

Member Q & A on Overdraft Privilege / Overdraft Privilege Plus

What is the difference between the Credit Union's Overdraft Protection and Overdraft Privilege Programs?

Our Overdraft Protection Services transfers funds from a previously designated account and/or a line of credit to pay an item that overdraws the account on which it is drawn. Overdraft Protection will NOT allow the account to go into a negative balance. There is no fee to sign up for Overdraft Protection. Overdraft Privilege is a non-contractual courtesy, offered by Neighbors United Federal Credit Union, to eligible members. This service pays items which would otherwise be returned as NSF. There is a fee for each item paid. The fee ranges from \$5 to \$30 for each item paid, depending on the amount of the overdraft.

NOTE: The Credit Union has no obligation to pay an item under Overdraft Privilege. It is a courtesy, which we may extend or revoke in our discretion. On the other hand, Overdraft Protection is a contractual arrangement under which we are obligated to meet the obligations addressed in our agreements.

How far overdrawn can my account go under the Overdraft Privilege Program?

We will never encourage you to test the limit of your Overdraft Privilege status (if you have it). It is a privilege intended to protect you from the problems associated with overdrafts. It is not intended as an alternative to your proper management of your accounts. Frequent abuse of Overdraft Privilege or leaving a negative balance for too long can lead to your loss of Overdraft Privilege service and/or closure of your checking account. Typically, we may pay items that overdraw your account by up to \$100 for regular checking accounts (Suffix 74 & 76) and \$250.00 for Budget and Classic Checking accounts (Suffix 75 & 78) (if you qualify). If you seek greater protection, then you should consider our Overdraft Protection services, which allows you transfer all of your available funds from other accounts or lines of credit so that your checking account does not go into a negative balance.

How do I apply?

Accounts in good standing are automatically eligible for Overdraft Privilege status. Overdraft Protection Services together with any associated lines of credit are subject to application and approval. With Overdraft Protection, you can let us know from which account(s) and in what order of use, you'd like transfers to be made.

How will I know if I have Overdraft Privilege on my checking account?

You will be notified by us in writing, you can ask a branch employee or you may call to find out. Accounts in good standing, are automatically eligible; however, it is always in

the Credit Unions discretion to grant this protection and/or to continue the protection. "Good standing" is defined as:

- No history of fraud or abuse has been discovered
- \$25 or more deposited into your Regular Share/Savings account
- Your checking account has been open for 182 days or more
- 18 years of age or older
- No outstanding legal orders, garnishments, execution or levies, including bankruptcy notices on your account
- Your account does not have any loans more than 14 days delinquent

How much does Overdraft Privilege cost?

It is free until we pay an item that is drawn against insufficient funds. Then, a \$5.00 to \$30.00 Overdraft Privilege fee is assessed, based on the dollar amount of the overdraft. If you use Overdraft Privilege for two overdrawn items, your account will be charged two separate fees (even on the same day). Please note that Overdraft Protection is different. With Overdraft Protection there is no fee. We assess a fee for Overdraft Privilege because overdrafts do cost your credit union both time and money.

If you have both Overdraft Protection and Overdraft Privilege, we will exhaust your Overdraft Protection options before Overdraft Privilege will be used to cover any insufficient item.

What transactions will trigger the Overdraft Privilege service?

If you overdraw your account, Overdraft Privilege will cover written checks or preauthorized drafts written to third parties, ACH debits and deposits that have not cleared, such that funds are unavailable.

Is my Overdraft Privilege limit shown in my available balance?

No. The Overdraft Privilege amount is never added to your account balance.

Is Overdraft Privilege a loan?

No, it is a courtesy to members who maintain their checking accounts in good standing. This service is discretionary on the part of the Credit Union. Your use of the services constitutes your contractual agreement to the terms provided as explained herein. The Credit Union or you may discontinue this courtesy at any time, which will not affect any obligations to pay the Credit Union for any funds advanced or fees incurred prior to termination.

Can I use Overdraft Privilege to make a Credit Union loan payment?

No. You cannot use Overdraft Privilege to make any loan payments or to bring another account to a positive balance.

When do I have to repay the overdraft?

You must bring your account to a positive end-of-day balance within 21 days of the overdraft. Please contact us immediately if you need to make a request for other arrangements.

What if I do not want Overdraft Privilege?

You can opt out of the service. Overdrawn items will be returned unpaid and a \$30.00 NSF fee will be assessed after funds for overdraft protection (if applicable) have been depleted. In addition, you may also be charged additional fees by the merchant/payee.

Can Overdraft Privilege be taken away?

Yes. The service can be taken away if your account is no longer in good standing or the Credit Union deems it to be in its best interests to do so. This may include, but is not limited in any way to our belief that you are not properly managing your account. Again, Overdraft Privilege is not intended as an alternative to proper account management. It is a courtesy that we offer to help you avoid the multiple costs you may incur from merchants and perhaps legal repercussions associated with NSF items. We may take away the privilege without notice, and will have no obligation to honor any item from the moment of revocation.

Does the Credit Union offer traditional Overdraft Protection?

Yes. You can choose to have Overdraft Protection from the following accounts:

- Savings account
- Secondary Checking accounts
- Unsecured line of credit
- Home equity line of credit

It may be in your best interests to apply for one of these programs. There is no fee when we make the transfer in order to cover an overdraft on your checking account under our Overdraft Protection programs.

Are you encouraging me to write bad checks?

No. We are responding to member requests to pay items that were returned due to an error **made by the member**. We are providing our members with a valuable service that avoids the multiple costs that you may encounter in dealing with a merchant and

perhaps the merchants bank in these situations. In addition, you may be prosecuted under State laws for uttering insufficient funds items. Overdraft Privilege will help you to avoid these problems while it is in effect.

I thought I had Overdraft Privilege. Why did you return my check as NSF?

Items are returned NSF when your available Overdraft Privilege amount has been exhausted or is revoked by us.

Can I overdraw my account using an ATM card or point-of-sale transaction?

No, ATM, point-of-sale or debit card transactions are not covered by our standard Overdraft Privilege. We do offer Overdraft Privilege Plus that you may opt-in that will cover ATM, point-of-sale or debit card transactions. To opt-in you must contact an MSR.