



It is Luso Federal Credit Union's ("we, us, or our") policy to comply with applicable laws, rules and regulations, and to conduct business in accordance with strict safety and soundness standards. A non-sufficient funds (overdraft/negative balance) may result from: A) The payment of checks, electronic funds transfers, or other withdrawal requests you initiate; B) Payments authorized by you; C) The return, unpaid, of items deposited by you; D) Charging your account for our applicable service charges and fees; E) The deposit of items to your account which, according to our Funds Availability Policy, are treated as not yet "available" or "finally paid". We are not obligated to pay any item initiated for payment against your account if your account does not contain sufficient collected funds. Rather than automatically returning, unpaid, all non-sufficient funds items that you may have, if your "eligible account type" has been open for at least thirty (30) days and thereafter you maintain your account in good standing, which includes at least: (A) Continuing to make deposits consistent with your past practices, and depositing at least \$400 or more in your account within the first thirty (30) day period, (B) You are not in default on any loan obligation to us, (C) We reserve the right to require you to pay your outstanding overdraft (negative) balance, including our fees, immediately or on demand, and (D) Your account is not the subject of any legal or administrative order or levy, such as bankruptcy or a tax lien, we will consider, without obligation on our part, approving your reasonable overdrafts up to your assigned OPS Limit, including our fees.

This discretionary* service will generally be limited to a \$800 overdraft (negative) balance for eligible personal share draft/checking account types; or a \$1,500 overdraft (negative) balance for eligible business share draft/checking account types. Our normal fees and charges including, without limitation, our non-sufficient funds (NSF) or overdraft (OD) fees; currently \$37.00 per non-sufficient funds or overdraft item, as set forth in our fee schedule, will be charged for each transaction initiated for payment from your checking account that does not have sufficient collected funds. Typically, we will charge our normal NSF/OD fee whether we approve an overdraft item for payment or return it unpaid. In addition, we will charge your account a \$5.00 per day "daily overdraft fee". Typically, we will charge this "sustained daily overdraft fee" after the fifth and each subsequent consecutive business day your account is overdrawn and continues to have a negative (overdraft) balance.

Our NSF/OD and daily overdraft fees will be included in and count against your assigned OPS Limit of \$800 or \$1,500. Whether your overdrafts will be paid or not is at our sole discretion and we reserve the right not to pay. For example, we typically do not pay overdrafts if your account is not in good standing as described above, or if you have too many overdrafts. We may refuse to pay an overdraft for you at any time, even though your account is in good standing and even though we may have previously paid overdrafts for you. You will be notified by mail of any non-sufficient funds items paid or returned that you may have; however, we have no obligation to notify you before we pay or return any item. The amount of any overdrafts including our fees that you owe us shall be due and payable immediately. 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, drawing/presenting the item creating the overdraft, shall be jointly and severally liable for such overdrafts including our fees.

Luso Federal Credit Union has established a balance threshold where an account that goes into a negative balance situation but is within a specified threshold will not receive an insufficient funds charge; this balance threshold is set at \$5.00.

Any transaction that draws an account balance into the negative by \$5.00 or less will not be assessed an insufficient funds charge; this \$5.00 threshold applies only to accounts that are part of Luso Federal Credit Union's OPS overdraft privilege service program.

We offer additional overdraft protection services that you may apply for. These include Overdraft Protection Loan and Overdraft Protection Transfer (from another account of yours with us). If you apply and are approved and/or establish these option services, you may save money on the total fees you pay us for overdraft protection services.

Available only for eligible checking accounts that are maintained in good standing as defined above. Savings Type Accounts, Money Market Accounts, Public Fund/Charitable Organization Accounts, Certain Trust Accounts and Minor Accounts (not of legal age) are *not eligible* for this service. We may, in our sole option and discretion, limit the number of your accounts eligible for OPS to one account per household and/or one account per taxpayer identification number.

The account types that are eligible for OPS are: "Classic" Share Draft Checking, "REWARDS" Share Draft Interest Checking, "60 Plus" Share Draft Checking, "ELITE" Business Share Draft Interest Checking, "DBA" Share Draft Non-Interest Checking, "Smart Start" Share Draft Checking.

www.lusofederal.com

599 East Street, Ludlow
Phone: (413)589-9966 Fax: (413)583-4491

One Crane Park, Suite 4, Wilbraham
Phone: (413)279-3002 Fax: (413)279-1919



Loan Originator Company Identifier 255907

Federally Insured by NCUA



The OPS ^{Service} applies to a variety of transactions, including checks and other transactions made using your checking account number, automatic bill payments, ATM transactions and everyday debit card transactions; however, the Credit Union will not include ATM and everyday debit card transactions within the OPS Service without first receiving your affirmative consent to do so.

Absent an affirmative consent, ATM and everyday debit card transactions generally will not be paid under OPS.

You may choose at any time to not participate in OPS by notifying one of our Member Service Representatives who will explain what this ("Opt Out") means, and the potential consequences, for you. Furthermore, you may revoke your affirmative consent to have ATM and everyday debit card transactions considered for payment under Overdraft Privilege without removing other items from the service, simply inform us of your preference.

Of course, overdrafts should not be used to pay ordinary or routine expenses and you should not rely on overdrafts as a means to cover these expenses. If at any time you feel you need help with your financial obligations please contact one of our Member Service Representatives at (413)589-9966.

Luso Federal Credit Union will work with the members to provide Consumer Financial Education; members can access free, or low cost, personal financial education workshops which the Credit Union will provide. The Credit Union will also provide alternative methods of covering overdrafts such as Overdraft Protection Loans or Overdraft Protection Transfer services (internal transfers only).

Our OPS Service does not constitute an actual or implied agreement between you and us. Nor does it constitute an actual or implied obligation of or by us. Our OPS Service represents a purely discretionary courtesy or privilege that we may provide to you from time to time and which may be withdrawn or withheld by us at any time without prior notice or reason or cause.

An option available to certain members as an alternative to formally charging off accounts that may be having difficulty paying off their overdrawn balance is the Fresh Start Loan (FSL).

The FSL will be offered to individuals who have sustained a negative balance greater than \$100.00 and can not clear or pay their overdrafts within 25 days, have been making regular meaningful deposits, or may have other relationships with the credit union. The first letter offering the FSL will be at 25 days and a second letter at 35 days. The FSL will be paid in four (4) equal monthly installments to cover the negative balance. When the member is in the FSL status, they are ineligible for the OPS limits.

Any account that sustains a negative balance for more than 45 consecutive days will be closed, charged off, and reported to Chex Systems.

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