



## What You Need to Know about Overdrafts and Overdraft Fees

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In this document, “we”, “us”, “ours” mean Bremer Bank, and “you”, “your”, and “yours” mean the account holder(s) who signed the signature card.

### What is an overdraft?

An overdraft takes place on an account when an item is presented for payment and there are insufficient **available funds** to pay the item in full. This can occur if you have taken more money out of your account than is available to you for withdrawal, or if it is available to you but is later reversed. We can choose to “pay” (cover) the transaction that caused the overdraft or to return it unpaid. If we choose to pay the overdraft, the bank may charge an overdraft (OD) fee. If the bank decides not to cover the transaction, it will return the item and may charge you a non-sufficient funds (NSF) fee. In the case where the item is returned unpaid, the merchant may also charge you a returned check fee.

Refer to the “Insufficient funds and overdraft” section of the [Personal Account Agreement](#) for additional details.

### What is the difference between my Available Balance and my Current Balance?

**Available Balance** = The amount of funds you can use for withdrawal, including any authorizations that are already pending on the account. Your Available Balance includes pending transactions such as withdrawals we have authorized for your debit card purchases or ATM withdrawals, transactions known to us, such as checks or preauthorized ACH withdrawals that we have received for payment from your account but have not yet paid or other pending transactions which will not be posted until a future Business Day. However, due to delays in various electronic communication systems, there may be additional authorized withdrawals outstanding that are not yet reflected in the balance.

**Current Balance** = Your Current Balance is your actual balance during each calendar day, meaning the amount of money that is in your account at any given time whether or not the money is available for withdrawal or use by you. This balance figure includes debit card transactions that have posted to your account as well as the full amount of all deposits you have made even though some portion of a deposit may be on hold and not available to you.

While the “Current Balance” will provide you information, the “Available Balance” is used by us to determine if we will pay or return your transactions.

### What is a Business Day and how does it affect when funds deposited are available?

Every day is a business day except Saturdays, Sundays, and federal holidays. Refer to our Funds Availability Policy located in the [Personal Account Agreement](#) for information on when funds deposited are available.

Please remember that even if we tell you that the funds from your deposited check are available, this does not mean that the check has cleared. In other words, if we do not receive final payment on the deposited check (e.g., payment was stopped, there were insufficient funds, or it was counterfeit), you will be liable to us for the amount of the check, plus our fees. This may cause your account to be overdrawn if you have withdrawn the funds.

## How does the order in which we post items affect overdrafts?

When an item of yours overdraws an account, we can either pay or refuse to pay the item. If we receive a batch of transaction in a day (checks typically arrive in batches), and if one, some or all of them would overdraw the account if paid, we can pay or refuse to pay them based on the following transaction posting order:

1. Over-the-counter withdrawals at a teller line in a branch
2. Debit card transactions for payment from lowest to highest dollar amount
3. Electronic and automatic payments (ACH) from highest to lowest dollar amount
4. Checks from lowest to highest check number order

When there are not sufficient available funds in an account to cover all of the checks and other items presented on a given day, the payment methods as described above may result in more insufficient funds and overdraft fees.

We may choose to pay or refuse to pay electronic and check transactions at our discretion each time you overdraw your account based on the transaction activity and history of overdrafts in the account. The action we take one time (pay or refuse to pay) does not mean that is what action will be taken in the future.

### Example 1:

Your account starts the day with an available balance \$1,000. On this day, check #703 for \$900, check #704 for \$200, and check #705 for \$50 all post to the account. Checks post to the account from the lowest to highest check number order. Refer to table below for posting order.

Transaction	Amount	Available Balance
		\$1000
Check #703	\$900	\$100
Check #704	\$200	-\$100
Check #705	\$50	-\$150

### Example 2:

Your account starts the day with an available balance of \$400. On this day, three debit card purchases for \$25, \$230 and \$105, an ACH payment for \$100 and check #710 for \$15 posted to the account. Refer to table below for posting order.

