

MassMutual FCU Overdraft Privilege Program Policy

Purpose

This policy establishes guidelines for the credit union's overdraft privilege program, ensuring compliance with NCUA regulations and consumer protection laws.

Policy

MassMutual Federal Credit Union's (MMFCU) Overdraft Privilege Program prevents transactions from being declined when an account lacks sufficient funds. The privilege limit for accounts that have opted into the Overdraft Privilege Program will not exceed \$500. When an account exceeds the privilege limit, our policy is not to permit further overdrafts; however, under certain circumstances, MMFCU may choose to make an exception to this policy (due to specific member relations or qualifications, or technical issues). Management will have the authority and responsibility for approving all overdraft accounts exceeding \$500. MMFCU will disclose and charge a fee of \$25 per item paid into overdraft which is the same fee charged for items that are returned.; *(effective 12/21/2019) a fee of \$10.00 will be charged where the overdraft amount brings an account negative no more than \$25.00 (before the fee is charged).* This Non-Sufficient Fund fee may be waived or refunded annually up to \$50 per account with a member request. If a debit or check is attempted from the account after the Overdraft limit has been reached, an NSF fee will still be incurred and will bring the member's balance below the \$500 Overdraft limit. It is our policy that these overdrafts must be covered within 30 days of the first occurrence of an overdraft or the privilege limits will be revoked. Members will be notified of such revocation.

In order to be eligible for Overdraft Privilege, the member must be in good standing with MMFCU. A member is not in good standing if they meet any of the below:

- Their account with MMFCU has been opened for less than 30 days.
- The member has previously caused a loss to the credit union that hasn't been repaid.
- The member is delinquent on a loan in excess of 30 days.
- The member has a share draft or primary share account that is overdrawn or has a zero balance in excess of 30 days.
- The member has a share draft or primary share account that has been negative for over 30 days in the past 12 months.

Management reserves the right to allow a member to participate in the Overdraft Privilege Program if they are not currently in good standing but have committed to restoring their good standing with MMFCU.

Accounts owned by minors are not eligible for the Overdraft Privilege program.

MMFCU is required to notify members in writing or electronically (if the member consents to electronic disclosures) of the terms of the Overdraft Privilege program and any fees associated with the program. MMFCU must provide a reasonable opportunity for the consumer to affirmatively consent, or opt in, to the service for ATM and one-time debit card transactions. MMFCU will send members confirmation of their opt-in along with a statement informing the consumer of the right to revoke such consent. To qualify for the Overdraft Privilege, members must affirmatively opt-in and must be provided the opportunity to opt-out.

Employees, members of the MMFCU Board of Directors and the MMFCU Supervisory Committee are eligible for the Overdraft Privilege as long as no preferential treatment is granted to their accounts. Employees, members of the MMFCU Board of Directors and the MMFCU Supervisory Committee are eligible to have the same number of fees waived as any other member. MMFCU compliance will monitor to ensure no preferential treatment is provided to employees, the MMFCU Board of Directors and the MMFCU Supervisory Committee.

This program allows for a member to have a negative account balance with the credit union. Members whose share draft accounts drop into the negative must work with MMFCU by either applying for a loan to cover the negative balance or making deposits that would bring the account into good order. No account with a negative balance will be carried beyond 45 days. If a share account carries a negative balance beyond 45 days, it will be closed. The account will be charged off at 60 days. Reinstatement of the account will be at the discretion of management and only if all charged off funds are repaid. Financial planning counseling will be offered to members who frequently use the Overdraft Privilege program. A member who is working on a payment plan with MMFCU's collection department will not have their account closed if they are up to date with the payment plan.

The Board of Directors delegates to management the responsibility to establish and implement procedures to comply with regulatory requirements. MMFCU Compliance is responsible for ensuring compliance with this policy, reviewing this policy on a frequent basis and reporting the results of this policy to the Board.

**Share Draft Account is defined as a checking account which contains member's shares.*

Approved by the Board of Directors on 28th day of May, 2008

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