

PRIVILEGE PAY OPTION

A Discretionary Overdraft Service



The Terms and Conditions disclosure provided to you at the time you opened your account with us controls the duties, obligations and rights of the Member, the Authorized Signatories and Andrews Federal Credit Union with regard to your checking account. The Terms and Conditions disclosure (and all amendments thereto) and its terms shall control any possible conflict, if any, between any provision of this discretionary Privilege Pay disclosure and the Terms and Conditions disclosure.

The Consumer Financial Protection Bureau (CFPB) has stated that “An overdraft occurs when you do not have enough money in your account to cover a transaction but we pay it anyway.” Without any type of overdraft protection, the item would be returned, unpaid, to the payee of the item, and your account would be subject to a non-sufficient funds (NSF) fee. However, we have provided in Sections A(4) and C(5) of our Terms and Conditions as well as below, a more specific definition of “overdraft” and more thorough explanation of all of the factors that determine when an overdraft occurs and when you may incur an overdraft fee on a debit card (also referred to as “ Check Card(s)” in our Terms and Conditions) or other type of transaction.

All of the terms in our Terms and Conditions are incorporated here, and both this document and our Terms and Conditions are meant to be interpreted together. Therefore, in order to make your choice as to whether or not to opt-into overdraft protection for debit card transactions, you should first review our Terms and Conditions, including Sections A(4) and C(5) in conjunction with this disclosure.

Overdrafts may result from any singular occurrence or combination of (but not limited to) any of these events:

- A. The payment of checks, Electronic Funds Transfers (EFTs), or other withdrawal requests;
- B. Payments authorized by you, recurring debit card payments, or online bill payments;
- C. The return of unpaid items deposited by you;
- D. Fees/charges to your account;
- E. The deposit of items not yet available to pay items presented (i.e. unavailable funds)

Available Balance: When determining if you have enough funds to pay an item, the Credit Union will look at your available balance. Your available balance is the balance in your checking account minus any holds on deposited funds or pending transactions (such as debit card purchases that have not yet cleared). For example, you have \$1,000 in your checking account, but \$300 of that is from a recently deposited check that is still on hold. You used your debit card to make a \$100 purchase this morning. Your available balance in your checking account would be:

	\$1,000
Minus \$300 (unavailable due to check hold)	
Minus \$100 (pending card transaction)	
	\$600 Available Balance

Using this example, if a \$700 check attempted to clear your account today, you would not have enough available funds in your account to pay the check, and an overdraft would occur.

It is important to reconcile your checking account and to be aware of any pending transactions or other holds against your account. If you are viewing your account balance in online or mobile banking, you will always see your available balance listed alongside your current account balance; your available balance will always reflect holds and known pending activity. Keep in mind, however, that some debit card activity may not be reflected on your account until it actually clears (such as a gas purchase). It is important to retain card receipts and to record your card transactions so that you have a full accounting of the activity in your checking account. For more details on how your available balance, and your “actual” balance, are calculated, refer to section A(4) of our Terms and Conditions disclosure.

Overdraft Options: The Credit Union offers several types of overdraft protection to help you cover the payment of items for which you do not have enough available funds in your checking account.

- **Transfer From Savings:** You may set up an automated transfer between your checking account and one or more of your savings accounts, so that funds can be automatically transferred from your savings to cover an overdraft (subject to Reg. D transfer limitations, refer to your Terms and Conditions disclosure for more details). There is no fee for this service.
- **Overdraft line of credit:** A loan product which can automatically transfer available funds from a credit line to your checking account to cover an overdraft. There is no fee for this transfer, however you will pay loan interest on any outstanding line of credit balance that you maintain. The overdraft line of credit is subject to credit approval.

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- **Privilege Pay:** Our overdraft program that allows you to withdraw more than your available balance for a short period of time in order to cover unexpected overdrafts. In essence, the Credit Union advances you the money you need (to pay presented items) by allowing your available balance to go temporarily negative. It is a courtesy payment that the Credit Union makes at its discretion; access to Privilege Pay does not guarantee payment of any individual item. There is fee of \$32.00* per each transaction paid by Privilege Pay.
- **Privilege Pay Coverage for Debit Card Purchases:** In addition to the standard Privilege Pay service, you may elect to extend your existing Privilege Pay coverage to also authorize one time debit card purchases if you do not have the available funds in your checking account at the time of purchase. There is a fee of \$32.00* per each one time debit card purchase authorized by Privilege Pay, which is charged based on the available balance at the time the transaction posts (rather than time of the merchant authorization hold as discussed in our Terms and Conditions).

