

New Overdraft Rules for Debit and ATM Cards

New Federal Reserve rules give debit and ATM card users additional options regarding overdrafts. In the coming months, banks, credit unions and other financial institutions must offer you the ability to make decisions about overdraft services for transactions made with your debit or ATM cards.

THE BASIC FACTS:

Under the Union State Bank Overdraft Privilege Program when an overdraft occurs on a consumer checking account with the Overdraft Privilege attached to the account, the item causing the overdraft, check, ATM withdrawal, ACH debit or debit card transaction will be paid and an NSF/Overdraft fee assessed to the account for each item paid in the overdraft.

Union State Bank customers also have the availability of setting up sweep accounts to cover overdraft situations with their account. Using the sweep system, the customer signs an authorization to have funds transferred or “swept” from one deposit account, with a positive balance, to another deposit account that has items presented for payment, but an insufficient balance to cover those items. At this time there is not a fee for this service.

THE NEW RULES:

In the past, many consumer accounts have been automatically enrolled in the Overdraft Privilege Program after a brief waiting period when a new account is opened. Under the new rules, we now need your permission to enroll customers in the Overdraft Privilege Program **and to apply these services to everyday debit card and ATM transactions before** you can be charged NSF/Overdraft fees. To grant this permission, you will need to respond to the notice and opt in (agree).

For existing account holders, if you do not opt in (agree) beginning August 15, 2010, the Overdraft Privilege Program will not apply to everyday debit card and ATM transactions. These transactions typically will be declined when you don't have enough money in your account, but you will not be charged NSF/Overdraft fees.

New account customers that open a new account after July 1, 2010, the bank cannot charge you NSF/Overdraft fees for everyday debit card and ATM transactions unless you opt in. If you open a new account before July 1, 2010, we will treat you as an existing account holder: you will receive a notice about our overdraft services and you will have to decide if you want them for everyday debit card and ATM transactions.

Whatever your decision, the new overdraft rules give you flexibility. If you opt in, you can cancel at anytime. If you do not opt in, you can do so later.

These new rules **do not** cover checks or automatic bill payments that you have set up for paying bills such as your mortgage, rent or utilities. You may still elect to be enrolled in the Overdraft Privilege Program for these instances. Customers have the option to cancel their Overdraft Privilege Program services at anytime.