



## Discretionary Courtesy Overdraft Program Policy: Overdraft Privilege and Overdraft Coverage

It is the policy of Beacon Federal to comply with all applicable laws and regulations and to conduct business in accordance with applicable safety and soundness standards.

The Account Agreement and Disclosure 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 Beacon Federal with regard to your checking account. The Account Agreement (and all amendments thereto) and its terms shall control any possible conflict, if any, between any provision of this Discretionary Courtesy Overdraft Program Policy and the Account Agreement and Disclosure. A copy of the verbiage contained in the Account Agreement and Disclosure is available to you on request from any Beacon Federal employee and also in the Resource Center of our website, [www.beaconfederal.com](http://www.beaconfederal.com).

Beacon's Courtesy Overdraft Program contains both **Overdraft Privilege** and **Overdraft Coverage**, our standard overdraft practices. We also offer overdraft protection plans, such as a link to a savings account or a line of credit, which may be less expensive than our standard overdraft practices (and may require a separate application). Information about these overdraft protection plans is available from any branch office or by calling (888) 256-3800.

**Overdraft Privilege (ODP)** is the authorization and payment of overdrafts for the following types of transactions: checks and other transactions made using your checking account number (including ACH transactions), automatic bill payments, and recurring Debit Card transactions (such as an automatic debit for a gym membership). Access to the Overdraft Privilege service is made available to you automatically once your account has met the account requirements as described below.

**Overdraft Coverage (ODC)** is the authorization and payment of overdrafts for the following types of transactions: ATM withdrawals from your checking account with your Debit Card, and everyday transactions with your Debit Card. In order for you to have access to Overdraft Coverage, you must meet the account requirements described below *AND* you must elect to Opt In to this service; we will NOT authorize and pay Overdraft Coverage transactions, at our discretion, unless you ask us to.

**Fees:** The fees for Overdraft Privilege and Overdraft Coverage are separate and distinct. We will charge you a fee of **\$33.00** each time we pay an overdraft under Overdraft Privilege, and this fee will appear on your statement as a "Courtesy Pay Fee." We will charge you a fee of **\$15.00** each time we pay an overdraft under Overdraft Coverage, and this fee will appear on your statement as an "ODC Fee." These fees are subject to change; you can obtain current fee information on our Fees and Charges Schedule, which is available upon request or in the Resource Center of our website.

**Usage:** Standard overdraft practices and overdraft protection plans are designed to provide you with discretionary coverage for inadvertent overdraft activity – for example, if you accidentally write a check before the funds are deposited to your account, or you inadvertently withdraw more cash at the ATM than you have in your account, your transaction may be paid by Beacon, at our discretion, as described above. These programs are also designed to provide you coverage, at our discretion, in the event that an emergency or other unexpected expense arises. Standard overdraft practices and overdraft protection plans can save you embarrassment or save you the expense of being charged by the person/entity you wrote the check to for a returned check. However, usage of our standard overdraft practices in a manner that contradicts the programs' design may be considered abuse of the program, and may result in the Bank revoking your access to these standard overdraft practices. For example, excessive use of ODP or ODC (i.e., bringing your account current only to have your account fall negative again within a day or two, not making deposits to your negative balance, routinely being negative in an amount that equals that program limit, or being negative for longer than a 30 day period) may result in the Bank re-evaluating your access to these services. Additionally, ODP and/or ODC should not be used to make payments on loans that you hold at Beacon Federal. If you find that you are having difficulty managing your account, you should contact us immediately at (888) 256-3800 so that we can work with you to resolve your negative account balance and help you select the best method of overdraft protection for your needs.

**Discretionary:** Beacon Federal is not obligated to pay any item presented for payment if your account does not contain sufficient available funds, and any discretionary payment (or other negotiation or processing) by Beacon Federal of any non-sufficient item does not obligate Beacon Federal to pay any additional non-sufficient fund item or to provide prior notice of its decision to refuse to pay any additional non-sufficient fund item.

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**Item Clearing:** Check items presented to Beacon Federal for payment are cleared based on the date that they arrive for payment and with the lowest check number clearing before the highest check number. Electronic items presented are cleared by Beacon Federal based on the date and time that they arrive for payment and with the lowest dollar item clearing before the highest dollar item.

**Account Requirements:** Pursuant to Beacon Federal's commitment to always provide you with the best level of accountholder service, now and in the future, if your consumer account (primarily used for personal and household purposes) meets the following requirements, Beacon Federal will consider, as a discretionary courtesy and not a right or obligation, approving your reasonable overdrafts (requirements apply to both ODP and ODC, unless otherwise noted):

- A. You are at least eighteen (18) years old.
- B. Your account has been opened for at least sixty (60) days.
- C. Your account is maintained in good standing, which includes at least:
  - a. Making regular deposits consistent with your past practices.
  - b. Depositing an amount equal to the amount of discretionary courtesy overdraft extended to you or more in your account within each thirty (30) day period and bringing your account balance to a positive balance within every thirty-five (35) day period. Bringing your account balance to a positive balance generally assumes that your account is in a positive status at the close of business on any given day within every thirty-five (35) day period.
- D. You are not in default on any loan or other obligation to Beacon Federal.
- E. You are not subject to any legal or administrative order or levy.
- F. You have an active Debit Card attached to your Beacon checking account (applies to ODC service only).
- G. You have elected to Opt In to the Overdraft Coverage service (applies to ODC service only).

This privilege for consumer checking accounts will generally be limited to a maximum of \$700 overdraft (negative) balances. We will not give this privilege to our commercial accounts. Of course, any and all fees and charges, including without limitation the non-sufficient funds fees, continuous overdraft fees and interest charges (as set forth in our Fees and Charges Schedule and Account Agreement and Disclosure), will be included and will count against this discretionary overdraft limit. This means that the amount of each fee *plus* the transaction amount equals the amount by which your available discretionary overdraft limit is reduced. For example: If you have a discretionary overdraft limit of \$700, and a check clears (using your overdraft) for \$300, your \$700 availability is reduced by \$333 (the amount of the check plus the amount of the fee).

The total of the discretionary courtesy overdraft (negative) balance, including any and all fees and charges, including all non-sufficient funds/overdraft fees, continuous overdraft fees and interest charges is due and payable upon demand, and the Depositor and each Authorized Signatory will continue to be liable, jointly and severally, for all such amounts, as described in the Account Agreement and Disclosure.

Again, approval of payment of reasonable overdrafts by Beacon Federal on accounts in good standing that meet the account requirements (as described above) is only a discretionary courtesy, and not a right or obligation, is within Beacon Federal's sole and absolute discretion, and can cease at any time without prior notice of reason or cause.

**Opting Out:** If you do not elect to Opt In for Overdraft Coverage, you will not have access to the Overdraft Coverage (ODC) service. If you have previously elected to Opt In for ODC, and change your mind, you may Opt Out of this service at any time. Similarly, you may decide that you do not want access to the Overdraft Privilege (ODP) service. To Opt Out of either service, please call (888) 256-3800 or visit our nearest branch office.