Fields of Opportunities

IOWA DIVISION OF BANKING

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Clarification to
Superintendent Guidance
SG-2014-01
January 9, 2014

Clarification to SG 2014-01 re: One-Time Overdraft Fees

TO: STATE CHARTERED BANKS

Several banks have asked questions about Superintendent Guidance 2014-01 regarding One-Time Overdraft Fees issued January 7, 2014. These banks have asked whether the Guidance supersedes the Federal Reserve Board's Regulation E relating to "opt-in" rules for overdraft programs.

The Guidance was issued in response to requests we received from the industry to clarify the application of **Iowa law** to overdraft fees. It clarifies that Iowa law allows banks to charge overdraft fees as deposit account maintenance fees (and not as credit fees) when properly disclosed. **The Guidance addresses Iowa law only and does NOT supersede Reg. E.** Banks wishing to charge overdraft fees must still comply with Reg. E and gain a consumer's opt-in to the payment of one-time ATM or debit card transactions that may overdraw the accounts. If a bank has questions about how Reg. E applies to its overdraft policies, the bank should consult with its federal regulatory agency or compliance advisors.

Sincerely,

James M. Schipper
Superintendent of Banking

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