



## Overdraft Protection Program Disclosure

Effective: November 1, 2015

It is Kings Federal Credit Union's policy to comply with applicable laws, rules and regulations, and to conduct business in accordance with strict safety and soundness standards.

In this disclosure, the words "you," "your," and "owner" mean any and all persons who sign a Membership Application or any other Application in connection with the opening of any Account with Kings Federal Credit Union. The words "we," "us," "our," and "Credit Union" mean Kings Federal Credit Union (KFCU). The word "overdraft" includes a negative balance in your checking account that may occur for various reasons including but not limited to: the payment of checks, payment of ACH, bill payments, ATM transactions and Point of Sale debit card transactions.

The Statements of Terms, Conditions and Disclosures provided to you at the time you opened your account with us controls the duties, obligations and rights of the Depositor, the Authorized Signatories and KFCU with regard to your checking account. The Statements of Terms, Conditions and Disclosures (and all amendments thereto) and its terms shall control any possible conflict, if any, between any provision of this discretionary Overdraft Protection Disclosure and the Statements of Terms, Conditions and Disclosures. A copy of the Statements of Terms, Conditions and Disclosures is available to you upon request.

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Overdraft Protection is not a line of credit. However, if you inadvertently overdraw your account, we will have the discretion to pay the overdraft, subject to the limit of your Overdraft Protection and the amount of the overdraft fee. This courtesy of paying overdrafts requires no accountholder action. If you maintain the account in good standing, we may, at our sole discretion, pay the item(s) up to the authorized limit. We will charge the account our normal Overdraft Protection fee for each item that overdraws the account. The Credit Union is not under any legal obligation to pay overdrafts and holds no responsibility for unpaid items. Any discretionary payment by KFCU of an overdraft check (or item, such as an ACH withdrawal) does not obligate KFCU to pay any other overdraft check (or item), or to provide prior notice of its decision to refuse to pay such check (or item).

Pursuant to KFCU's commitment to always provide you with the best level of service, now and in the future, if account owners are at least 18 years of age, your account has been open for at least ninety (90) days and thereafter you maintain your account in good standing, which includes but is not limited to:

- Making regular deposits and bringing the account to a positive balance at least every 30 days;
- Having a valid Address;
- Not having caused a loss to Kings Federal Credit Union;
- There are no legal or administrative orders or levies on the account;
- Not having a (any) delinquent loan(s) with the Credit Union;
- The owner is not a party in a bankruptcy proceeding;
- There is no apparent illegal or abusive activity on the account.

KFCU will have the discretion to pay overdrafts within the Overdraft Protection limits. This privilege will generally be limited to a maximum of \$500 overdraft (negative) balance. Any and all fees and charges, including without limitation the Overdraft Protection fees (as set forth in our fee schedules), will be included as part of this maximum amount. It may be possible that your account will become overdrawn in excess of the Overdraft Protection amount as a result of the assessment of a fee. The total of the discretionary Overdraft Protection (negative) balance, which includes any and all fees and charges, including all overdraft fees is due and payable upon demand.

**Overdraft Fees:** Our standard overdraft fee of \$27 will be imposed for overdrafts created by checks, ACH, ATM withdrawals, everyday debit card transactions, check cashing at the branch, or by other electronic means.

There is a limit of three (3) fees per day we will charge you for overdrawing your account. KFCU will not charge an overdraft fee for items that overdraw the account and result in a negative account balance of \$5.00 or less.

While KFCU will have the discretion to pay overdrafts on accounts in good standing (as described above), any such payment is a discretionary courtesy, and not a right of the member or an obligation of KFCU and KFCU in its sole and absolute discretion, can cease paying overdrafts at any time without prior notice of reason or cause.

**Opt-In:** KFCU will not pay overdrafts for ATM or everyday debit card transactions unless KFCU has provided you with the notice required by section 1005.17(b) of Regulation E and you have opted in to the payment of these overdrafts. If you opt-in for coverage, you are able to revoke your consent at any time.

**Checking Account Balance:** Your checking account has two kinds of balances: the “actual” (also referred to as the “ledger” 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. It is important to understand how the two balances work so that you know how much money is in your account at any given time.

Your “actual/ledger” balance is the amount of money that is actually in my account at any given time. It reflects transactions that have “posted” to your account, but it does not include transactions that have been authorized and are pending. While it may seem that the actual balance is the most up-to-date display of the funds that you can spend, this is not always the case. Your account may have purchases, holds, fees, other charges, or deposits made on your account that have not yet posted and, therefore, will not appear in your actual balance.

Your “available” balance is the amount of money in your account that may be available to you to use without incurring an overdraft fee. The available balance takes into account holds placed on deposits and pending transactions (such as pending debit card purchases) that the credit union has authorized but that have not yet posted to your account. It is very important to understand that you may still overdraw your account even though the available balance appears to show there are sufficient funds to cover a transaction that you want to make. This is because your available balance may not reflect outstanding checks and automatic bill payments that you have authorized (or other outstanding transactions) but have not yet posted to your account.

**Transaction Processing:** Transactions will be processed against the available balance in the account at the time of processing. Importantly, the actual balance and available balance may differ as the available balance may be reflective of any pending ATM or debit card transactions that have not posted to the account or due to check holds. **We use the available balance when determining whether a transaction will cause your account to overdraw and for charging overdraft fees.** Transactions may not be processed in the order in which they occurred and the order in which transactions are received and processed may impact the total amount of fees incurred. There are many ways transactions are presented for payment by merchants and we are not necessarily in control of when transactions are received. We may receive multiple deposit and withdrawal transactions on your account in many different forms throughout each business day. This means you may be charged more than one fee if we pay multiple transactions when your account is overdrawn.

**Opt Out:** Although you are not charged for using Overdraft Protection unless you have an overdraft, you may opt-out of Overdraft Protection at any time. If you do not want us to pay your overdrafts, you must tell us (“opt-out”). If you receive Social Security or other federal benefit direct deposit, you must opt-out if you do not want us to apply those funds to repay an overdraft. You may opt-out of Overdraft Protection at any time by visiting our branch or contacting us at 559-582-4438.

**Alternatives to Overdraft Protection:** We offer other ways of covering your overdrafts that may be less expensive, such as linking your checking account to another deposit account or to an overdraft line-of-credit loan. Overdraft Protection will only be activated when funds available through other overdraft arrangements have been exhausted. Contact us to learn more about your options.

**Limitation:** We may limit the number of accounts eligible for the Overdraft Protection service to one account per household.