

Family First Credit Union

Overdraft Privilege Policy

General Policy Statement

Family First Credit Union's Overdraft Privilege is a service offered to our members on their personal share draft account. Family First Credit Union may honor overdrafts of individual share draft accounts subject to certain conditions and limitations as set forth in this policy. Family First Credit Union may assess an overdraft privilege fee of \$29.00 for each overdraft privilege honored upon presentment.

Overdraft Privilege is a non-contractual agreement between Family First Credit Union and its members. Family First Credit Union has the right to discontinue the program or withdraw any share draft account for the program based on poor performance of the account, or failure to cover the overdraft privilege. Family First Credit Union also has the right to limit participation to one account per household.

Family First Credit Union has the option to either honor the overdraft privilege or return an item for insufficient funds even though we may have previously paid overdraft privilege for the member. There is no interest charged on any overdraft privilege, no late charges assessed or other fees other than the overdraft privilege fee. Family First Credit Union will notify the member by mail of any overdraft paid or returned; however we have no obligation to notify the member before we pay or return an item.

Guidelines:

Member Qualifications

All members 18 years of age and older are eligible for Overdraft Privilege as long as their account remain in good standing. Good standing is defined as follows:

- ✓ Regular deposits are made and the account is brought to a positive or zero balance at least once every 30 days.
- ✓ No more than 30 days past due on a loan with Family First Credit Union
- ✓ Not caused a loss to Family First Credit Union
- ✓ Not subject to any legal or administrative order or levy

All accounts must be in good standing to be eligible for the Overdraft Privilege program. All existing share draft accounts that have been opened for a minimum of 90 days may automatically be eligible for the Overdraft Privilege program. Members are subject to a maximum overdraft limit, including overdraft privilege fees, of \$500.00. Smaller overdraft limits, e.g. \$250 may be set on a case-by-case basis.

Primary and/or joint owners may request and/or remove their account(s) from the Overdraft Privilege program at any time. Primary and all other owners shall be jointly and completely responsible for overdraft privilege including overdraft privilege fees.

Members who are automatically enrolled in Family First Credit Union Overdraft Privilege program will be provided with a notice of enrollment, along with an opportunity to “opt out,” at the time the eligibility is established.

Types of transactions that will be covered under Overdraft Privilege

Family First Credit Union offers overdraft privilege for the following types of transactions which could result in an overdrawn account:

- ✓ Checks and other debits cashed at the teller's window
- ✓ ACH debits and withdrawals
- ✓ ATM withdrawals and/or Point-of-Sale transactions
- ✓ Service or check charges
- ✓ Pre-authorized internal debits
- ✓ Checks issued to a third party

Overdraft items will be posted in accordance with Family First Credit Union's existing share draft procedures.

Coordination with other Overdraft Protection Services

Members who currently have overdraft transfer protection from savings or overdraft loans will continue to have access to those services prior to accessing Overdraft Privilege.

Excessive Transactions and Member Counseling

It is Family First Credit Union's policy to notify members quarterly if they exceed 25 overdraft transactions for the quarter. Family First Credit Union considers this excessive use of the service and intends to make every effort to counsel members on the prudent use of a share draft account to avoid excessive fees and program abuse.

Dollar Limits

The total dollar amount of overdrafts Family First Credit Union will honor is not to exceed \$500.00, including fees at any given time. Smaller overdraft limits, e.g. \$250 may be set on a case-by-case basis.

We have established program caps for our Overdraft Privilege program of 10% of our net worth for total amount committed and 2% of our net worth for actual usage.

Repayment

The member has 30 calendar days from the day their account is negative to be brought to \$0 or a positive balance. Accounts will be given a 3 day grace period past 30 calendar days to bring the account positive and be automatically returned to active status in the Overdraft Privilege Program. If the account remains negative, the account will be ineligible for Overdraft Privilege and our normal collection process will begin. It is at the discretion of Family First Credit Union to allow members the Overdraft Privilege.

Every effort will be made to recover overdrawn balances. In cases where a member is unable to pay the overdrawn balance in full within the scheduled time frame (generally 30 days), management has the right to approve one of the following actions:

1. Adding the overdrawn balance to an existing FFCU loan the member has
2. Establishing a reasonable payment plan (not to exceed 3 months) to pay off the overdrawn balance, or
3. To convert the overdrawn balance to an interest-bearing signature loan if the member is qualified for such.

In the above cases, management will determine on a case-by-case basis whether to continue the member's Overdraft Privilege program.

All overdrawn balances will be charged off on or before the 45th day following the overdraft in cases where the credit union has been unsuccessful in negotiating repayment of the overdrawn balance.

Disclosures

At the time an account is opened, members will be provided with a disclosure of the fees and list of categories of transactions for which an overdraft fee may be imposed. Those automatically included in the program will also be provided notice of automatic eligibility and an opportunity to opt out.

Fulton Teacher' Credit Union will also provide a periodic statement disclosure regarding the total amount of overdraft fees or charges imposed on an account for the statement period.

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Advertising

Family First Credit Union will not state the available overdraft limit or indicate the amount of overdraft funds available in individual member accounts in any advertisement or periodic statement.

No Preferential treatment

Family First Credit Union staff and board members will not be granted preferential treatment through waived or reduced fees.

Allowance for Loss

It is Family First Credit Union's policy to maintain an Allowance for Loss based on historical Overdraft Privilege program charge-off amounts and current Overdraft Privilege program delinquency. Family First Credit Union monitors charges-offs from the previous 12 months and considers each overdrawn account at the end of each month to determine the appropriate Allowance for Loss, and monitors its Overdraft Privilege program for changing trends in charge-offs. The current allowance formula for month end overdrawn balances is as follows:

<u>Days Overdrawn</u>	<u>Percentage for Allowance</u>	<u>Allowance for Loss</u>
>45 Days	100%	OD Balance x 100%