

Frequently Asked Questions: New Overdraft Regulation

What does this regulation mean?

Recently a regulatory change has occurred that now requires banks to obtain customers' permission before allowing overdrafts to be paid on ATM withdrawals and everyday debit card transactions. The new regulation does not apply to overdrafts by check, ACH, automatic payment, online bill payment, or recurring debit card transactions.

What is an overdraft?

An overdraft occurs when there are not enough funds in the account to cover a transaction, but the bank honors it anyway.

Since we do this at our discretion, we cannot guarantee that the bank will cover every transaction that may take your account negative. However, we will, as we always have, continue to honor these transactions whenever possible.

How will this change affect the way I do business today?

By choosing to OPT-IN, your ATM withdrawals and debit card transactions will work **EXACTLY AS THEY DO TODAY**. Your authorization provides important protections for you in the event you are running short of cash, or simply make a mistake in your checking account; your authorization gives us permission to cover that transaction so you can avoid the embarrassment of having your transaction declined at the grocery store or at your neighborhood restaurant

If you choose not to OPT-IN, any ATM withdrawal or debit card transaction that forces your account negative will be declined and an alternative form of payment would be required to continue your transaction.

Why would I want to authorize this service?

Because you prefer to have your accounts operate **EXACTLY AS THEY DO TODAY**. Many customers appreciate this service because it saves them inconvenience and embarrassment when making purchases and provides access to funds at the ATM in urgent situations. A scenario that may affect your Debit Card transaction is as follows: When you use your debit card to purchase gas, many gas stations *pre-authorize* your debit card transaction for a set amount (for example, \$50). You may intend to only pump \$10 worth of gas, but because of the pre-authorization, your transaction could be declined if you have less than \$50 available in your account. By authorizing this service, you would avoid this inconvenience at the pump.

What is the fee if I choose to authorize the service?

The fee is the same as if the account is overdrawn by check or a pre-authorized debit/payment —\$30.00 per ATM or debit transaction if we allow the one-time debit card or ATM transaction. The fee is a service fee, not a penalty. When we authorize payment without sufficient funds, there is an element of risk on our part. The fee is charged to offset that risk. *ATTENTION: 18/65 Account Holders – your current overdraft fee will remain the same as it is today whether you overdraw by check/ACH, ATM withdrawals or debit card transactions.*

Do both parties on a joint account need to agree to the service?

No, any party on a joint account may make this decision and it applies to all joint account owners.

Do I need to sign the authorization form?

Yes, if you receive a notification by mail, please follow the instructions to OPT-IN and mail the authorization form in the postage paid envelope.

If you call our Ultimate Service center, our staff will complete an authorization form for each of your "authorized" accounts, noting "per phone request" on the signature line. Copies of this authorization will be mailed to you for your records.

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Can I change my option at a later date?

Yes. If a customer opts in to authorize overdraft transactions, they may opt-out at any time by notifying the bank either in person or by calling our Ultimate Service Center at 617.268.8880.

What should I do if I want to authorize Mt. Washington Bank to honor ATM and everyday debit transactions if I overdraw?

Visit any Mt. Washington Bank branch office:

Complete and sign an authorization form listing each account attached to an ATM/debit card. You will be provided with a copy.

Telephone requests:

Call our Ultimate Service Center to OPT-IN, authorizing Mt. Washington Bank to allow overdrafts to your ATM/Debit Card as described above. The bank will mail you a confirmation of your request.

What is the difference between an everyday debit transaction and a recurring debit card transaction?

Everyday debit card transactions are normally for merchant purchases such as groceries, fuel, and restaurants. An example of a recurring debit card transaction is when a debit card number is provided to a company for on-going payment of a utility bill. Everyday debit card transactions may also be referred to as "POS (Point of Sale) transactions" and "one-time transactions."

Why does the regulation apply only to ATM withdrawals and everyday debit transactions?

The regulation was intended to ensure that customers understand overdraft services when making purchases at merchants or withdrawing cash at an ATM, providing the choice to avoid fees by having these specific transactions denied.

What does this service cost?

There is no charge to your account if you don't use the service. If you should overdraw at the ATM or with your debit card, it's the same fee as if the account were overdrawn by check which is \$30 per item.

If my transaction is declined do I still get charged?

No, if an ATM or everyday debit card transaction is declined there is no charge. Many customers appreciate the ability to overdraw at the ATM for family emergencies. They also appreciate us paying their items because it can save them the inconvenience and embarrassment of a declined transaction.

Are there any other fees assessed? I noticed some \$5 fees on my account.

There are no additional fees unless the account has a negative balance for more than five consecutive business days. After that, the fee is \$5 per day until the account has a positive balance.

How many overdrafts will the bank cover? How big an overdraft will the bank cover?

We strive to honor as many of these requests as we can. We look at a number of factors like how long a customer has been with us and the deposit history of the account.

How can I avoid overdrafts?

The best way to avoid overdrafts is to keep a current and accurate transaction register and balance it to your monthly statements. Also, be sure to record automatic payments, bill pay transactions, debit card purchases, etc. Information from online banking, telephone banking, or ATMs can be very helpful sources, but they do not reflect outstanding transactions that have not yet been posted to your account. If you need any assistance with learning how to reconcile your statements, we will be happy to help you.