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## OVERDRAFT PROTECTION POLICY DISCLOSURE

Five Star sees the importance of you using your checking account responsibly and to never intentionally overdraw your account. We also realize that financial shortfalls happen from time to time, and we have several Overdraft Protection options available for you.

**Your Account Balance** - Five Star uses your available balance when determining whether a transaction will cause your account to overdraw and for charging overdraft and NSF fees. Your checking account has two kinds of balances: the “current” balance and the “available” balance. You can review both balances when you review your account online, at an ATM, by phone or at a branch. For more information and FAQs, please visit our website.

- **Current Balance:** Your current balance is the amount of money that is actually in your account at any given time. Your current balance reflects transactions that have “posted” to your account but it does not include transactions that have been authorized and are pending.
- **Available Balance:** Your available balance is the amount of money in your account that is available to you without overdrawing your account. Your available balance takes into account holds that have been placed on deposits and pending transactions (such as pending debit card transactions) that Five Star has authorized but that have not yet posted to your account.

**Overdraft Protection Options** - As a benefit to our members, we offer the following services to assist you in the event you overdraw your checking account.

- **Transfer from another account** – If you have other accounts with Five Star Credit Union, you can authorize us, in advance, to transfer the funds needed to cover your overdrafts. There is a fee, currently \$8.50\*, assessed to your account for each such transfer. The applicable fee is charged for each transfer to cover each overdraft item. There must be available funds in the established transfer account.
  - **IMPORTANT:** If your Overdraft Protection option is set up as transfers from a savings account, the number of transactions may be limited by federal law. Five Star CU is required by Regulation D to place limitations and restrictions on the number of convenient withdrawals from a savings accounts each month. If your total convenient transfers (including Overdraft Protection Transfers) exceeds six (6) during a particular month, we may refuse to make the transfer or may charge you an Excessive Withdrawal fee as disclosed on our Fee Schedule.
- **Line of Credit** – A line of credit is also available to cover overdrafts. This service requires you to complete a consumer loan application and the approved credit limit is based on your credit worthiness. There must be available funds in an established line of credit to be covered under this option.
- **Overdraft Privilege** – *Overdraft Privilege* is a service we add to your checking account 90 days after the account opens subject to the eligibility criteria explained below. We strive to pay your overdrafts whenever possible, and you may be covered up to your overdraft limit at our discretion. We reserve the right not to pay items. For example, we typically do not pay overdrafts if your account is not in good standing or you are not making regular deposits. **When we pay overdraft items for you, you will be charged our normal overdraft fee which is currently up to \$35.00\*, for each item that is presented and paid.** We will generally pay overdrafts up to your overdraft limit, including the applicable fees. Debit card transactions will NOT be paid unless you previously opted in for Debit Card Overdraft Privilege.
  - **Our Overdraft Privilege Program provides variable limits on each checking account based on the deposit behavior and account history to better match each member’s overdraft needs. Limits may change daily and may go up or down in as little as \$25.00 increments.**



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\*Please refer to our Schedule of Fees and Charges for current fees.

**Eligibility Criteria** - No application is required for the Overdraft Privilege; eligibility is based on you managing your checking account responsibly. You will be eligible for Overdraft Privilege if you meet ALL of the following:

- Your checking account has been open more than 90 days.
- You are making regular deposits consistent with your past practices.
- You are not more than 30 days past due on any FSCU loan or delinquent on any other obligation to FSCU.
- You are not subject to any legal or administrative order or levy, or currently a party in a bankruptcy proceeding.
- You do not have a current outstanding balance on an Overdraft Repayment Plan.
- An extended hold has not been placed on your checking account or any other account relationship, in which case your Overdraft Privilege will automatically be suspended without prior notice.
- You are not a minor (under 18 years of age).
- Your account is not a fiduciary trust or escrow.
- Your account is not classified as dormant.
- You have not caused FSCU a loss.

**Suspension/Removal of Privilege** - You may be suspended or removed immediately from the Overdraft Privilege if:

- If you do not bring your checking account to a positive balance within a **20-day period**.
- You fail to meet our eligibility criteria.
- If you meet all the criteria listed above we may still remove the Overdraft Privilege if we believe you are not managing your checking account in a responsible manner which may harm you or us.

**Transactions Covered by Overdraft Privilege** - Overdraft Privilege will be available for checks written to or cashed by someone other than the account holder; ACH (Automated Clearing House payments requested by phone or sent electronically); Bill Pay transactions available through our Home Banking service; and recurring debit card transactions. One-time debit card transactions (POS or Signature) and ATM transactions will NOT be automatically covered.

*NOTE:* One-time debit card transactions will be covered only if you have affirmatively consented to overdraft coverage for these transactions by opting in to our Debit Card Overdraft Privilege Program. ATM transactions are not currently covered under Overdraft Privilege; however, if you opt-in for Debit Card Overdraft Privilege your consent will apply to ATM transactions as well (we will notify you before making any change that would allow overdrafts at an ATM).

**Payment Order of Items** - The order in which items are present may affect the total fees incurred. The first items we pay are any checks cashed by our employees or that you have written to us. We then pay any items that were submitted electronically, such as ACH items, debit card transactions, preauthorized automatic transfers, telephone initiated transfers and any other authorized electronic transfers. Finally, checks presented for payment will be paid according to the dollar amount, beginning with the smallest amount. **Paying items in this order is designed to result in the fewest number of fees.** Funds are applied to a member's overdraft items in the following order:

- Transfer from other linked accounts
- Advance from pre-approved lines of credit



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- Overdraft Privilege

**Opt-Out** - You may never need to take advantage of the Overdraft Privilege option but you may find it useful in the event of an unforeseen shortfall. **Remember, there is no fee unless you use the service!** If you do not want to have Overdraft Privilege, simply contact us and we will provide you with an opt-out form to remove this benefit from your checking account. If you change your mind at a later date, you may choose to Opt-In again. Additionally, if you have opted-in for Debit Card Overdraft Privilege, you can revoke your consent (for future transactions) at any time by contacting us.

**Setting Up Overdraft Protection Transfers** - You can set up automatic transfers from another account or an established line of credit if you do not have sufficient available funds in your account to cover a transaction. If your transfer account or line of credit does not have sufficient available funds, the transaction may be covered by Five Star's Overdraft Privilege program. To set up a transfer option or apply for a line of credit, please contact us.

**Additional Information** - Your checking account agreement describes the duties, obligations and rights of depositors, authorized signatories and the credit union with regard to your deposit accounts. That agreement is incorporated herein for all purposes as if it were set forth verbatim as to matters not directly addressed by this disclosure. Your checking account agreement and this disclosure shall be construed so as to minimize conflicts between them.

**Arbitration** - As outlined more fully in your Membership Agreement, you and the credit union agree that the exclusive remedy and forum for all disputes arising out of the Overdraft Privilege, or your or the credit union's performance thereunder, except for matters you or the credit union take to small claims court, is arbitration by an independent arbitrator pursuant to the applicable rules of the American Arbitration Association, except as prohibited by law.

**Waiver** - The credit union's forbearance from or delay in exercising any of the credit union's rights, remedies, privileges or right to insist on your strict performance of any provisions of your checking account agreement, the Overdraft Protection disclosure, or any other provision related to your check account, shall not be construed to be a current or future waiver of the credit union's rights, remedies or privileges.

**Effective Date** - All information listed in this disclosure is effective as of September 1, 2022.