

WHAT YOU NEED TO KNOW ABOUT OVERDRAFTS AND OVERDRAFT FEES

An overdraft occurs when you do not have enough money in your account to cover a transaction, but we pay it anyway. We can cover your overdrafts in two different ways:

1. We have standard overdraft practices that come with your account.
2. We also offer overdraft protection plans, such as a link to another account or a line of credit, which may be less costly than our standard overdraft practices. To learn more, ask us about these plans.

This notice explains our standard overdraft practices.

➤ **What are the standard overdraft practices that come with my account?**

We do authorize and pay overdrafts for the following types of transactions:

- Checks and other transactions made using your checking account number
- Automatic bill payments

We will not authorize and pay overdrafts for the following types of transactions without your consent.

- ATM transactions
- Everyday debit card transactions

We pay overdrafts at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction. **If we do not authorize and pay an overdraft, your transaction will be declined.**

➤ **What fees will I be charged if Direct Federal Credit Union pays my overdraft?**

Under our standard overdraft practices:

- We will charge you a fee of up to **\$30.00** each time we pay an overdraft. For Hub and Direct Advantage checking accounts we will charge you a fee of \$10.00 if the item presented is \$30 or less
- **There is no limit** per day on the total fees we can charge you for overdrawing your account

➤ **What if I want Direct Federal Credit Union to authorize and pay overdrafts on my ATM and everyday debit card transactions?**

If you want us to authorize and pay overdrafts on ATM and everyday debit card transactions, call (781) 455-6500, visit our website at www.direct.com, email us at support@directfederal.com, complete the form below and present it at a branch or mail it to: 50 Cabot Street Needham, MA 02494. You can revoke your authorization for Direct Federal Credit Union to pay these overdrafts at any time by any of the above methods. Your revocation must include both your name and the last 4 digits of your account number so that we can properly identify your account.

_____ **I do not** want Direct Federal Credit Union to authorize and pay overdrafts on my ATM and everyday debit card transactions.

_____ **I want** Direct Federal Credit Union to authorize and pay overdrafts on my ATM and everyday debit card transactions.

Printed Name: _____

Date: _____

Account Number: _____

Signature: _____

WHAT ELSE YOU SHOULD KNOW

- A link to another account or line of credit may be less expensive than an overdraft. A single larger overdraft will result in one fee, instead of multiple smaller overdrafts. Use our mobile, internet, and telephone banking services to track your balance. For financial education resources, please visit www.mymoney.gov.
- The \$30.00 Courtesy Pay Fee that is charged if you overdraw your account is the same fee that is charged if an item is returned as unpaid. If multiple items overdraw your account on the same day, each item will be assessed an appropriate Courtesy Pay Fee or a Non-Sufficient Funds Fee of \$30.00. A Courtesy Fee of \$10 will be charged on items less than \$30 for Hub and Direct Advantage checking accounts. All fees and charges will be included as part of the Courtesy Pay limit amount. Your account may become overdrawn more than the Courtesy Pay limit amount because of a fee.
- There is no limit on the total Courtesy Pay Fees per day we will. We will charge a Courtesy Pay Fee of \$10.00 if the amount of the item is \$30.00 or less for Hub and Direct Advantage checking accounts.
- Recipients of federal or state benefits payments who do not wish us to deduct the amount overdrawn and the Courtesy Pay Fee from funds that you deposit or that are deposited into your account may call us at (781) 455-6500 to discontinue Courtesy Pay.
- If an item is returned because the Available Balance (as defined below) in your account is not sufficient to cover the item and the item is presented for payment again, Direct Federal Credit Union ("We") will charge a Non-Sufficient Funds Fee each time we return the item because it exceeds the Available Balance in your account. Because we may charge a Non-Sufficient Funds Fee each time an item is presented, **we may charge you more than one fee for any given item as a result of a returned item and representment of the item.** When we charge a Non-Sufficient Funds Fee, the charge reduces the Available Balance in your account and may put your account into (or further into) overdraft. If, on representment of the item, the Available Balance in your account is sufficient to cover the item we may pay the item, and, if payment causes an overdraft, charge a Courtesy Pay Fee. We may use the terms "item" and "transaction" interchangeably.
- This describes posting order for purposes of determining overdrafts. Our general policy is to post items throughout the day and to post credits before debits. Paper checks are posted in order from the smallest dollar amount to the highest dollar amount, ATM and debit card transactions are posted as received, while ACH are posted from lowest to highest dollar amount. However, because of the many ways we allow you to access your account, the posting order of individual items may differ from these general policies. Holds on funds (described below) and the order in which transactions are posted may impact the total amount of Courtesy Pay Fees or Non-sufficient Funds Fee assessed.
- Courtesy Pay is not a line of credit; it is a discretionary overdraft service that can be withdrawn at any time without prior notice.
- Depositor and each Authorized Signatory will continue to be liable, jointly and severally, for all overdraft and fee amounts, as described in the Deposit Account Agreement and Disclosure. The total (negative) balance, including all fees and charges, is due and payable upon demand.
- We may be obligated to pay some debit card transactions that are not authorized through the payment system but which we are required to pay due to the payment system rules, and as a result you may incur fees if such transactions overdraw your account. However, we will not authorize debit card or ATM transactions unless your account's Available Balance (including Overdraft Coverage Options) is sufficient to cover the transactions and any fee(s).
- Giving us your consent to pay everyday debit card and ATM overdrafts on your consumer account (Courtesy Pay Plus) may result in you incurring Courtesy Pay Fees for transactions that we would otherwise be required to pay without assessing a Courtesy Pay Fee. However, this would allow us to authorize transactions up to the amount of your Courtesy Pay limit. If you consent to Courtesy Pay Plus on your consumer account, it will remain on your account until it is otherwise withdrawn.

