

NEW INFORMATION ABOUT OVERDRAFTS EFFECTIVE JANUARY 1, 2008

This Addendum to the San Francisco Federal Credit Union ("Credit Union") Member Account Handbook was effective January 1, 2008. Please also refer to the Change in Terms Notice sent in April 2007 regarding fees we charge for overdraft items we choose to pay as a courtesy to you.

Checking Accounts

The subsection titled Overdrafts is replaced with the following.

Overdrafts. The Credit Union is never required to pay a check or other checking account debit (withdrawal) item that would result in overdrawing on your checking account unless you have established and have available a source of overdraft protection. This section of the Handbook explains the way in which the Credit Union will handle overdrafts. Checking account holders are permitted and encouraged to establish overdraft protection by completing an Overdraft Protection Authorization on your Member Account Agreement. If a check (share draft), ACH payment (debit), VISA Debit Card PIN or signature purchase or cash advance transaction, Preauthorized Transfer or Online Bill Payment is presented for payment on your checking account when you do not have available funds to cover it, the Credit Union will handle the item as follows.

1. If you have sufficient available overdraft protection from a source you have authorized, the Credit Union will take or advance funds from the share account or line-of-credit to pay the item. If you have multiple authorized overdraft protection sources with funds or credit available, the Credit Union will take the money in the order you indicated. The following rules also apply:

- a. Overdraft protection transfers from your Regular Share Savings Account or Money Market Savings Account will be in \$50 multiples, up to the available funds in the account. The minimum balance required to maintain the account is not available for overdraft protection. See the current Truth in Savings Disclosure for minimum balance requirements.
- b. Overdraft protection transfers from your personal open end line-of-credit or VISA card line-of-credit account will be posted as advances, in multiples of \$100 (or the available credit), to cover your overdraft in the amount needed. Overdraft line-of-credit advances are governed by the terms of the applicable loan agreement.
- c. We may assess fees for overdraft protection transfers from Regular Share Savings or Money Market Accounts, or for overdraft protection advances from lines-of-credit. Please refer to the current Schedule of Fees and Charges. For example, a cash advance fee of 1% of the advance amount will be charged to your VISA credit card account for overdraft protection advances from VISA.
- d. We will not be liable for failure to complete an Overdraft Protection advance or transfer even though you have available funds or credit, if the failure results from a cause beyond our reasonable control such as a natural disaster.

2. If you do not have sufficient available overdraft protection from an authorized source, the Credit Union can, at our sole discretion, pay or return or decline the item. (Attempts to withdraw cash in

Credit Union branches or shared branches, or from ATMs, against insufficient funds will not be honored.) The following rules also apply:

- a. We will charge the Paid NSF fee (sometimes called the "clearing fee") or the Returned NSF Fee for that item stated in the Fee Schedule, per item paid or returned, up to the daily maximum per transaction type. For example, if on one day several insufficient funds (NSF) ACH debits are presented and several NSF checks are presented, you will be assessed clearing fees and/or Returned NSF Fees up to the daily maximum for both types.
- b. If you attempt any of the following against insufficient funds and we decline the transaction, no fee will apply: ATM withdrawals, Debit Card merchant PIN or signature transactions, and the first four Online Bill Payment attempts (the fifth Online Bill Payment Attempt will be subject to the returned item fee).
- c. You must restore any amount by which your account is overdrawn immediately upon our demand.
- d. If you prefer that we return unpaid any items that you attempt to draw against insufficient funds when you do not have overdraft protection available from an authorized source (share account or credit line), please let us know in writing; your election will not impact the availability of overdraft protection from authorized sources.
3. Unless you have a formal overdraft protection arrangement with us, we can close your Checking Account without prior notice for repeated overdrafts or for your other misuse of the Account such as check "kiting."
4. You waive protest and notice of dishonor for nonpayment of deposited returned items
5. You agree that we can post overdrafts to your account in the order of the sequence of the transaction received as consistent with law.
6. Every joint owner of the account is equally responsible for making up deficiencies in the account balance.
7. Checks you wrote and that were returned on insufficient funds may be re-presented by the payee for payment through the ACH (Automated Clearing House) system if the payee notifies you of this possibility when you write the check. These are called "RCK entries" and are electronic fund transfers. Checks on which the signature is forged, altered checks, checks for over \$2,500, checks returned for reasons other than insufficient funds, or checks re-presented more than 180 days after their original date, are not eligible for ACH re-presentation.
8. At our option, we have the right to automatically redeposit NSF items without notification to the parties. If an item you deposit is returned NSF, we can offset any resulting negative balance from any Credit Union shares in which you have an interest under our Right of Recovery. If we returned a check you wrote for insufficient funds, the institution at which the item was deposited may automatically redeposit the item without notice to the parties.