



## Overdraft Process

An overdraft occurs when you do not have enough funds in your share draft account to cover a transaction, but the credit union pays it anyway as part of a discretionary service offered to those who qualify. Below are the programs FirstLight Federal Credit Union provides.

### **FirstLight Federal Credit Union offers several overdraft programs to meet your financial needs:**

- **Share Transfer** – this transfer consists of funds from your Share account. Regulation D is a Federal Reserve Requirement that requires all financial institutions-both banks and credit unions- to limit withdrawal transactions on Shares and Money Market accounts. The transfers are limited to six times per calendar month. There is a fee per occurrence for this type of transfer. See Fee Schedule for current rates.
- **Revolving Line of Credit** (*credit approval required*) – this program can be setup to transfer funds to your share draft account at no cost to cover items when there are not enough funds in your account, interest is assessed, and a monthly payment is required.
- **Courtesy Pay** (*qualification required*) – this program **only covers** Checks and ACH (Automated Clearing House) transactions. The Program is based on Tier Limits. (See question “*How do I qualify for Courtesy Pay?*”) There is a fee per occurrence for this type of transfer. See Fee Schedule for current rates.
- **Courtesy Pay for Everyday Debit Card Purchases** (Additional – **OPT In required**) – The Courtesy Pay for VISA debit card transactions are **not covered** unless you OPT In by clicking [here](#). Once you OPT In, you are automatically provided funds to cover the negative balance. This program provides the choice of paying or not paying Everyday Debit Card transactions as covered by Regulation E. FirstLight pays overdrafts at our discretion, FirstLight does not guarantee that payment will always be authorized and paid. If two or more consumers jointly hold an account, the consent or revocation of one consumer is treated as applying to the account, and will bind all holders of the account.

## Questions and Answers

### **What is the standard Courtesy Pay that comes with my account?**

1. FirstLight authorizes and pays overdrafts for the following types of transactions:
  - Checks and automatic withdrawal transactions made using your checking account number
  - Automatic bill payments and other ACH transactions

2. FirstLight does not authorize and pay overdrafts for everyday Visa debit card transactions **unless you opt-in** for Everyday Debit Card Purchases.
3. FirstLight pays overdrafts at our discretion, FirstLight does not guarantee that payment will always be authorized and paid.
4. If FirstLight does not authorize and pay an overdraft, your transaction will be declined.

### **How do I qualify for Courtesy Pay?**

- **\$500 Limit** – *Requirement:* Share Draft Account opened for more than 30 days and less than a year AND had a minimum of \$500 in deposits in the last 45 days.
- **\$750 Limit** – *Requirement:* Share Draft Account opened for one to five years AND had a minimum of \$2,000 in deposits in the last 45 days.
- **\$1,000 Limit** – *Requirement:* Share Draft Account opened for more than five years AND had a minimum of \$3,000 in deposits in the last 45 days.

Deposits into Share, Share Draft, and Money Market accounts count toward the minimum deposit requirement.

Share Draft accounts are requalified at the end of each month. They can move up to a higher tier after meeting the minimum requirements for one month. Accounts will move down to a lower tier after failing to meet the minimum requirements for three consecutive months. Certain exclusions apply; see a member service representative for further details or contact our Member Service Center at 1-800-562-1172.

### **What fees will I be charged?**

Under FirstLight's Courtesy Pay Program, your account will be charged a fee for each time an overdraft is paid on your behalf. See Fee Schedule for current rates.

### **Can I be charged a fee even if an item is not paid?**

Yes, if you have exhausted your limits for any of the programs you have/qualify, you may still be charged a Non-Sufficient Funds (NSF) fee for each item.

### **Can I be charged a fee even if I chose not to Opt In, or I Opt Out of, the Everyday Debit Card Purchase program as covered by Regulation E?**

Yes, though your Everyday Debit card purchases will be rejected at the point of purchase/sale, Checks and ACH (Automated Clearing House) transactions presented can be assessed a fee if not covered by one of the other overdraft programs.

### **Can I be charged multiple fees for the same item?**

Yes, merchants may present items such as checks and automated debits more than once.

### **Why should I consider Courtesy Pay for my share draft account?**

FirstLight Federal Credit Union provides several overdraft programs to suit your needs. Instead of taking the chance of having a transaction decline and potential embarrassment, Courtesy Pay

may alleviate that worry. Also, the merchant may assess an additional fee that may be as high as \$50.

### **What is Regulation D?**

[Regulation D](#) is a Federal Reserve Requirement that requires all financial institutions both banks and credit unions to limit withdrawal transactions on Shares and Money Market accounts.

### **What is Regulation E?**

Regulation E is a Federal Reserve Requirement requiring consumers to Opt In, or affirmatively consent, to the institution's overdraft service for Everyday Debit Card transactions, before overdraft fees may be assessed for these types of transactions. The rule also provides consumers the ongoing right to revoke consent.

<https://www.firstlightfcu.org/files/html/Disclosures/Electronic-Funds-Transfer-Agreement.pdf>