



Dear Member,

Federal Reserve Board rules that take effect on July 1, 2010, prohibit financial institutions from charging overdraft fees for ATM and one-time debit card transactions unless a consumer consents, or opts in, to the overdraft service for those types of transactions.

The basic facts

An overdraft occurs when you make a purchase or ATM transaction but don't have enough money in your account to pay for it. For a fee, Mountain Star FCU will cover you when you become overdrawn. This fee applies each time you overdraw your account.

Mountain Star FCU offers standard overdraft practices. We charge a flat fee of \$27.50 each time you overdraw your account. For example, if you make a purchase with your debit card for \$150 but only have \$100 in your account, your account will be overdrawn by \$50, therefore we will charge you a fee. If you then make an ATM withdrawal for \$50, your account will be overdrawn by \$100 and you will be charged another fee for a combined total of \$55.00.

Overdraft protection plans. We also offer a line of credit or a link to your savings account to cover transactions when you overdraw your account, and these protection plans are less expensive than the standard overdraft practices. Please call us at (915) 544-2215 and we'll be happy to answer any additional questions you may have.

The new rules

You choose. In the past, we automatically enrolled you in our standard overdraft practices for all types of transactions when you opened an account. Under the new rules, we must first get your permission to apply the standard overdraft practices to **everyday debit card and ATM transactions** *before* you can be charged overdraft fees. To grant this permission, you will need to respond to the enclosed notice and opt in (agree) before July 1, 2010..

Existing accounts. If you do not opt in (agree), beginning August 15, 2010, our standard overdraft practices will not apply to your everyday debit card and ATM transactions. These transactions typically will be declined when you don't have enough money in your account and you will not be charged overdraft fees.

New accounts. If you open a new account on or after July 1, 2010, you must opt in to participate in our standard overdraft practices for everyday debit card and ATM transactions. If you open a new account before July 1, 2010, we will treat you as an existing account holder: You will receive a notice about our standard overdraft practices and you will have to decide if you want them for everyday debit card and ATM transactions.

Flexibility. Whatever your decision, the new overdraft rules give you flexibility. If you opt in, you can cancel at any time. If you do not opt in, you can do so later.

Checks and automatic bill payments. The new rules **do not cover checks or automatic bill payments** that you may have set up for paying bills such as your mortgage, rent, or utilities. We will automatically enroll you in our standard overdraft practices for these types of transactions. If you do not wish to participate in the standard overdraft practices, please contact us immediately at (915) 544-2215.



What You Need to Know About Overdrafts and Overdraft Fees

An overdraft occurs when you do not have enough money in your account to cover a transaction, but we pay it anyway. We can cover your overdrafts in two different ways:

1. We have standard overdraft practices that come with your account.
2. We also offer overdraft protection plans, such as a link to a savings account, which may be less expensive than our standard overdraft practices. To learn more, ask us about these plans.

This notice explains our standard overdraft practices.

➤ **What are the standard overdraft practices that come with my account?**

We do authorize and pay overdrafts for the following types of transactions:

- Checks and other transactions made using your checking account number
- Automatic bill payments

We do not authorize and pay overdrafts for the following types of transactions unless you ask us (see below):

- ATM transactions
- Everyday debit card transactions

We pay overdrafts at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction.

If we do not authorize and pay an overdraft, your transaction will be declined.

➤ **What fees will be charged if Mountain Star Federal Credit Union pays my overdraft?**

Under our standard overdraft practices:

- We will charge you a fee of **\$27.50** each time we pay an overdraft.
- There is no limit on the total fees we can charge you for overdrawing your account.

➤ **What if I want Mountain Star Federal Credit Union to authorize and pay overdrafts on my ATM and everyday debit card transactions?**

If you also want us to authorize and pay overdrafts on ATM and everyday debit card transactions, call (915) 544-2215, visit www.mountainstarfcu.org, or complete the form below and present it at one of our two locations before July 1, 2010.

___ I do not want Mountain Star Federal Credit Union to authorize and pay overdrafts on my ATM and everyday debit cards transactions.

___ I want Mountain Star Federal Credit Union to authorize and pay overdrafts on my ATM and everyday debit card transactions.

Printed Name: _____

Date: _____

Account Number: _____

Primary Signature _____