

**2500. OVERDRAFT PRIVILEGE POLICY**

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### **Purpose**

The purpose of this policy is to establish the Credit Union's responsibilities and obligations pertaining to the discretionary Overdraft Privilege Program.

### **Basic Philosophy**

It is the policy of Resource One Credit Union to comply with all applicable laws and regulations and to conduct business in accordance with applicable safety and soundness standards.

Overdraft Privilege is a service that is associated with a checking account and the fees associated with the service are assessed against that checking account. The Credit Union may honor a member transaction that results in an overdrawn account through the use of the overdraft protection program. Under this program, the Credit Union charges a fee to provide for the payment of a transaction that would otherwise be returned due to non-sufficient funds (NSF). The Credit Union is under no obligation to pay every overdraft.

**Duties, Obligations, and Rights**

1. The Deposit Account Agreement and Disclosure provided to the member controls the duties, obligations and rights of the Depositor, the Authorized Signatories and Resource One Credit Union with regard to the credit union's checking account.
2. The Deposit Account Agreement (and all amendments thereto) and its terms shall control any possible conflict, if any, between any provision of this Discretionary Courtesy Overdraft Policy and the Deposit Account Agreement and Disclosure.
3. Resource One Credit Union is not obligated to pay any item presented for payment if the member's account does not contain sufficient available funds,
4. Any discretionary payment (or other negotiation or processing) by Resource One Credit Union of any non-sufficient fund checks, ACH, ATM, or debit card transactions (or other item(s)) does not obligate Resource One Credit Union to pay any additional non-sufficient fund check or item or to provide prior notice of its decision to refuse to pay any additional non-sufficient fund check or item.
5. Resource One Credit Union will consider, as a discretionary courtesy and not a right or obligation, approving a member's reasonable overdrafts. The credit union's management will establish the terms, conditions and monetary limits of consumer and commercial checking accounts. Any fees and charges associated with this program will be set forth in the credit union's fee schedules and deposit account agreements and disclosures.
6. The total of the discretionary courtesy overdraft (negative) balance, including any and all fees and charges, is due and payable upon demand, and the Depositor and each Authorized Signatory will continue to be liable, jointly and severally, for all such amounts, as described in the Deposit Account Agreement and Disclosure.
7. Approval of payment of reasonable overdrafts by Resource One Credit Union on accounts in good standing (as described below) is only a discretionary courtesy, and not a right or obligation. It is within Resource One Credit Union's sole and absolute discretion, and can cease at any time without prior notice of reason or cause.

## **Advertising**

Should Resource One Credit Union promote this product through advertising, the advertising shall be in compliance with NCUA. The advertising shall note that fees apply to this service.

## **Membership Eligibility**

1. Resource One Credit Union will consider, as a discretionary courtesy and not a right or obligation, approving a members reasonable overdrafts if the member currently and thereafter maintains their account in good standing, which includes at least:
  - a. Has been a member for at least 30 days; and
  - b. Making regular deposits into their checking account;
  - c. Deposits an amount(s) no less than the amount of discretionary courtesy overdraft extended to the member within each thirty-five (35) day period and bringing their account balance to a positive balance within every forty-five (45) day period;
  - d. Is not in default on any loan or other obligation to Resource One Credit Union; and
  - e. Is not subject to any legal or administrative order or levy;
  - f. The member has met the minimum standard outlined in Resource One procedures regarding ChexSystems verification. If the member meets the checking account standards at the time of establishing the account, overdraft privilege is automatically extended to cover checks and ACH transactions.

## **Opt-In Guidelines**

### **For Members Who Opt-In To ATM & Debit Card Transactions**

Resource One will provide members with a notice of the right to opt-in, to overdraft privilege for ATM withdrawals and one-time debit card transactions for all account holders, including existing ones. No fee will be charged until the notice is provided and the member elects to participate in the plan for these transactions.

A notice will be provided at the time the account is opened and requires a decision as to whether to opt-in at the time the account is established. Members can also opt-in after

the membership has been established by completing the opt-in form.

To remove this service from the checking account, the member must submit a request in writing to the credit union. Upon receipt of the written notice, the credit union will remove the Overdraft Privilege from the account.

#### **For Members That Choose Not to Opt-In**

If a member does not opt-in, Resource One Credit Union will not pay an overdraft ATM or debit card transaction, even if the member affirmatively consents to the overdraft service, since these programs are designed to be discretionary. Because of system limitations, some overdrafts may occur. It is the member's responsibility to maintain a positive account balance.

Members choosing not to opt-in to the overdraft plan will receive the same terms, conditions, rates, fees, and features that are provided to those members choosing to opt-in.

