

What You Need to Know About Overdrafts and Overdraft Fees

Background

In an effort to increase consumer protection, the Federal Reserve Board (Board) recently made significant rulings with regard to overdrafts and overdraft fees as addressed under the EFT Act and Regulation E. Regulation E implements the Electronic Fund Transfer (EFT) Act, which establishes rights, liabilities, and responsibilities for parties involved in EFT systems, which include transfers through ATMs, point-of-sale terminals, automated clearinghouses (ACHs), etc.

The Board believed it was appropriate to focus the proposal on ATM and one-time debit card transactions because the amount of fees assessed may substantially exceed the amount overdrawn. The final ruling applies to:

- Any ATM transaction; and
- Any one-time debit card transaction, regardless of whether the member uses a debit card at a point-of-sale (for example, at a merchant or a store), in an on-line transaction, or in a telephone transaction.

Application

An overdraft occurs when you do not have enough money in your account to cover a transaction, but we pay it anyway. We can cover your overdrafts in three different ways:

- We offer FREE Automatic Overdraft Protection from Savings. In the event that an intervening transaction (ACH, ATM/Debit, Share Draft, etc) causes the subsequent posting of another transaction to overdraw your Share Draft (Checking) Account, we will automatically cover the difference with funds from your Savings Account.
- We offer Share Draft Lines of Credit (loan application required).
- We have standard overdraft practices that come with your account.

What are our standard overdraft practices?

- We do authorize and pay overdrafts for ACH transactions, Drafts (Checks), and other types of transactions made using your Share Draft (Checking) Account number under certain circumstances.
- We do not authorize and pay overdrafts for the following types of transactions unless you authorize us to do so:
 - i. ATM Transactions
 - ii. Everyday debit card transactions
- We pay overdrafts at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction. If we do not authorize and pay an overdraft, your transaction will be declined or returned.

What fees will you be charged if FASNY Federal Credit Union pays your overdraft?

- We will charge you a fee of up to \$20 each time we pay an overdraft.
- There is no limit to the total fees we can charge you for overdrawing your account.

Action Required

Select one of the following options and return this form together with your Membership Application, photo identification, and initial deposit to 107 Washington Avenue, Albany, NY 12210.

I do not want FASNY Federal Credit Union to authorize and pay overdrafts on my ATM and everyday debit card transactions.

I do want FASNY Federal Credit Union to authorize and pay overdrafts on my ATM and everyday debit card transactions.

Printed Name: _____

Signature: _____

Date: _____

