

## Sylvania Area Federal Credit Union

### Overdraft Protection Policy

8/1/2015

Sylvania Area Federal Credit Union has several ways you can have your transactions paid if you don't have enough money in your checking to cover your payments. Looking out for the best interest of our members is key so we don't want to encourage overdrafts as a habit – just want to save you money where we can!

Let's use a real example. If you wrote a check at a store and there wasn't enough money in your account to pay it, the check would be sent back to the store as "insufficient funds." The credit union would charge you a fee for processing the check and the merchant would charge you a fee for writing a bad check. If you had overdraft protection, the merchant would be paid and there would be one fee by your credit union to provide the overdraft service. Fees by the merchant can vary greatly but it is pretty common that your fees would double without some sort of overdraft protection.

#### REQUIREMENTS

- \*The member must be in good standing with the credit union
- \*Have a checking account that has been open for at least 6 months
- \*Have qualifying deposits totaling at least \$500 to the same checking account in the previous 30 days

#### OVERDRAFT PROTECTION

1. **Transfer from your account** to cover the overdraft with **no fee**. The credit union limits \$1000 per day transfer. (You are allowed up to 6 miscellaneous transfers from your savings account per month, if you have more than 6 there will be a Regulation D violation and fee of \$12). This coverage is for checks only.
2. **Line-of-credit** transfer to your checking. This is a loan that is linked to your checking. If you don't have the money in checking and you have available credit ODO loan, we will automatically transfer the money to checking if the account is overdrawn. To qualify for this option members would need to complete a loan application and meet credit standards. There is a fee of \$35 associated with this service and you will have to pay interest (16%) on the loan until it is paid in full. You have two months to pay the balance back to the credit union. This coverage is for checks you wrote. You will be allowed a \$500 balance and business accounts are allowed \$3000.
3. **Courtesy Pay** is the name of our overdraft program that allows a member to withdraw more than the account balance, for a short period of time to cover unexpected emergencies. In essence we loan you the money by allowing your account balance to go negative. We wouldn't want our members to get too far over their heads so each account is set up with a pre-approve limit and limits based upon the type of withdrawal you are making. A federal regulation requires you to turn in an **OPT-in** form to clear everyday debit transactions. A \$30 fee for coverage is charged each time you use it. Transactions that are covered are as follows: Checks you wrote, purchases made with your debit card that happen periodically like online subscriptions, pre-authorized withdrawals from your checking where you gave your checking account information to set up,

like the health club or utility payments. Debit card purchases at a merchant and an ATM transaction. You will be limited to a balance of \$500 and business accounts are allowed \$3000. The full amount of the overdraft balance plus related fees will be due as soon as possible and within 10 days from the date of occurrence.

SAFCU is not obligated to pay any item presented for payment if your account does not contain sufficient available funds. Any discretionary payment (or other negotiation processing) by SAFCU of any non-sufficient fund check or item or to provide prior notice of our decision to refuse to pay any additional non-sufficient fund check or item.

The total of the discretionary courtesy overdraft (negative) balance, including any and all fees and charges, including all non-sufficient funds//overdraft fees, continuous overdraft fees and interest charges 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 this disclosure.

Again, approval of payment of reasonable overdrafts by SAFCU on accounts in good standing (as described above) is only a discretionary courtesy, and not a right or obligation, is within SAFCU's sole and absolute discretion and can cease at any time without prior notice of reason or cause.

#### **OVERDRAFT CHARGE-OFF POLICY**

SAFCU shall charge off checking accounts when they reach the point of being overdrawn for 45 consecutive days. Any funds in your other non-IRA SAFCU accounts may be applied prior to charge-off. All of your credit union privileges will be terminated at the time of the charge-off (except a regular share account and receiving any payments for your outstanding loans). We will report any losses to the credit agencies. Accounts may also be turned over to collections agencies and/or attorney(s) for collection assistance before or after being charged-off.