



Some Frequently Asked Questions and Answers about Regulation E

1. How do the changes to Regulation E affect me?

Those customers who wish to have their ATM and everyday debit card overdrafts authorized for payment must give consent (opt in). Checks, ACH, and other types of transactions are not affected by Regulation E. **If customers with existing accounts do not opt in prior to August 15, 2010, it will be assumed that they do not wish to have their ATM and everyday debit card overdrafts approved.**

2. What happens if I choose to not opt in?

After August 15, 2010, The Milford Bank will no longer authorize insufficient ATM or everyday debit card transactions for customers who have not opted in to approval of these transactions.

3. How will the changes to Regulation E affect me as a new customer to the bank?

New Accounts personnel will ask new customers to either opt in or opt out by completing a form called **“What You Need to Know about Overdrafts and Overdraft Fees”** as part of the new account opening process.

4. How can I opt in?

Existing customers can opt in to approval and payment of overdrafts on ATM and everyday debit card transactions by:

- calling Customer Service at (203) 783-5700
- completing the opt-in form and mailing it to us, faxing it to (203) 783-5755 or bringing the form in to one of our branch locations
- sending us an email at weboffice@milfordbank.com

5. Will you confirm my decision to opt in to authorization of ATM and everyday debit card overdrafts?

Yes, customers who opt in to have their ATM and everyday debit card overdrafts authorized will receive an Opt-In Confirmation Letter.

The Milford Bank Discretionary Overdraft Privilege Policy

It is the policy of The Milford Bank to comply with all applicable laws and regulations and to conduct business in accordance with applicable safety and soundness standards.

The Deposit Account Agreement and Disclosure provided to you at the time you opened your account with us controls the duties, obligations and rights of the Depositor, the Authorized Signatories and The Milford Bank with regard to your checking account. The Deposit Account Agreement (and all amendments thereto) and its terms shall control any possible conflict, if any, between any provision of this Discretionary Overdraft Privilege Policy and the Deposit Account Agreement and Disclosure. A copy of the Deposit Account Agreement and Disclosure is available to you on request.

The Overdraft Privilege is not a line of credit. However, if you inadvertently overdraw your account, we will have the discretion to pay the overdraft, subject to the limit of your Overdraft Privilege and the amount of the overdraft fee. The Milford Bank is not obligated to pay any item presented for payment if your account does not contain *sufficient available funds*. *Any discretionary payment by the Milford Bank of an overdraft check (or item, such as an ATM withdrawal) does not obligate us to pay any other overdraft check (or item), or to provide prior notice of its decision to refuse to pay such check (or item).*

Pursuant to The Milford Bank's commitment to always provide you with the best level of service, now and in the future, if your consumer account (primarily used for personal and household purposes) has been open for at least thirty (30) days, and thereafter you maintain your account in good standing, which includes at least:

- A) Bringing your account to a positive balance within every thirty (30) day period for a minimum period of 24 hours;
- B) Not being in default on any loan or other obligation to The Milford Bank and
- C) Not being subject to any legal or administrative order or levy,

The Milford Bank will have the discretion to pay overdrafts within the Overdraft Privilege limits, but payment by the Bank is a discretionary courtesy and not a right of the customer/member or an obligation of The Milford Bank. This privilege for consumer checking or savings accounts will generally be limited to a maximum of \$800 overdraft (negative) balance (*depending upon the type of checking account you have*). This privilege for commercial accounts will generally be limited to a maximum of \$1,000 overdraft (negative) balance (*depending upon the type of checking account you have*). Of course, any and all fees and charges, including without limitation the non-sufficient funds fees (as set forth in our fee schedules and deposit account agreement and disclosure), will be included as part of this maximum amount. It may be possible that your account will become overdrawn in excess of the Overdraft Privilege amount as a result of the assessment of a fee.

The total of the discretionary Overdraft Privilege (negative) balance, which includes any and all fees and charges, including all non-sufficient funds/overdraft fees is due and payable upon demand, and Depositor and each Authorized Signatory will continue to be liable, jointly and severally, for all such amounts, as described in the Deposit Account Agreement and Disclosure. Our standard Overdraft fee of \$29 will be imposed for overdrafts created by checks, ACH, ATM withdrawals, everyday debit card transactions, in-person withdrawals, or by other electronic means. Transactions

may not be processed in the order in which they occurred, and the order in which transactions are received and processed may impact the total amount of fees incurred.

While The Milford Bank will have the discretion to pay overdrafts on accounts in good standing (as described above), any such payment is a discretionary courtesy, and not a right of the customer or an obligation of The Milford Bank and The Milford Bank, in its sole and absolute discretion, can cease paying overdrafts at any time without prior notice of reason or cause.

For our consumer customers, The Milford Bank will not pay overdrafts for ATM or everyday debit card transactions after August 15, 2010 unless we have provided you with the notice required by section 205.17(b) of Regulation E and you have opted in to the payment of these overdrafts. In order to avoid overdrafts due to ATM and everyday debit card transactions, The Milford Bank will place a hold on your account for any ATM or everyday debit card transaction authorized until the transaction settles. ATM and everyday debit card transactions usually settle within two business days after the transaction is authorized. The amount of the hold will be for the amount authorized, or as permitted under applicable payment network rules. Holds on authorized ATM and everyday debit card transactions will be removed prior to settlement where required by applicable payment network rules.

In addition, for both consumer and commercial accounts, you may opt out of the Overdraft Privilege services for check, ACH and debit card bill payment transactions at any time by contacting us.

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 line of credit, 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.
- Automatic bill payments

Starting on July 1, 2010 for accounts opened after June 30, 2010, and on August 16, 2010 for accounts opened before July 1, 2010, we will not authorize and pay overdrafts for the following types of transactions unless you ask us to (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 I be charged if The Milford Bank pays my overdraft?**

Under our standard overdraft practices:

- We will charge you a fee of up to **\$29** each time we pay an overdraft
- There is a limit of **\$145** per day on the total fees we can charge you for overdrawing your account

➤ **What if I want The Milford Bank to authorize and pay overdrafts on my ATM and everyday debit card transactions?**

If you want us to authorize and pay overdrafts on ATM and everyday debit card transactions: call us at 203.783.5700; visit our website at www.milfordbank.com and either email the opt-in form to weboffice@milfordbank.com or fax it to 203.783.5755; or complete and present the form below at a branch or mail it to: The Milford Bank, 33 Broad Street, Milford, CT 06460, Attn: Call Center

_____ I want The Milford Bank to authorize and pay overdrafts on my ATM and everyday debit card transactions.

Printed Name: _____

Date: _____

Account Number: _____