

## Overdraft Privilege

Overdraft Privilege helps protect you against having your items returned in the event of an inadvertent overdraft of your account by giving you a reserve for emergencies or unexpected situations. There is no fee for having this privilege on your account; you are only charged if you overdraw your account. You do not have Overdraft Privilege on your account until you receive written confirmation from us that it has been added to your account.

Here is how Overdraft Privilege works for you. Overdraft Privilege is not a line of credit. However, if you overdraw your account, we have the discretion to pay the overdraft, subject to the limit of your Overdraft Privilege.

For example, suppose you do not have Overdraft Privilege and your account balance is \$50. If you have a debit item for \$100, First Guaranty Bank will charge your account a fee (currently \$32) for having an item with insufficient funds, and will then return the item if adequate funds aren't available. In most cases, the establishment where you made the transaction will require you to pay for the item and will normally charge you a fee (usually around \$30) for writing an NSF item. This means that you have now incurred two fees (\$32 at First Guaranty Bank and \$30 at the merchant) for an item that wasn't even paid!

However, if you had \$300 of Overdraft Privilege, here is how the situation typically would have worked. When the item arrived at First Guaranty Bank, we would pay the item and charge you the \$32 fee for an overdraft transaction. The total charge to you would have been \$32 compared to OD Fee PLUS \$30 in merchant fees if you had not had Overdraft Privilege. Additionally, you avoid being added to any bad check lists on the check approval networks or with the merchant.

When you use your Overdraft Privilege you must remember to subtract the overdraft fee from your account balance. In the example above you would have subtracted \$132 from your account: \$100 (the amount of the check) plus \$32 (the amount of the overdraft fee). Any additional items that come in while your account has a negative balance will also be charged the NSF fee of \$32 per item. It is important to record these fees. The next deposit that you make will bring your balance to the amount of the deposit minus the amount you were overdrawn (including the overdraft fee).



**ATM machine receipts, and other ways in which you can get available balance information, will show only your ledger balance without the Overdraft Privilege included. However, you will be able to withdraw funds from the ATM and have transactions approved for ATM and debit card transactions, even though it will overdraw your account. You must opt in to payment of overdrafts on**

**these items after August 15, 2010. You will be charged the overdraft fee of \$32 associated with these transactions.**

### Understanding Uncollected Funds

- ▶ If you deposit to your account and are informed that a HOLD will be placed on some of the funds deposited, those funds are NOT available for you to withdraw until the date indicated on your notice.
- ▶ If an item is presented against held funds and you have Overdraft Privilege on your account, you will be charged a negative funds fee of \$32 to pay the item even though you have a positive ledger balance in your account.
- ▶ **For example:** You have \$100 in your checking account and deposit a \$700 check on which we place a \$600 hold (\$100 is available to you immediately) for 2 days. Although you have a ledger balance of \$800, **only \$200 is "available" for checks or other debits to be paid.**
- ▶ If you have a \$300 Overdraft Privilege in the example above, you have available to you \$500 to pay debit items. However, you will be charged a \$32 fee for any debits paid against your account **in excess of** the \$200 shown above as "available".

### Points to Remember about Overdraft Privilege

- ▶ Every debit item on an overdrawn account will be charged an OD fee of \$32.
- ▶ You must promptly repay the amount of the overdraft and any overdraft fees.
- ▶ Your Overdraft Privilege will not be included as part of your available balance at an ATM.
- ▶ You must bring your account to a positive balance within 30 days or the Overdraft Privilege will be removed from your account.
- ▶ You do not have Overdraft Privilege until you receive a letter telling you that it has been put on your account.
- ▶ You must opt in to payment of overdrafts for ATM and everyday debit card transactions after August 15, 2010.

### Overdraft Privilege Terms and Conditions

You must maintain your account in good standing, which includes at least:

- ▶ Continuing to make regular deposits to your account within each thirty (30) day period,
- ▶ Bringing your account balance to a positive balance within each thirty (30) day period;
- ▶ You are not in default on any loan or other obligation to First Guaranty Bank; and
- ▶ You are not subject to any legal or administrative order or levy against your account with us.