

## OVERDRAFT AND NSF PROGRAM DISCLOSURE

This disclosure provides information about Security Service Federal Credit Union's (SSFCU) Program around the handling of Non-Sufficient (NSF) and Overdraft (OD) transactions. Additionally, it describes alternatives and programs that may provide coverage of transactions when the balance of your account is insufficient to pay the transactions. Frequently Asked Questions (FAQs) are also provided. This document accompanies the new account opening disclosures including but not limited to, the Consumer or Business All About Your Security Service Account disclosure and SSFCU Fee Schedule and is hereby incorporated by reference.

As used in this disclosure, the words "we", "our", "us", and "SSFCU" mean Security Service Federal Credit Union. "You" and "your" mean the Consumer or Business member.

### **Coverage/Applicability**

Unless specifically noted, all information in this disclosure applies to both Consumer and Business members.

### **Definitions**

**Available Balance** – The Available Balance is the balance used to pay items or transactions. The Available Balance does not include deposits or debit card transactions that are on hold at that point in time. If the Available Balance is not sufficient to cover the items or transactions presented, an Overdraft or NSF will occur. It is important to understand the Available Balance and the amount that was on hold at the time items or transactions were presented for payment as hold amounts are released over time.

**Current Balance** – The Current Balance is the balance representing posted or settled transactions to the account. The Current Balance does not include outstanding transactions (such as checks that have not yet cleared and electronic transactions that have authorized but which are still pending).

**Overdraft** - An Overdraft (OD) occurs when the account's Available Balance is not sufficient to cover the item or transaction, but SSFCU pays the item or transaction instead of returning it. Payment of the item or transaction will result in a negative account balance and assessment of OD fees as defined per the SSFCU Fee Schedule.

**Non-Sufficient Funds** – Non-Sufficient Funds (NSF) occurs when the account's Available Balance including any Overdraft Coverage is not sufficient to cover the item or transaction and the item or transaction is not paid and is returned to the Payee. Items or transactions returned are not reflected in the account balance but will result in assessment of NSF fees as defined per SSFCU fee schedule.

### **General Policy**

SSFCU is not obligated to pay any item or transaction if the Available Balance is not sufficient to cover it. We offer several lines of defense prior to returning the transactions as NSF. These options include PrimeLine Line of Credit (PrimeLine), Linked Deposit Account Coverage and Member Overdraft Privilege, which are covered in the next section.

### **Overdrafts**

- Items or transactions presented against the Available Balance that are less than or equal to \$5 will not incur an OD fee.
- Items or transactions over \$5 are subject to the OD Fee. There is a daily limit of OD fees that will be assessed per account per business day. See the applicable SSFCU fee schedule for your account for the OD fee and daily limit.
- When the account becomes overdrawn, an OD notice will be mailed out detailing the items or transactions paid by SSFCU and the associated fees assessed. OD fees assessed are posted to the account on the next business day and may contain item or transaction reference information in the fee descriptor.

### **Non-Sufficient Funds (NSF)**

- Items or transactions that are returned due to non-sufficient funds will be assessed an NSF fee. There is a daily limit of NSF fees that will be assessed per account per business day. See the applicable SSFCU fee schedule for your account for the OD fee and daily limit.
- Items or transactions returned due to non-sufficient funds are not posted to the account and the end of day Available Balance will **not** reflect these transactions. An NSF notice will be mailed out detailing the items or transactions and fees assessed. NSF fees assessed are posted to the account on the next business day and may contain item or transaction reference information in the fee descriptor.

## PRIMELINE LINE OF CREDIT

### PrimeLine Line of Credit

A PrimeLine Line of Credit (PrimeLine) is a loan that allows you to borrow up to a predetermined credit limit and repay based on what is borrowed. As repayment is made, the credit limit becomes available again, letting you borrow as needed. PrimeLine can be linked to a Checking or Savings account. PrimeLine protects the linked Checking or Savings account as the first line of defense against overdrafts and returned transactions.

- **Credit Limit** –The amount of the credit limit is determined based on the applicant's creditworthiness.
- **Coverage** - Funds will automatically advance into the linked Checking or Savings account in \$100 increments, up to the approved credit limit.
- **Cost** - There are no fees associated with the advance. The loan is a variable rate product and interest will accrue daily only on the amount advanced. The rate and credit limit are based on the applicant creditworthiness.
- **Payment** - Minimum payment is either \$20 or 2% of the balance owed on the account, whichever is greater. The entire balance can be paid at any time.
- **Action Required** – PrimeLine requires a loan application be submitted and is subject to credit approval. PrimeLine can be linked to either a Checking or Savings account. You must indicate what account to link it to. Overdraft coverage is then automatic for that linked account.

