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Staff Reporter

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In February, banks had to begin complying with the Credit Card Accountability, Responsibility and Disclosure Act, which requires a grace period on interest rate increases and imposed new notification rules.

New laws state banks must give you options regarding overdraft policies.

One thing I learned is this, if you do not sign and return any new policy the banks can not charge for overdrafts anymore. Instead, the transaction is simply denied or paid and the account goes negative but no fees are added.

No longer will you have to suffer a $35-plus charge for overdrafting your account by pennies. In June, both Huntington and PNC started waiving fees for customers who are overdrawn by $5 or less. Fifth Third adopted a similar waiver late last year.

Chase did the same earlier this year.

This is very important news for those who live paycheck to paycheck.

DO NOT sign and return any policies mailed to you from your bank if it regards over-drafting. The banks will attempt to have people enroll through signature. If you enroll, you are granting them permission to charge an overdraft fee if you overdraft the account.

You may think if you opt out you'll never be charged another overdraft fee, but that's false. The new rules apply only to debit card purchases and ATM withdrawals. If you attempt to make a purchase or take money out of an ATM and don't have enough in your account, you'll be declined.

However, sometimes, the bank may not know about a purchase until it's gone through such as with checks you write or debited automatically payments. In those cases, the bank will still charge you an overdraft fee - often $30 or more.

Many hotels and gas stations put a temporary charge on your account when you use a debit card, asking your bank to preauthorize an amount that's likely more than you'll spend to make sure they're covered.

“This is one of the reasons people typically overdraw - it’s often triggered by a hold that is placed on your account in an amount that is greater than the actual purchase, and it takes a few days for that to go off. You’ll still be able to make those purchases, but you might have to keep a little extra money in your account,” said Kathleen Day of the Center for Responsible Lending .

In other words, ask upfront what the hold is and make sure you have enough to cover that amount. Otherwise, if you don’t have overdraft protection, you may be declined when making a purchase. If you do have overdraft protection, you may be charged a fee. The other solution, of course, is to use a credit card for these purchases.

It’s your job to manage your account carefully and make sure you have enough to cover all checks and automated charges.