services that are right for you.

## **How do overdrafts and bounced checks happen?**

When you

- **write a check,**
- **withdraw money from an ATM,**
- **use your debit card to make a purchase, or**
- **make an automatic bill payment or other electronic payment for more than the amount in your checking account, you overdraw your account.**

Your bank has the choice to either pay the amount or not. If it pays even though you don't have the money in your account, you may be charged an "overdraft" fee.

If your bank returns your check without paying it, you may be charged a "bounced check," or "nonsufficient funds," fee.

And the person or company that you wrote the check to—for example, a store, your landlord, or the phone company—may charge you a "returned-check" fee in addition to the fee your bank charges you.

## **How can you avoid overdraft and bounced-check fees?**

The best way to avoid overdraft and bounced-check fees is to manage your account so you don't overdraw it.

- **Keep track of how much money you have in your checking account by keeping your check register up-to-date.** Record all checks when you write them and other transactions when you make them. And don't forget to subtract any fees.
- **Pay special attention to your electronic transactions.** Record your ATM withdrawals and fees, debit card purchases, and online payments.
- **Don't forget about automatic bill payments you may have set up for utilities, insurance, or loan payments.**
- **Keep an eye on your account balance.** Remember that some checks and automatic payments may not have cleared yet.
- **Review your account statements each month.** Between statements, you can find out which payments have cleared and check your balance by calling your bank or by checking online or at an ATM. Be sure to find out the actual amount in your account—your account balance not including any funds available to you through "courtesy overdraft protection," or "bounce coverage," plans.

Sometimes mistakes happen. If you do overdraw your account, deposit money into the account as soon as possible to cover the overdraft amount plus

any fees and daily charges from your bank. Depositing money into your account can help you avoid additional overdrafts and fees.

## **What are "courtesy overdraft protection," or "bounce coverage," plans?**

Many banks (as well as savings and loans and credit unions) offer "courtesy overdraft-protection," or "bounce coverage," plans so that your checks do not bounce and your ATM and debit card transactions go through. With these plans, you'll still pay an overdraft fee or a bounce coverage fee to the bank for each item. But you will avoid the merchant's returned check fee and will stay in good standing with the people you do business with.

## **How much do courtesy overdraft protection, or bounce coverage, plans cost?**

Plans vary, but most banks charge a flat fee (often \$25 to \$35) for each item they cover.

And many set a dollar limit on the total amount your account may be overdrawn at any one time. For example, the bank might cover overdrafts up to a total of \$300, including all the fees. In addition, some banks charge a daily fee—say \$6 a day—for every day your account is overdrawn.

**Example:** Suppose you forgot that you had only \$15 in your account and wrote a check for \$25, used an ATM to get \$40 cash, and used your debit card to buy \$30 worth of groceries. In these 3 transactions you've spent a total of \$95—and overdrawn your account by \$80 (\$95 - \$15 = \$80). How much will your forgetfulness cost you?

If you have a courtesy overdraft protection plan, your bank may decide to cover all 3 transactions. And each of the 3 overdrafts will trigger a fee. You will owe your bank the \$80 that you spent even though it wasn't in your account, plus the 3 overdraft fees. If your overdraft fee is \$28 per overdraft, you will owe your bank \$164, \$80 + \$84 (3x\$28).

## **What are some other ways to cover overdrafts?**

Banks, savings and loans, and credit unions may provide other ways of covering overdrafts that may be less expensive. Ask your bank about these options before making your choice. You may be able to:

- **Link your checking account to a savings account you have with the bank.** If you overdraw your checking account, the bank can transfer funds from your savings account to your checking account. Ask your bank about transfer fees.
- **Set up an overdraft line of credit with the bank.** You need to apply for a "line of credit" just as you would apply for a regular loan. If you overdraw your account, the bank will lend you the funds by using your line of credit to cover the overdraft. You will pay interest on this loan, and there may be an annual fee. But the overall costs may be less than the costs for courtesy overdraft protection plans.