**Program Limits and Pricing**

1. Resource One Credit Union will conform to, and comply with, the following program limits and pricing.
  - a. The credit union's accumulated total discretionary courtesy overdraft (negative) balance, including any and all fees and charges shall not exceed ten percent (10.0%) of the credit union's net worth;
  - b. The following discretionary courtesy overdraft (negative) balance, per checking account, should be limited to:

<b>Consumer Checking Account Types</b>	<b>Account Limit</b>
Daily Spending	\$300
Direct Spending	\$500
Prime Spending	\$1,000

<b>Commercial Checking Account Types</b>	<b>Account Limit</b>
SOHO Package	\$500
Growth Package	\$1,500
Enterprise Package	\$3,000

- c. Per occurrence, each discretionary courtesy overdraft that the credit union elects to honor shall be charged a fee equal to that of checks drawn against Insufficient Funds (NSFs), as set forth in Resource One Credit Union's Fee Schedule.
- d. Overdraft Privilege will also apply to PIN based transactions and ATM transactions. The member will be furnished with an opt-in or opt-out notice yearly.
- e. A member's courtesy overdraft privilege will be suspended on any account with a negative balance for more than 35 calendar days from the date the account incurs a negative balance.
- f. Any account with a negative balance for more than 45 days will be closed and subject to collection.

### **Overdraft Protection**

We will honor drafts drawn on insufficient funds in any checking account by transferring the necessary funds from an assigned deposit or loan account, if applicable. We will transfer funds to the overdrawn account in accordance with the members' written transfer instructions. The fee for overdraft transfers is set forth on the Service Fees Schedule. Transfers from a deposit account will be governed by this agreement. Transfers from a loan account will be governed by the applicable loan agreement.



### Historical Record of Policy Changes

**Date Revised:** November 10, 2005  
**Date Ratified:** November 21, 2005

#### Program Limits and Pricing

New Section

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**Date Revised:** September 11, 2007  
**Date Ratified:** September 20, 2007

#### Program Listing and Pricing

- c. Add following statement to the end "As set forth in Resource One Credit Union's Fee Schedule".
  - d. New
  - e. New
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**Date Revised:** March 15, 2009  
**Date Ratified:** April 23, 2009

#### Program Listings and Pricing

Added: PIN based and ATM transactions to ODP program.  
Added: Opt-in/opt-out notice to be sent annually.

**Date Revised:** June 27, 2012  
**Date Ratified:** September 20, 2012

#### Basic Philosophy

- a. Add 'Overdraft Privilege is a service that is associated with a checking account and the fees associated with the service are assessed against that checking account. Overdraft Privilege is activated when there are not sufficient collected funds in your checking account to cover each item presented for payment. An
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**Revised:** November 2017  
**Ratified:** April 2019

Overdraft Privilege fee is assessed against your checking account for each item presented and paid”.

Opt-In Guidelines

- a. New Section

Advertising

- a. New Section

Membership Eligibility

- e. Add “The member has met the minimum standard outlined in Resource One procedures regarding Chexsystem verification .”

Add “The credit union will consider, without obligation on our part, approving your reasonable overdrafts.”

Program Listing and Pricing

- b. Updated checking account names and Overdraft Privilege Limits for Consumer and Commercial Accounts.

<b>Consumer Checking Account Types</b>	<b>Account Limit</b>
MyLifeMyMoney	\$300
Power Plus	\$500
Super Power	\$1,000

<b>Commercial Account Types</b>	<b>Account Limit</b>
SOHO Package	\$500
Growth Package	\$1,500
<b>Enterprise Package</b>	<b>\$3,000</b>

- g. Overdraft Protection. We will honor drafts drawn on insufficient funds in any checking account by transferring the necessary funds from your deposit or loan account, if applicable. We will transfer funds to your overdrawn account in accordance with your written transfer instructions. The fee for overdraft transfers

is set forth on the Service Fees Schedule. Transfers from a deposit account will be governed by this agreement. Transfers from a loan account will be governed by the applicable loan agreement.

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**Date Revised:** February 2013

**Date Ratified:** February 2013

Basic Philosophy

- a. Add 'Overdraft Privilege is a service that is associated with a checking account and the fees associated with the service are assessed against that checking account. Overdraft Privilege is activated when there are not sufficient collected funds in your checking account to cover each item presented for payment. An Overdraft Privilege fee is assessed against your checking account for each item presented and paid'.

Membership Eligibility

- b. Changed "35" days to "30"
- e. Add "The member has met the minimum standard outlined in Resource One procedures regarding Chexsystem verification".

Add "The credit union will consider, without obligation on our part, approving your reasonable overdrafts."

Program Listing and Pricing

- b. Updated checking account names and Overdraft Privilege Limits for Consumer and Commercial Accounts.
  - g. Overdraft Protection. We will honor drafts drawn on insufficient funds in any checking account by transferring the necessary funds from your deposit or loan account, if applicable. We will transfer funds to your overdrawn account in accordance with your written transfer instructions. The fee for overdraft transfers is set forth on the Service Fees Schedule. Transfers from a deposit account will be governed by this agreement. Transfers from a loan account will be governed by the applicable loan agreement.
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**Revised:** November 2017

**Ratified:** April 2019

**Date Revised:** November 2017

**Date Ratified:** November 2017

**Membership Eligibility**

Added:

- a. Has been a member for at least 30 days.

Program Listing and Pricing

- b. Updated checking account names for Consumer Accounts.