

# Understanding Overdraft Privilege

## Overdraft Privilege

Overdraft Privilege helps protect you against having your items declined or 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 will receive the Overdraft Privilege at account opening and will thereafter receive written confirmation from us that it has been placed on 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, Sunflower Bank, N.A. will charge your account a fee (currently \*\$36.00) 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 insufficient item. This means that you have now incurred two fees (\*\$36.00 at Sunflower Bank, N.A. and \$30 at the merchant) for an item that wasn't even paid!

However, if you had \$700 of Overdraft Privilege, here is how the situation typically would have worked. When the item arrived at Sunflower Bank, N.A., we would pay the item and charge you the \*\$36.00 fee for an overdraft transaction. The total charge to you would have been \*\$36.00 compared to \*\$36.00 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 \*\$36.00 from your account: \$100 (the amount of the check) plus \*\$36.00 (the amount of the overdraft fee). Any additional items that come in while your account has a negative balance will also be charged the Overdraft fee of \*\$36.00 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 any overdraft fees).

**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 if you have given us prior consent. You must opt in to payment of overdrafts on these items on your consumer account. You will be charged the overdraft fee of \*\$36.00 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 \*\$36.00 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 \$500 hold (\$200 is available to you immediately) for 5 days. Although you have a ledger balance of \$800, only \$300 is "available" for checks or other debits to be paid.
- If you have a \$500 Overdraft Privilege in the example above, you have available to you \$800 to pay debit items. However, you will be charged a \*\$36.00 fee for any debits paid against your account in excess of the \$300 shown above as "available".

## Points to Remember about Overdraft Privilege

- If an overdraft occurs, your account will be charged an Overdraft fee of \*\$36.00 for every item, even if multiple items are presented on the same day. This is the same fee that we charge for insufficient items returned to the payee;
- Your Overdraft Privilege will not be included as part of your available balance at an ATM or other point of inquiry; however, items may be paid in excess of the balance provided, resulting in a fee;
- You must opt in to assessment approval and payment of overdrafts for ATM and everyday debit card transactions; a fee will be assessed if an overdraft occurs as a result of one of these transactions.
- We have the discretion, but are not agreeing and do not have an obligation to pay your overdrafts and we may withdraw or reduce the amount of this privilege at any time;
- We may not pay items using your Overdraft Privilege if you do not maintain your account in good standing as outlined below.

## To Maintain Your Account in Good Standing

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

- You are not in default on any loan or other obligation or subject to any legal or administrative order or levy;
- You bring your account balance to a positive balance within each thirty-five (35) day period for a minimum of 1 business day.

\*\$32.40 for Spend & Sign & Save and Spend & Sign Checking Accounts.