Transaction	Amount	Available Balance
		\$400
3 debit card purchases	\$360	\$40
ACH payment	\$100	-\$60
Check #710	\$15	-\$75

## What is the cost of an overdraft?

We charge an insufficient-funds fee for each withdrawal item that we do not pay that exceeds your available balance as of the end of business day. An overdraft fee is assessed for each item we do pay that causes the available balance to become negative or occurs while the available balance is negative on the checking account. An unavailable funds fee is assessed when there is a hold on a deposit you made to your account and items post to your account before the deposit is available for your use. A hold notice is provided to you when holds are placed on deposits you make to your account. The hold notice will give you information regarding potential refund of any overdraft related fees if the check you deposited is paid.

In addition, if your account is continuously overdrawn for five (5) business days we will charge your account a continuous overdraft fee on the sixth business day. This fee will continue to be applied every sixth business day if your account remains overdrawn.

### Exceptions:

- If an item overdraws your account \$5 or less, we will not assess an insufficient-funds or overdraft fee.
- There is a maximum of \$140 overdraft, insufficient, unavailable funds fees per day that we will charge you for overdrawing your checking account.

## If I Opted-In how may that result in overdrafts?

Customers have a choice whether to “opt in” to a bank’s overdraft program. By choosing to opt in, the bank can approve the transaction and charge you a fee to process point-of-sale (POS) or ATM transactions that exceed your account balance. This is called the **opt in rule** – if you do not opt in, the bank will decline your ATM withdrawal and debit card transactions at POS terminals if you do not have enough money in your account to cover the withdrawal or purchase. However, if you do not opt in and the bank pays an ATM or POS item when your account is overdrawn, the bank cannot charge you an overdraft fee.

We pay overdrafts at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction. This is not affected by your decision to opt in or not opt into our overdraft program.

## How can I avoid overdrafts?

Start by carefully managing your funds, so you don’t spend money you don’t have. Make sure you have sufficient funds in your account before you write a check or initiate a transaction. Also closely monitor your account activity. A variety of tools are available to help you closely track your spending and effectively manage your account.

- **Online banking.** Visit [bremer.com](http://bremer.com) any time to instantly check your available balance, transfer funds or view transaction history.
- **Balance alerts.** Within Online Banking, you can enroll in email or text message alerts to notify you daily when your balance falls below any dollar level you specify.
- **Phone Banking.** Call 800-908-2265 to access our automated phone banking system for balance and transaction information.
- **Free check registers.** If you need a replacement check register, call 800-908-2265 or stop by your local branch.
- **Keep a cushion of funds** in your account to help prevent unintended overdrafts.

You may also wish to setup an overdraft protection service. These services act as a safety net in case you lose track of your balance.

- **Link a savings account to your checking account** – Funds from your linked savings account can be set to automatically transfer to your checking account to prevent an overdraft, provided you have enough funds in your savings account. You may be charged a fee to transfer funds between accounts, but it will be lower than an overdraft fee.
- **Contact your banker if you are interested in applying for a line of credit to be linked to your checking account to cover overdrafts.** You may have to pay a fee when the credit line is used, and you will owe interest and/or fees on the amount you borrow, but this still may be a cheaper way to cover a brief cash shortfall.

## How can I keep track of my account balances to prevent overdrawing my account?

Always keep accurate and up-to-date account records, including purchases, checks, authorized payments, recurring transactions, bill payments, etc. Some best practices we recommend include:

Record transactions in a register. Record every deposit and withdrawal you make, including any recurring transactions. If you prefer to track electronically, you can also find a variety of downloadable check registers online. Review your transactions frequently.

## What are my responsibilities when I overdraw my account?

When we give you notice of an overdraft, you will pay us the amount of the overdraft and any insufficient funds or overdraft fees charged as a result of it. If your account is a joint account, each of you agree to be jointly and severally (individually) liable for any account shortage resulting from charges or overdrafts, whether caused by you or another with access to this account and whether you signed the item or benefited from the charge or overdraft. This liability for an overdraft is due immediately and can be deducted directly from the account balance whenever sufficient funds are available. You have no right to defer payment of this liability. This includes liability for our costs to collect the deficit including to the extent permitted by law, our reasonable attorney’s fees.

For additional information contact your local banker or contact us at 800-908-2265.