

Overdrafts

and the new rules starting July 1, 2010



Mora (320) 679-3100
Mora Branch (320) 679-4500
Brainerd (218) 825-8800
Aitkin (218) 927-3716
Crosby (218) 546-5118
North Branch (651) 674-8000
www.pnbmora.com
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QUESTIONS & ANSWERS

At Peoples National Bank we always encourage responsible banking practices, and want to give you the information you need to know. Here is a short question and answer piece regarding recent legislation regarding overdrafts. As you can see, very little is changing for our customers, but there is information that is valuable to prevent overdrafts.

What are the new overdraft rules all about?

The new rules are aimed at other banks that currently allow customers to overdraw their accounts, then assess significant overdraft fees for the 'privilege' of not having transactions declined. Peoples National Bank is not one of these banks who offers this service, so very little is changing for our customers.

What can I do to prevent overdrafts?

The biggest thing is to keep an eye on your checking balance. You can check your balance online 24 hours a day with our Online Banking service, or keep an accurate check register. Otherwise, it makes sense to set up the Savings Sweep or the Ready Reserve line of credit.

In what situations are my overdrafts honored?

We understand that overdrafts happen. However, instead of returning the items automatically and charging an overdraft fee, we analyze several factors to determine if we will pay your overdraft or not. We look at your overdraft history, length of time you are a customer, other relationships you have with the Bank, the number of consecutive days you are overdrawn, and if there is repeating behavior of being overdrawn. You are more likely to have your overdraft honored by the bank if your accounts are in good standing with the bank and you show responsible behaviors.

What do I need to know?

Starting on July 1st, when you use your Peoples National Bank Debit card for purchases or ATM withdrawals in which you don't have money in your account, those transactions will likely be declined.

In what order are my checks and electronic transactions processed?

In an effort to help you avoid getting Debit or ATM card transactions declined, once received we process these items first, followed by paper check items. Also, the smallest items are processed first so the number of overdrafts would potentially be reduced.

What other options do I have to make sure I can get money at ATMs and make Debit card purchases?

There are a few options that can be a smart choice for you. First, you can assign a "Savings Sweep" service to transfer money from a savings account to your checking account in these situations. There is no cost for each sweep. Second, you can also sign up for Ready Reserve Overdraft Line of Credit (subject to credit approval). There is no annual fee. You are only charged interest on the amount that is transferred into your checking account to cover your overdraft.

Will I still get overdrafts on my checks?

This situation has not changed. If you write checks for more money than you have in your account, we will continue to issue an overdraft. The fee is \$23 for each item paid, \$25 for returned item, and if you remain overdrawn for seven consecutive days, there is an additional fee of \$20 per week. We do not charge for overdrafts under \$10. To minimize overdraft fees, we pay the smallest items first.

Is there a daily limit on ATM transactions?

Yes. You are limited to a maximum daily withdrawal of \$200 each business day. However, you can contact us and have your limit increased if necessary.

Is there a daily limit on Debit card purchases?

Yes. You are limited to a maximum daily purchase limit of \$500 each business day. However, you can contact us and have your limit increased if necessary.