Information about all of our overdraft protection services is available on our website, at www.andrewsfcu.org. You may also obtain more information by visiting any branch office or by calling 1.800.487.5500 (U.S.) or 00.800.487.56267 (outside U.S.).

Coverage: Privilege Pay covers overdrafts that occur from checks that you wrote, recurring authorizations with your debit card that occur periodically (such as a monthly gym membership payment or an online subscription), and pre-authorized withdrawals from your checking account that you gave your checking account information to set-up (such as utility or insurance payments). The extended coverage for your debit card, if you have Opted In, will cover one time debit card purchases, whether you have authorized the transaction with your signature (signature-based) or your Personal Identification Number (PIN-based).

Enrollment: Enrollment in our standard Privilege Pay is automatic, as long as your account meets the Account Requirements detailed below. Your account is reviewed daily to ensure that you continue to qualify for Privilege Pay; if you no longer meet the Account Requirements, your account is automatically unenrolled from Privilege Pay. In order to have access to Privilege Pay coverage for your debit card purchases, you must meet the Account Requirements plus you must have Opted In for this extra coverage.

Account Requirements: If your account meets the following requirements, Andrews Federal will consider, as a discretionary courtesy and not a right or obligation, to pay your overdrafts with our Privilege Pay program:

- A. You are at least eighteen (18) years old (minor account types are excluded from eligibility);
- B. Your account is primarily used for personal and household purposes (Business and Organizational accounts are excluded from eligibility);
- C. Your account has been opened for at least sixty (60) days;
- D. You have either a Free Checking or Advantage Checking account with Andrews Federal (savings, money market, and other checking account types are excluded from eligibility);
- E. You have at least one of the following with Andrews Federal:
 - a. A direct deposit to your checking account at least once every 45 days in an amount totaling at least \$200.00,
 - b. A non IRA/Coverdell Share Certificate account on deposit with a minimum balance of \$1,000.00;
- F. Your account is maintained in good standing, which includes (but is not limited to):
 - a. Making regular deposits consistent with your past practices;
 - b. Bringing your account to a positive balance (not overdrawn) at least once every thirty (30) days;
- G. You are not in default on any loan or other obligation with Andrews Federal;
- H. You are not subject to any legal or administrative order or levy.

Coverage for One Time Debit Card Purchases: If you qualify for Privilege Pay, you also have the option to have Privilege Pay coverage of your one time debit card purchases. You must Opt In for this additional coverage.

If you do not choose to Opt In for Privilege Pay coverage of your one time debit card purchases, and you attempt to make a purchase with your debit card for which you do not have enough available funds in your checking account, your transaction will be rejected and your purchase will not be completed (unless you have another method of overdraft protection available).

If you elect for Privilege Pay coverage of your everyday debit card transactions (i.e. one-time debit card purchases), you

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must meet the Account Requirements as listed above in addition to the following:

- A. You have an active debit card attached to your Andrews' Free Checking or Advantage Checking account;
- B. You have affirmatively consented to Opt In for this service.

Fees: We will charge you a fee of **\$32.00*** each time that we pay an overdraft item for you under Privilege Pay, however the amount of fees charged in a single day will not exceed seven (7) Privilege Pay fees (for a daily fee cap of \$224.00). **There is no limit to the total number of fees that may be charged to your account for Privilege Pay activity. (*current as of 12/2019).** Privilege Pay fees are subject to change at any time; you can obtain current fee information from our Schedule of Fees, which is available upon request or on our website, www.andrewsfcu.org.

Grace: Privilege Pay charges will not be charged against any account until the account has exceeded a \$12.00 negative share available balance. We provide this \$12.00 negative share grace to account for small transactions or purchases that may overdraw your account on accident, if you are a few dollars short of the transaction amount. Any and all transactions that exceed the \$12.00 negative share grace will be charged a Privilege Pay fee per occurrence as described above in the Fees section.

Repayment: You are expected to pay back the negative account balance, including any fees charged, in a reasonable period of time (no more than 25-30 days later, maximum). Negative share balances left unpaid after 30 days are subject to additional collection actions.

