

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 \$30.00 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.