

RANCOCAS FEDERAL CREDIT UNION

SHARE DRAFT ACCOUNTS

Revised: May 18, 2010

General Policy Statement:

The Board of Directors has adopted the following policy in compliance with NCUA Rules and Regulations. This policy will be formally reviewed once a year. This review, and any amendments made during such review, will be documented in the board minutes. The Credit Union offers a share draft (checking) program to its members at a reasonable cost. The following guidelines are designed to minimize the cost of this program.

Objective: General Information on Share Draft Policy

It is the declared policy of Rancocas Federal Credit Union to comply with the letter and intent of all applicable laws of the United States and of the state of New Jersey and all regulations promulgated thereunder.

The Share Draft Account Agreement is made a part of this policy and will be given to the member at the time each new share draft account is opened, or mailed after receiving a completed application. See copy of Share Draft / Checking Agreement. Share draft accounts in this credit union are subject to the requirements below and such other terms and conditions as established by the Board of Directors.

Guidelines:

- (1) **APPLICATION.** Any member in good standing at the credit union and with an Experian Fair Isaac credit score of **550** or above is entitled to make application for a share draft account.
- (2) **MINIMUM BALANCE.** A \$5 minimum balance is required. However, a \$25 initial deposit is required with the application for a share draft account. The credit union reserves the right to deny an application if the member has caused a loss to the credit union or is discovered to have caused a loss at another financial institution.
- (3) **DIVIDENDS.** Dividends are not paid on share draft accounts.
- (4) **CHECK ORDERS.** The member may choose a share draft style from our current supplier. Otherwise, standard safety checks will be ordered. The printing costs will be paid by the member and deducted from the initial opening deposit.
- (5) **OVERDRAFT PROTECTION.** Overdraft protection from shares will be made in **\$25 increments** up to the amount *available* (above the \$100 minimum). If there is not enough available to cover the full draft amount, the draft will be returned, and the \$25 fee will be applied to the draft account. Transfers from shares are limited to six per month.

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- (6) **EXCESSIVE OVERDRAFTS.** If an account has **three** NSF items on different days within a **90**-day period or maintains a negative balance for one month, the credit union has the right to close the share draft account. The member will be notified by mail if the account is closed and that all unused drafts must be surrendered to the credit union immediately.
- (7) **SERVICE CHARGE.** Members may write unlimited drafts per month free of service charge.
- (8) **FEES.** Fees will be assessed for NSF items, copies of canceled checks, and stop payments. The fees will be charged to the member in this order: share draft account, share account, any sub-account, and then any other account held by the member. A list of current fees will be furnished when the share draft account is opened. These fees may be changed as deemed necessary by the Board of Directors.
- (9) **CLOSING ACCOUNTS.** Share draft accounts may be closed by the member after all outstanding items have been cleared. It may also be closed by the Credit Union if it is determined that abuse of the account has occurred, in which case the member shall be notified of the account closing by certified mail.
- (10) **DELETING SIGNERS.** The name of one signer may not be removed at the request of the other signer(s) except upon the death of the one whose name is sought to be removed. A joint holder of a personal account or safe deposit box may have his or her own name deleted upon presentation of a written request with properly verified signature. Such request must contain the name and number of the account and must clearly request deletion.
- (11) **ABUSE OF ACCOUNTS.** Abuse of share draft accounts, such as continued negative balances, preferential treatment, or kiting, will not be allowed. The account will be closed immediately, and the proper individuals notified of the problem.
- (12) **STATEMENTS.** Account statements will be mailed *monthly*.
- (13) **RECONCILEMENT.** Reconciling share draft statements (finding errors) \$20 per hour, with a \$20 minimum charge. This will be done by appointment only. There is no charge if the result is a credit union error.
- (14) **INSURANCE OF SHARES.** The Credit Union will insure member accounts through the National Credit Union Share Insurance Fund. At present, accounts are insured for up to \$250,000.