



Overdraft Practices

Updated January 18, 2024

If your account lacks sufficient funds available to pay a check, preauthorized transfer, or other debit activity presented for payment, we may (1) pay the item at our discretion, or (2) return the item unpaid.

An overdrawn account may result in an **Overdraft Item (Paid) fee** or an **Overdraft Item (Returned) fee**. Generally, an overdraft occurs when there is not enough money in your account to pay for a transaction, but we pay (or cover) the transaction. In a returned transaction, the transaction is rejected and the item or requested payment is returned unpaid (declined). Either situation may result in a fee. Understanding the concepts of overdrafts and return items is important and can help you avoid being assessed fees or charges. *For consumer accounts, we will not charge fees for overdrafts caused by ATM withdrawals or one-time debit card transactions (point-of-sale, online transactions, telephone transactions). To determine whether an entry is one-time or recurring, the bank will rely upon the transaction's coding by merchants, other institutions, or other third parties. No more than three overdraft fees will be assessed on a personal account in one day.*

We may, at our discretion, honor withdrawal requests that overdraw your account. However, the fact that we may honor withdrawal requests that overdraw the account balance does not obligate us to do so later. You can NOT rely on us to pay overdrafts on your account regardless of how frequently or under what circumstances we have paid overdrafts on your account in the past. We can change our practice of paying, or not paying, discretionary overdrafts on your account without notice to you.

Overdraft Item (Returned) Fee – This fee is sometimes called a non-sufficient funds (NSF) fee at other banks. If an item drafted by you (such as a check) or a transaction you set up (such as a preauthorized transfer) is presented for payment in an amount that is more than the amount of money in your account and we decide not to pay the item or transaction, you agree that we can charge you an Overdraft Item (Returned) fee for returning the payment. Be aware that such an item or payment may be presented [by the vendor, merchant, or other financial institution] multiple times and that we do not monitor or control the number of times a transaction is presented for payment. However, Citizens Bank will only charge you an Overdraft Item (Returned) fee the first time a payment is presented if the amount of money in your account is not sufficient to cover the payment. If an item is re-presented to us for payment, we will not charge any additional Overdraft Item (Returned) fees.



Determining Your Available Balance – We use the "available balance" method to determine whether your account is overdrawn, that is, whether there is enough money in your account to pay for a transaction. Your "available" balance may not be the same as your account's "actual" balance. This means an overdraft, or a returned transaction, could occur regardless of your account's actual balance. Your account's actual balance only includes transactions that have posted (settled/cleared) up to that point in time. The actual balance does not include outstanding transactions (such as checks that have not yet cleared and electronic transactions that have been authorized but which are still pending). Your available balance is calculated based on the money "available" in your account to make payments. For debit card transactions, the available balance takes transactions that have been authorized, but not yet settled, and subtracts them from the actual balance. In addition, when calculating your available balance, any "holds" placed on deposits that have not yet cleared are also subtracted from the actual balance. As stated above, however, we will not charge fees on consumer accounts for overdrafts caused by ATM withdrawals or one-time debit card transactions.

To Help Limit Your Overdraft Fees – Please ask us about a plan to sweep funds from another account you have with us. If you have a Sweep Agreement, we will automatically sweep funds from a designated account to cover your deficit in the overdrawn account. There is a fee for this sweep service per occurrence, but it is less than incurring an Overdraft Item fee. Please see the bank's Fee Schedules. If you do not have enough funds in your designated account to cover the overdraft, we may still sweep the amount agreed upon in your signed Sweep Agreement. However, if this amount is not enough to cover the overdraft, you will not be charged a Sweep fee. You will only be charged the standard Overdraft Item fee.

You may also qualify for an Overdraft Line of Credit, subject to credit approval. In addition, there are online alerts and alerts through our mobile banking app that you can turn on to send push notifications, texts, or emails that will notify you that your account is overdrawn. If you then make a deposit by the end of the same business day that you received the alert, you can avoid an overdraft fee.