



## **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.

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 item including a check, in person withdrawal, ATM withdrawal, everyday debit card transaction or other electronic transaction does not obligate us to pay any other item, or to provide prior notice of its decision to refuse to pay such 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 balance 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 Milford Bank is a discretionary courtesy and not a right of the customer 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 overdraft 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 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 \$35 will be imposed for overdrafts created by checks, ATM withdrawals, everyday debit card transactions, in-person withdrawals, or by other electronic means up to a maximum of \$175 per day. 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 transactions unless we have provided you with the notice required by section 1005.17(b) of Regulation E and you have opted in to the payment of these overdrafts. When you use your card for everyday debit card transactions, the business where you used your card usually gets an authorization from the Bank for the purchase. If the purchase is authorized, a hold known as a pre-authorization hold will be placed on your account. Generally, this hold will remain on your account until the funds are transferred to the business where you made the purchase and the amount of the purchase is charged to your account, which is usually within two to three days business days. Since the amount of the hold is determined by the business and could exceed the actual purchase amount, always ask the business whether it will request a pre-authorization hold, the amount of the hold and how the amount is determined. It is important to remember that the available balance in your account will be reduced by the amount of the hold. This means that if checks or other transactions are processed and exceed the available balance (which has been lowered by the amount of the pre-authorization hold), you may overdraw your account and incur overdraft fees.

If you have opted in to the payment of overdrafts for ATM and everyday debit card transactions described in the above paragraph, you may opt out of this service at any time by contacting us. You may also opt out of all the Overdraft Privilege services available to you as described herein at any time by contacting us.