Understanding your Available Balance: Your account has two kinds of balances: the Ledger Balance and the Available Balance.

- We authorize and pay transactions using the Available Balance.
- Your Ledger Balance reflects the full amount of all deposits to your account as well as payment transactions that have been posted to your account. It does not reflect checks you have written and are still outstanding or transactions that have been authorized but are still pending.
- Your Available Balance is the amount available to you to use for purchases, withdrawals, or to cover transactions. The Available Balance is your Ledger Balance, less any holds due to pending debit card transactions and holds on deposited funds.
- The balance used for authorizing checks, ACH items, and recurring debit card transactions is your Available Balance plus the amount of the Courtesy Pay limit and any available Overdraft Protection.
- The balance used for authorizing ATM and everyday debit card transactions on accounts with Courtesy Pay is your Available Balance plus any available Overdraft Protection but does NOT include the Courtesy Pay limit.
- The balance used for authorizing ATM and everyday debit card transactions on accounts with Courtesy Pay Plus is your Available Balance plus any available Overdraft Protection and includes the Courtesy Pay limit.
- Because your Available Balance reflects pending transactions and debit holds, your balance may appear to cover a transaction but later upon settlement it may not be sufficient to cover such transaction. In such cases, the transaction may further overdraw your account and be subject to additional overdraft fees. You should assume that any item which would overdraw your account based on your Available Balance may create an overdraft. Note that we may place a hold on deposited funds in accordance with our Deposit Account Agreement and Disclosure, which will reduce the amount in your Available Balance.
- Please be aware that the Courtesy Pay amount is not included in your Available Balance provided through online banking, mobile banking or Direct Federal Credit Union's ATMs.
- We will place a hold on your account for any authorized debit card transaction until the transaction settles (usually within two business days) or as permitted by payment system rules. In some cases, the hold may exceed the amount of the transaction. When the hold ends, the funds will be added to the Available Balance in your account. If your account is overdrawn after the held funds are added to the Available Balance and the transaction is posted to the Available Balance, a Courtesy Pay Fee may be assessed.

- Except as described herein, we will not pay items if the Available Balance in your account (including the Courtesy Pay limit, if applicable) is not sufficient to cover the item(s) and the amount of any fee(s).
- We may suspend your debit card if you incur overdrafts in excess of the available balance in your account, including any Overdraft Privilege limit (as described in this letter). Debit cards on your account will remain suspended until you make sufficient deposits so that your available balance, taking into account any Overdraft Privilege limit, is positive.
- We may also suspend your debit card if your account is overdrawn more than thirty-two (32) consecutive calendar days. Debit cards on your account will remain suspended until you make sufficient deposits so that your account balance is positive.
- If your debit card is suspended, you will be unable to use your debit card for purchases or to access your account at the ATM, and if you use your debit card for recurring payments, e.g., utilities, you are responsible to make other arrangements for your recurring debit payment(s).

Understanding Courtesy Pay Limits

- A Courtesy Pay limit of \$1,000 will be granted to eligible consumer checking accounts opened at least 30 days in good standing.
- Courtesy Pay may be suspended if you default on any loan or other obligation to us, your account becomes subject to any legal or administrative order or levy, or if you fail to maintain your account in good standing by not bringing your account to a positive balance within 32 days for a minimum of one business day. You must bring your account balance positive for at least one business day to have the full Courtesy Pay limit reinstated.

If you have any questions about Overdraft Protection or Courtesy Pay, please call us at (781) 455-6500 or visit us at 50 Cabot Street in Needham, MA.