

Overdraft Privilege Information & Disclosure

Overdraft privilege helps protect you against having your checks returned in the event of an inadvertent overdraft of your account by giving you a reserve for emergencies or unexpected situations. There is no fee for having this privilege on your account; you are only charged if you overdraw your account. You do not have overdraft privilege on your account until your sharedraft account has been open for 30 days. After that time, upon first use of overdraft privilege, you will receive a first use letter welcoming you to the overdraft privilege program. Please be sure to refer to your monthly statement or online banking for subsequent use of this privilege.

Here is how overdraft privilege works for you. Overdraft privilege is not a line of credit. However, if you overdraw your account, we will normally pay the overdraft, subject to the limit of your overdraft privilege.

For example, suppose you do not have overdraft privilege and your account balance is \$50. If you write a check for \$100, MMFCU will charge your account a fee (currently \$25) for writing a check with insufficient funds and will then return the check if adequate funds aren't available. In most cases, the establishment to whom you wrote the check will require you to pay for the check and will probably charge you a fee (usually around \$30) for writing an NSF check. This means that you have now incurred two fees (\$25 with MMFCU and \$30 with the merchant) for a check that wasn't even paid!

However, if you had \$500 of overdraft privilege, this is how the situation typically would have worked: when the check arrived at MMFCU, MMFCU would pay the check and charge you the \$25 fee for an overdraft transaction. The total charge to you would have been \$25 compared to \$25 plus \$30 in merchant fees if you had not had overdraft privilege. Additionally, you avoid being added to any bad check lists on the check approval networks or with the merchant. When you use overdraft privilege, you must remember to subtract the overdraft fee from your account balance. In the example above, you would have subtracted \$125 from your account: \$100 (the amount of the check) plus \$25 (the amount of the overdraft fee). Any additional items that come in while your account has a negative balance will also be charged the NSF fee of \$25 per item. It is important to record these fees. The next deposit that you make will bring your balance to the amount of the deposit minus the amount you were overdrawn and the overdraft fee.

ATM machine receipts, and other ways in which you can get available balance information, will only show your ledger balance without the overdraft privilege included. However, you will be able to withdraw funds from the ATM and have approved debit card transactions, even though it will overdraw your account. You will be charged the NSF fee associated with these transactions.



Understanding uncollected funds

- If you deposit to your account and are informed that a hold will be placed on some of the funds deposited, those funds are not available for you to withdraw until the date indicated on your notice.
- If a check is presented against held funds and you have overdraft privilege on your account, you will be charged a negative funds fee of \$25 to pay the check even though you have a positive ledger balance in your account.
- For example: you have \$100 in your checking account and deposit a \$700 check on which MMFCU places \$600 on hold (\$200 is available to you the following day) for 5 days. Although you have a ledger balance of \$800, only \$200 is "available" for checks or other debits to be paid.
- If you have a \$500 overdraft privilege in the example above, you have \$700 available to you to pay checks. However, you will be charged a \$25 fee for any checks or debits paid against your account in excess of the \$200 shown above as available.



Points to Remember About Overdraft Privilege

- Every debt item on an overdrawn account will be charged an NSF fee of \$25
- You must promptly repay the amount of the overdraft and the overdraft fee.
- Your overdraft privilege will not be included as part of your available balance at an ATM.
- You must bring your account to a positive balance within 30 days or the overdraft privilege will be taken off of your account.
- You do not qualify for overdraft privilege until your sharedraft account has been opened for 30 days and a first use letter is received by you.



Overdraft Privilege Terms & Conditions

You must maintain your account in good standing, which includes at least:

- Bringing your account balance to a positive balance within each 30 day period
- You are not in default on any loan or other obligation to MMFCU
- You are not subject to any legal or administrative order or levy against your account with us.