
Section 7215
OVERDRAFT PROTECTION (COURTESY PAY)

Revised: 09/10

General Policy Statement:

The IRS Buffalo Federal Credit Union (Credit Union) may honor a member transaction that results in an overdrawn account through the use of the Credit Union's 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.

Guidelines:

- (1) **TYPES OF TRANSACTIONS SUBJECT TO OVERDRAFT PROTECTION.** The Credit Union offers overdraft protection for the following types of transactions which could result in an overdrawn account: electronic payments (EFTs), ACHS, share drafts, etc.
- (2) **ATM AND ONE-TIME DEBIT CARD TRANSACTIONS.** Prior to assessing a fee for ATM and one-time debit card transaction overdrafts, the Credit Union will provide members with the right to opt in, or affirmatively consent, to the Credit Union's overdraft service for ATM and one-time debit card transactions **for each account**, pursuant to the Credit Union's ATM/Debit Cards Policy.
- (3) **MEMBER QUALIFICATIONS.** The Credit Union will only offer this program to members "in good standing." To be considered "in good standing," the following qualifications must be met: have a share draft account with the Credit Union; the share draft account must have been open for six (6) months prior and in good standing; and deposits to the account must be made regularly through, for example payroll or similar transactions.

Members who are automatically enrolled in the program will be provided with a notice of enrollment, along with an opportunity to "opt out," at the time the eligibility is established.

Ineligible include members who have caused a loss to the Credit Union; have a loan that is currently delinquent; have not made their account current within five (5) business days; abuse this program and/or continually overdraw their account through this program or other transactions, such as NSF transactions

- (4) **DOLLAR LIMITS.**
 - (A) The total dollar amount of all overdrafts the Credit Union will honor is not to exceed \$5,000/day, including fees at any given time.
 - (B) The total dollar amount of overdrafts the Credit Union will honor per member at any given time is not to exceed the lesser of \$500 or their regular deposit, including fees, if there is no right of offset or there will be a verifiable direct deposit in the account within five business days and is sufficient to cover the overdraft; or \$500, including fees, if there are available funds in a share account that can be pledged.

(5) REPAYMENT.

- (A) A member has 5 calendar days from the day the advance was made, not to exceed 45 calendar days, to either deposit the funds or obtain an approved overdraft loan set forth in Section (1) from the Credit Union to cover each overdraft. If a member does not qualify for a loan under these policies and guidelines, the member may sign a promissory note to repay the overdraft at an interest rate not to exceed 18%.
- (B) Overdraft loans that remain unpaid will be handled in a manner consistent with the Credit Union's Collection Procedures and/or Loan Charge Offs policy.

(6) FEES.

- (A) Applicable fees will be assessed for each overdraft. A list of current fees and applicable interest rate(s) will be furnished when the account is opened and updated via direct mailings, postings in the offices and in the newsletter.
- (B) If the account is not brought current within five (5) business days, the member will be charged an additional fee as per the Fee Schedule. .

(7) DISCLOSURES.

- (A) At the time an account is opened, members will be provided with a disclosure of the fees and list of categories of transactions for which an overdraft fee may be imposed. Those automatically included in the program will also be provided notice of automatic eligibility and an opportunity to opt out.
- (B) The Credit Union will also provide a periodic statement disclosure regarding the total amount of overdraft fees or charges imposed on an account for the statement period and calendar year to date.

(8) ADVERTISING. The Credit Union will not state the available overdraft limit or indicate the amount of overdraft funds available in individual member accounts in any advertisement or periodic statement.

(9) NO PREFERENTIAL TREATMENT. Credit Union staff and board members will not be granted preferential treatment through waived or reduced fees.

(10) NEGATIVE ACCOUNT BALANCES. The Credit Union may immediately terminate this program for members who fail to pay any negative balance amounts upon demand. The Credit Union may also close the member's account 45 days after written notice to the member of his/her negative account balance, as this will be deemed to be a voluntary withdrawal from Credit Union membership. Such accounts may be sent for collection, which could result in the member owing collection fees in addition to the negative account balance.