

SENATE No. 499

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

An Act requiring banks to provide immediate overdraft notification..

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 1 of chapter 167D of the General Laws, as appearing in the 2004
2 official edition, is hereby amended by inserting after the definition “Federally-charted bank” the
3 following:- “Overdraft Fee” is a fee that a bank charges a customer when said customer
4 withdraws an amount of funds from his bank account which results in a negative balance. The
5 bank shall not assess a fee that exceeds the cost necessary to address the administrative costs to
6 address to over withdrawal.

7 Chapter 167D of the General Laws, as appearing in the 2004 official edition, is hereby
8 amended by inserting after section 36 the following new section:-

9 Section 37. Every bank in the Commonwealth shall notify its customer of overdraft fee
10 at the point of the withdrawal should the customer’s withdrawal of funds from his bank account
11 result in a negative balance in said account and the bank shall not allow said withdrawal or
12 charge an overdraft fee until the conditions of this section are met; provided that this notification
13 shall apply in instances when a customer makes a withdrawal at the bank in person, a customer
14 makes a withdrawal at an Automatic Teller Machine (ATM), or a customer makes a withdrawal

15 at a Automatic Teller Machine (ATM) transaction at a retailer; provided further that, said
16 notification can be in the form of verbal communication from the bank's agent, electronic
17 display on a screen from the bank, or the denial of the withdrawal; provided further that said
18 denial of withdrawal shall include a contact telephone number for the consumer from the bank;
19 provided further that, said notification shall inform the consumer of the cost of the overdraft fee
20 and the amount in the account will be in negative balance as a result of the withdrawal and the
21 option to continue the transaction. Nothing in this section shall prohibit the customer, bank or
22 retailer from continuing the transaction; provided that, the customer has agreed to pay the
23 overdraft fee to the bank and have his account go into negative balance.