Item Clearing: Drafts presented to Andrews for payment are cleared based on the date that they arrive for payment and in the order in which they are received. Electronic items presented are cleared by Andrews based on the date and time that they arrive for payment, in the order in which they are received.

Limits: Privilege Pay will generally be limited to a maximum of \$750 overdraft (negative) balances. Any and all fees and charges, including without limitation our non-sufficient funds/overdrawn account fees (refer our Schedule of Fees) will be included in this limit, will apply to any transaction that may overdraw your account, and is counted towards your overall Privilege Pay limit. The amount of each fee charged to you plus the transaction amount equals the amount by which your available discretionary Privilege Pay limit is reduced.

For example: This morning you have a \$0 checking account available balance and \$750 available Privilege Pay limit. A check overdraft clears for \$100, for which you are charged a \$32 Privilege Pay fee. This leaves your available Privilege Pay limit at \$618 (\$750 minus \$100, minus \$32 = \$618).

The Credit Union reserves the right to change Privilege Pay limits or to revoke this service at any time, at our discretion. We may limit the number of accounts eligible for Privilege Pay service to one account per household and/or tax payer identification number. We may refuse to pay an overdraft for you at any time, even if your account is maintained in a satisfactory manner and even though we may have previously paid overdrafts for you. For those members with active Cash to Go loans, we reserve the right to deny access to Privilege Pay during the repayment terms of the Cash to Go loan. One of the account requirements in order to obtain a Cash to Go loan is that the account has to be in a positive balance before the loan may be granted; having access to both the proceeds of the Cash to Go loan plus the negative share balance of Privilege Pay is not how the Credit Union intended either product (i.e. they are not designed to be used in conjunction with one another to create cash flow). The Credit Union may disable access to Privilege Pay if it detects an abuse of either product or of the account in general. If there is an overdraft paid by us on an account with more than one (1) owner on the signature card, each owner, and agent if applicable, presenting the item creating the overdraft, shall be jointly and severally liable for such overdrafts plus any non-sufficient and/or overdrawn account fees/charges.

Statements: Your statements will reflect any non-sufficient funds items paid or returned that may have occurred on your account; we have no obligation to notify you before we pay or return any item. The amount of any overdrafts plus any fees that you owe us shall be due and payable upon demand.

MEMBER OPT-OUT: You may choose at any time NOT to participate in our Privilege Pay service by contacting us and telling us you wish to Opt Out. You may contact us to Opt Out by phone at 1.800.487.5500 (U.S.) or 00.800.487.56267 (outside U.S.), or you may Opt Out by writing to us at: Andrews Federal Credit Union, Support Services, P.O. Box 4000, Clinton, Maryland 20735. You also have the option of contacting us to Opt Out via online or mobile banking by submitting a Secure Message to us.

If you have previously Opted In for Privilege Pay coverage of your one time debit card purchases, and you have changed

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your mind, you may Opt Out of this coverage at any time, by contacting us as described above. You have the additional option of Opting Out for the debit card coverage via online or mobile banking by selecting the Main Menu > Account Services > Privilege Pay tabs.

MEMBER OPT-IN: Enrollment in standard Privilege Pay does not require your Opt In and is automatic, provided you meet the account eligibility requirements. However, if you previously chose to Opt Out of Privilege Pay and have changed your mind, you may choose to re-enroll at any time (provided your account meets the eligibility requirements). To do so, please write to us at: Andrews Federal Credit Union, Support Services, P.O. Box 4000, Clinton, Maryland 20735, or you may submit a Secure Message from within online or mobile banking. You may also visit a branch location.

If you desire to have Privilege Pay coverage for your one time debit card purchases, you must Opt In to obtain this coverage. You may Opt In by contacting us as described above, or via online or mobile banking by selecting the Main Menu > Account Services > Privilege Pay tabs.

ALWAYS A DISCRETIONARY SERVICE: Our Privilege Pay program does not constitute an actual or implied agreement between you and the Credit Union, nor does it constitute an actual or implied obligation of or by the Credit Union. This service represents a purely discretionary privilege or courtesy that we may provide from time to time and which may be withdrawn or withheld by the Credit Union at any time; without prior notice or reason or cause.