

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

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In this document, “we”, “us”, “the bank” mean Bremer Bank, and “I”, “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 the account does not have sufficient 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. An overdraft can also occur if a deposit you have made is reversed and you have used some or all of the deposit. We can choose to “pay” (cover) the transaction that caused the overdraft or return it unpaid. If we choose to pay the overdraft, the bank may charge an overdraft (OD) fee. If there have been multiple transactions that caused the overdraft and the items are paid, the bank may charge an overdraft fee for each item. If the bank decides not to cover the transaction, we will return the item and not charge you a fee. In the case where the item is returned unpaid the merchant may charge you a returned item fee.

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

### What balance is used to determine whether an overdraft has occurred?

We use the End of Day Balance to determine whether an overdraft has occurred.

### What is the difference between my Available Balance, my Current Balance and my End of Day Balance?

End of Day Balance (Ledger) = The End of Day Balance is the balance computed at the end of each business day. It includes all deposits and transactions that were posted that business day. It does not include in process transactions that have not posted. We use the End of Day Balance to determine whether an overdraft has occurred.

**Available Balance** = The Available Balance is the amount of funds you can use for withdrawal, including any authorizations that are already in process on the account. Your Available Balance includes in process 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 in process 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 reflected in the available balance. It may not include all deposits made to your account. Refer to the “Funds Availability Policy” provided in the [Personal Account Agreement](#). We use the available balance to authorize your transactions during the day (for example debit card purchases and ATM withdrawals). The available balance changes throughout the day as transactions occur.

**Current Balance** = Your Current Balance is the balance during each calendar day, meaning the amount of money that is in your account at any given time. This balance figure includes transactions that have posted to your account as well as transactions that are in process. It includes debit card transactions 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. The current balance changes throughout the day as transactions occur.

### What is a Business Day?

Every day is a business day except Saturdays, Sundays, and federal holidays.

### How does a returned deposit affect my balance?

If we do not receive final payment on a deposited check (e.g., payment was stopped, there were insufficient funds, or it was counterfeit), we will subtract the returned deposit amount from your account which will reduce your account balance. This may cause your account to be overdrawn if you have used any portion of the funds. We may also charge your account a Return Deposited Item fee.

Refer to the “Returned Deposited Item” fee amount on the [Personal Account Fee Schedule](#).

### When do transactions post to my account?

Transactions can be presented to your account throughout the day. Some items that have been presented for payment but have not yet been processed may appear in online banking as “in process” until they are fully processed. Once they are fully processed by the bank, they are posted to the account. Keep in mind, that some items are combined and processed together and may not appear in online banking as “in process”. These items will post when they are fully processed.

### 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 transactions in a day (checks typically arrive in batches), and if one, some or all of them would overdraw the account if paid, any that we do pay are paid in the following transaction posting order:

1. Credits - including deposits, transfers, and miscellaneous credits
2. Transfer debits - including one-time, scheduled/recurring, online, mobile, phone, internal loan payments, and overdraft protection (deficit) transfers
3. Over-the-counter withdrawals at a teller line in a branch
4. Miscellaneous and bank-generated debit transactions - including maintenance fees and service charges
5. ATM withdrawals and debit card point-of-sale transactions
6. ACH (Automated Clearing House) withdrawals
7. Checks and electronic checks.

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 balance starts with the prior business day End of Day balance \$1,000. Today, a deposit of \$25, 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.

Posted Transaction	Amount	End of Day Balance
		\$1000
Deposit	\$25	\$1025
Check #703	\$900	\$125
Check #704	\$200	-\$75
Check #705	\$50	-\$125

In this example, today's End of Day balance is -\$125 and the bank may pay or return check #704 and/or check #705

**Example 2:**

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

Posted Transaction	Amount	End of day Balance
		\$400
Debit Card purchase #1	\$25	\$375
Debit Card purchase #2	\$105	\$270
Debit Card purchase #3	\$230	\$40
ACH payment	\$100	-\$60
Check #710	\$15	-\$75

In this example, today's End of Day balance is -\$75 and the bank may pay or return the \$100 ACH item and/or check #710

**What is the cost of an overdraft?**

The bank may charge a \$35 overdraft fee for each item we pay where the account does not have sufficient funds to pay the item.

**Exceptions:**

- If an item overdraws your account and your end of day balance is negative by \$10 or less, we will not assess an overdraft fee.
- There is a maximum of \$140 overdraft fees per day that we will charge you for overdrawing your deposit account.

Refer to the "Overdraft" fee amount and any limitations on the [Personal Account Fee Schedule](#).

**If I Opted-In to have Bremer pay my ATM withdrawals and debit card transactions at POS terminals, how may that result in overdrafts?**

You have a choice whether to "opt in" to a bank's overdraft program for ATM withdrawals and debit card transactions at POS terminals. By choosing to opt in, you allow the bank to approve the transaction and charge you an overdraft 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. Debit card transactions authorized on available funds are not charged overdraft fees.

Even if you "opt-in" we do not guarantee that we will always authorize and pay any type of transaction.

## How can I avoid overdrafts?

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** any time to instantly check your 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 an Automatic Transfer Advantage fee when there is an automatic transfer of funds between accounts, but it will be lower than an overdraft fee.
  - Refer to the “Automatic Transfer Advantage” fee amount on the [Personal Account Fee Schedule](#).
- **Contact your banker if you are interested in applying for a line of credit that can be linked to your checking account to cover overdrafts.** You may have to pay a fee when the credit line is established and you will owe interest 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. You can use online and mobile banking to check your current balance, transfer funds or view transaction history but you should keep in mind that online balances may not reflect all transactions in process. You can establish a balance alert to receive an email or text messages at the end of each day’s nightly processing.

## 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 overdraft fees charged as a result of it.

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