## LINKED DEPOSIT ACCOUNTS

### Transfers

Your statement controlling (i.e., primary) Savings Account is linked to your Checking Account automatically for overdraft coverage. Up to combined total of eight (8) additional Savings or Money Market accounts be linked for coverage. This is the next line of defense provided against overdrafts and returned transactions.

- **Coverage** – Funds will transfer from the linked account in \$100 increments up to the Available Balance.
- **Action Required** – If you would like to link other Savings or Money Market accounts for overdraft coverage or if you do not want the primary Savings Account to be linked for overdraft coverage, you must request that action by contacting Member Contact Center at 1-800-527-7328 or visiting a nearby branch.

### Savings Account

- **Cost** – The first three Overdraft Transfers in a month are free. A fee applies for any Overdraft Transfer in excess of the first three per month.<sup>1</sup>

### Money Market

- **Cost** – Depending on the specific Money Market product, automatic fund transfers may be considered a limited transaction and subject to the excess transaction fee.<sup>1</sup>

## MEMBER OVERDRAFT PRIVILEGE

Member Overdraft Privilege is a non-contractual, discretionary overdraft service on checking accounts that provides coverage in the event an eligible account does not have a sufficient Available Balance to cover the item or transactions presented for payment. It is the final line of defense in avoiding returned items or transactions. Rather than automatically returning items or transactions when there are non-sufficient funds, we will consider, without obligation on our part, payment of your reasonable overdrafts up to the Overdraft Limit for the account, including fees.

Payment of your overdraft item or transaction is at SSFCU's sole discretion, and we reserve the right not to pay. We may refuse to pay an overdraft for you at any time, even though we may have previously paid overdrafts for you. We reserve the right to require you to pay your outstanding overdraft (negative) balance, including our fees, immediately or on demand. If there is an overdraft

paid by us on an account with more than one owner on the member agreement, each owner and agent, if applicable, shall be jointly and severally liable for such overdrafts, including related fees.

### **Member Overdraft Privilege Limit**

Member Overdraft Privilege does not have a fixed limit. It is dynamic and may change on any given day. Your overdraft limit is determined based on a number of factors including, but not limited to, your capacity to repay, the age of the account, account history, and status of other account relationships.

### **Eligible Accounts**

Member Overdraft Privilege is available on the following account types.

- Consumer - Power Protected Checking, Power Protected Merit Checking, Power Checking, Power Merit Checking.
- Business - Classic Business Checking, Premium Business Checking, Business Analyzed Checking.

### **Transaction Coverage**

Overdraft coverage may be available for checks, bill payments, ACH transactions, recurring debit card payments, and other items or transactions made using your checking account number.

Consumer Accounts – To have ATM transactions and one-time or everyday debit card transactions covered you must provide prior authorization or “opt-in” for the coverage.

Business accounts - ATM transfers and/or withdrawals or one-time or everyday debit card transactions may be covered without prior authorization.

### **Cost**

When Member Overdraft Privilege coverage is used to pay overdrafts, an OD Fee will be assessed for each transaction over \$5 up to a daily maximum.<sup>1</sup> There is no cost if you do not initiate an overdraft resulting in use of the service.

### **Action Required**

No action is required to receive Member Overdraft Privilege; however, if you **do not** want Member Overdraft Privilege coverage, contact the Member Contact Center at 1-800-527-7328 or visit a nearby branch to remove it from your account.

If you decline Member Overdraft Privilege coverage, most transactions will not be paid by SSFCU and will be returned. These transactions will incur an NSF Fee. There are some transaction types that are unable to be return, e.g., a recurring debit card transaction. These transactions will be paid by SSFCU regardless of the account's Available Balance or Member Overdraft Privilege election. If the payment of these transactions results in an overdrawn or negative account balance, an OD fee will be assessed as applicable.

Consumer Accounts – Federal regulation requires that we obtain your prior authorization (“opt-in”) for overdraft coverage of ATM and one-time/everyday debit card transactions. Your authorization for this coverage may be obtained at account opening or you may also contact our automated overdraft line at 1-888-617-7328 or log into Security Service Online Banking at any time. In online banking, click on the Account in the main menu, then select “Overdraft Coverage”, click on “ATM/Debit Card Transaction Coverage”, then select “Edit” and choose “Opt-In”. You will receive written confirmation of this action.

