

Frequently Asked Questions About Overdraft Changes

What is all the talk about banks not being able to charge overdraft fees?

Due to Federal regulatory changes affecting all financial institutions, beginning August 15 Ossian State Bank can no longer authorize transactions that cause you to overdraft your **consumer** account at the ATM or for Point of Sale transactions, unless you tell us otherwise. By Opting In, you have the assurance that you will not be declined at the ATM or at the cash register if your transaction exceeds the actual balance in your account, up to your discretionary Privilege allowed by the bank.

What exactly is an overdraft?

An overdraft occurs when you do not have sufficient funds in your account to cover a transaction, but as a courtesy to our best customers, we honor the transaction. This is opposed to an NSF item where the item is returned unpaid. We can cover your overdrafts in two different ways:

Overdraft Protection is a plan we offer to link your checking to another account you have with us or an approved line of credit from our loan department, where you protect yourself from overdraft fees by having the funds transferred to your checking account for incoming items. This may be a less expensive option, but there are specific guidelines and fees. To see if you qualify, contact the bank.

Overdraft Privilege (ODP) is a discretionary line of credit that the bank may allow on your account.

When you have ODP attached to your account, we can, and in most cases will, authorize and pay overdrafts up to a discretionary limit set by the bank for the following:

- Checks and other transactions made using your checking account number
- Automatic, regular bill payments
- ATM
- Point of Sale

HOWEVER:

Beginning August 15, we cannot authorize and pay overdrafts you may incur using your ATM/Debit card for the following unless you positively Opt In:

- ATM transactions
- Point of Sale debit transactions (i.e. retail store, internet or over the phone purchases)

Beyond using my other accounts and ODP to cover overdrafts, are there other ways to avoid overdrafts?

The best way to avoid overdrafts is for you to keep track of your balance and transactions. We have free programs to help you with that too. On-line banking, Bill-Pay and E-statements are great tools to stay on top of your banking activity. Even with all the tools and the best intentions however, mistakes happen to all of us and we don't want you to be stranded if you would ever need your ODP.

What happens if I don't Opt In?

If you do not choose to Opt In, we will no longer be able to provide Overdraft Privilege coverage for any ATM or everyday debit card transaction that would cause your account to reach a negative balance, then your card will be declined. Your checks and transactions paid regularly with your debit card (as in a utility bill) or through a Bill-Pay service will still be paid and the Overdraft Fee charged.

How much does it cost to Opt In?

There is no cost to you to Opt In, in fact you can think of it as a free insurance policy against your transaction being declined at the store or at the ATM when you have available ODP funds. It is always there free of charge until you need to use it. If you never use it, there is never a charge.

Will I be charged if my transaction is declined?

No, if you have not opted in and your transaction at the ATM or Retail Store is declined, you will not be charged a fee.

What fees will I be charged if I Opt In and the bank pays my overdraft?

The fees have not changed, under our current discretionary ODP practices:

- Your account will be charged a fee of \$30 each time we pay an overdraft for you.
- We may pay multiple items for you per day; there is currently no limit on the total fees charged for paying multiple items in one day.
- If your account is overdrawn for 5 or more consecutive business days, there may be an additional fee assessed.
- The level of Privilege is at the Bank's discretion and may be changed without notice.

Can I change my mind?

Yes, once you Opt In, you can revoke your decision, with the same methods available to Opt In, which are phone, Fax, E-mail, or in person and we need 2 business days to reset the system.

If I change my mind and revoke my Opt In, do you reverse the fees involve in an overdraft that occurred?

The bank is not required to reverse any overdraft fees assessed if you revoke your Opt In, if the fees were preauthorized or charged before the request was received and the bank had time to reasonably implement your wishes (2 business days). In other words, if there was an overdraft and a fee attached within 2 business days of notice from you, the bank is not obligated to refund the fee – if a transaction is preauthorized or occurred after 2 business days, then any fee should be refunded. A written notice or E-mail would be your best protection.

If I do not Opt In, this means I will never be overdrawn, right?

You can still overdraw your account with a check, scheduled debit or Bill-Pay transaction. There are even limited circumstances when items approved with your debit card may overdraft your account by the time the transaction gets to the bank. The bank may not charge you an overdraft fee, but you still must re-pay the bank to cover the overdraft.

Do both of us need to Opt In for our joint account?

No, consent of one joint account holder is a valid consent for all on the account. The same is true to revoke consent.

How will I know if I am covered?

The bank will send you a confirmation by USPS or E-mail the next business day when you Opt In or if you change your mind.

What about using my ATM/Debit card for purchases over the phone?

This scenario depends entirely upon the vendor and how they code the transaction when they send it to the bank. If it is coded as a recurring transaction, then it would be approved and ODP charges would apply. If it comes through as a one-time debit and you have not chosen to Opt In, the debit would not

be approved. The bank has no control over how it comes in to us; it may be a better option to protect yourself and Opt In.

Does this affect my overdraft protection that I have tied to my savings or approved line of credit?

No, the only changes are to the Discretionary Line of Credit that the bank extends to you as an Overdraft Privilege.

Does this affect my business account ATM/Debit card?

This new rule does not apply to business accounts in any way. Those business accounts with ODP will operate in the same manner as before.

Can I Opt In at the time of the debit card transaction if I call the bank?

In most instances, the answer is no. The bank will need time to reset their system and for that information to be communicated to the electronic debit system. We cannot be certain that your transaction would go through. If you anticipate you may need coverage for an ATM/Debit transaction, we recommend you Opt In at least 2 business days prior to the need.

OK, I do want this free insurance, how do I sign up?

If you want us to authorize and pay overdrafts on ATM and everyday debit card transactions, call 260-622-4141, fax your request to: 260-622-6142, E-mail us at eservices@ossianstatebank.com, or visit us at any branch to sign up.