You can revoke your authorization or “opt-out” of coverage of ATM transactions and one-time/everyday debit card transactions by using the same methods available to “opt-in.” You will also receive written confirmation of this action.

## **ADDITIONAL INFORMATION**

If you need help with your financial obligations, please call our Member Contact Center at 1-800-527-7328, or visit a nearby branch.

Overdrafts should not be used to pay ordinary or routine expenses. You should not rely on overdrafts as a means to cover these expenses. Avoid using this service as a supplement to monthly income. This service is not a short-term loan.

The order in which transactions are received and processed can affect the total amount of overdraft fees incurred. Please refer to the “Payment Order of Transactions” section in the applicable “All About Your Security Service Accounts” disclosure for full details about the order in which transactions are processed.

Make careful records and practice good account management to avoid incurring an OD or NSF fee. If you overdraw your account, deposit money into your account as soon as possible. Remember that you need to put enough money back into your account to cover both the amount of your overdraft and any fees.

## FREQUENTLY ASKED QUESTIONS

**1. How can I determine what my Member Overdraft Privilege limit is?**

The Member Overdraft Privilege does not have a fixed limit. It is dynamic and may change on any given day based on a number of factors, such as the age of the account, account history, and account relationships.

**2. How will I know I am overdrawn?**

You will receive written notice each time a non-sufficient funds or overdraft transaction is processed on your account. You can also monitor your account activity by accessing SSFCU Online Banking or the SSFCU Mobile App.

**3. Can I receive an electronic NSF or OD notice instead of a mailed notice?**

At this time, NSF and OD notices are only provided by mail. To monitor your account balance, you can set up minimum balance alerts on SSFCU Online Banking or in the SSFCU Mobile App.

**4. What if I overdraw more than my Member Overdraft Privilege limit?**

In most instances, any transaction that exceeds the Member Overdraft Privilege limit will be returned NSF and the standard NSF fee will be charged to your account. As previously noted, some transaction types are unable to be returned and those will post to your account regardless of the Available Balance or Member Overdraft Privilege election.

**5. I did not provide authorization or “opt-in” for overdraft coverage for debit card transactions. Why was I charged an OD fee for a debit card transaction?**

Opt-in only covers ATM or one-time/everyday debit card transactions, such as a purchase at a retail store. Recurring debit card transactions, such as a monthly subscription, gym membership, insurance, etc. do not require authorization or “opt-in” and will be paid under the Member Overdraft Privilege.

**6. What if I do not want Member Overdraft Privilege?**

If you do not want the discretionary coverage provided by the Member Overdraft Privilege program, contact our Member Contact Center at 1-800-527-7328 or visit a nearby branch to remove it from your account. Without Member Overdraft Privilege, your insufficient funds transactions may be returned to the payee and/or declined at the point of purchase. You will still be charged the standard NSF fee.

**7. What accounts are not eligible for Member Overdraft Privilege?**

Savings accounts, Money Market accounts, Youth Checking accounts, Club accounts and Memorial or Special funds are not eligible for this service. At our sole discretion, we may limit the number or types of accounts eligible for Member Overdraft Privilege.

**8. How quickly do I have to deposit funds to resolve my overdrawn balance?**

You should bring your account to a positive balance as soon as possible. If you are unable to immediately bring your account to a positive balance, you will receive notices from us informing you of the situation and your options. If the account remains continually negative, your Member Overdraft Privilege may be suspended, and the account may be closed and written off. If the account is written off, it will be reported to a consumer reporting agency and further collection efforts may occur.

**9. Why do I have an NSF fee, I do not see a transaction being returned and my balance is still positive?**

If the Available Balance is not sufficient to cover the transaction and there are no lines of defense (PrimeLine, Linked Deposits, Member Overdraft Privilege) to use to pay the transaction it will be returned as an NSF item. NSF items do not post to your account. You can determine the transaction details (payee and amount) from the NSF notice.

**10. My account is overdrawn, can I make a deposit to avoid OD or NSF fees being charged?**

Unfortunately, there is no way to avoid these fees from being assessed once the item(s) have been processed. Fees assessed will be posted to your account on the next business day, typically by mid-morning.