

LIMITED OVERDRAFT AGREEMENT AND FEDERAL DISCLOSURE STATEMENT

In this Limited Overdraft Agreement and Federal Disclosure Statement (“Agreement”), the words I, ME, MY and MINE mean each and all of those who are an owner or joint owner and/or use the overdraft/negative balance feature of my Credit Union checking account (“Checking Account”). The words Credit Union YOU, YOUR, and YOURS mean Chaffey Federal Credit Union.

LIMITED OVERDRAFT PROTECTION: I understand and agree that if any check or other item/transaction (whether written/authorized by me or any joint accountholder or authorized agent) which would cause my Checking Account to have a negative (or further negative) balance (herein, “overdraft”) MAY be paid by you after any automatic transfers from my savings account and/or line of credit loan have occurred. ANY SUCH PAYMENT WILL BE MADE ON A CASE-BY-CASE BASIS, IN YOUR SOLE AND ABSOLUTE DISCRETION. If you choose, in your sole and absolute discretion, to pay an overdraft, this does not obligate you to continue to pay any one or more overdrafts in the future. In the event that you do pay an overdraft, such payment shall be considered a loan to me which I agree to repay pursuant to the terms and conditions of this Agreement.

PAYMENT: For any paid overdrafts, I promise to pay you all sums advanced to me or any other person I permit to use my Checking Account and/or who causes an overdraft on the Checking Account, on the terms set forth herein. Payments will continue until I have paid in full the negative unpaid balance, including any transactions and other fees and charges.

PERIODIC RATE: There is no periodic rate (and no corresponding ANNUAL PERCENTAGE RATE) assessed against the outstanding negative balance in the Checking Account. However, a transaction charge as described below will be assessed for any paid overdraft on my Checking Account.

TRANSACTION CHARGE: A transaction charge of \$25.00 will be charged to my Checking Account for each paid overdraft on my Checking Account. This transaction charge is the same fee charged by the Credit Union for each “nonsufficient funds” (NSF) item presented for payment and returned unpaid on a Checking Account.

NEGATIVE BALANCE FEE: There will be a \$5.00 per day Negative Balance Fee each day my account is below zero, beginning on the 8th day.

MINIMUM MONTHLY PAYMENT: A Minimum Monthly Payment is required and is equal to the unpaid negative balance of my Checking Account. I understand and agree that any deposit (including direct deposits) to my Checking Account

will be treated as a partial or whole Minimum Monthly Payment and will be applied against the negative balance in my Checking Account. I understand and agree that my Minimum Monthly Payment must be made no later than forty-five (45) days from the occurrence of the overdraft which created the negative (or further negative) account balance. Each payment will be applied to transaction charges, then to late charges and other fees and charges and then to the unpaid negative balance of my Checking Account.

POTENTIAL ACCOUNT CLOSURE: If my outstanding negative balance in my Checking Account created by paid overdrafts and related fees (or any other reason) is not paid within sixty (60) days of the occurrence of the overdraft, my Checking Account will be closed. My Checking Account may also be closed in the event that excessive overdrafts occur, whether or not they are paid by you pursuant to this Agreement.

LIEN ON SAVINGS: If I am in default, you may impress and enforce a lien on all savings (except IRA Accounts) then on deposit needed by you to repay the unpaid negative balance in accordance with state law and your bylaws.

DEFAULT: I will be in default if: 1) I do not pay any Minimum Monthly Payment on time or in the proper amount; 2) I fail to live up to any of the terms and conditions of this Agreement; 3) my creditworthiness is impaired; 4) I die, become insolvent or am the subject of bankruptcy or receivership proceedings; 5) my outstanding balance is not paid within the time period set forth above; or 6) I am in default on any Credit Union loan obligation and/or a negative balance exists in any other Credit Union deposit account on which I am an owner. If I am in default, you may temporarily suspend overdraft privileges or terminate this Agreement, close my Checking Account and demand immediate payment of the entire unpaid negative balance. I also agree to pay collection costs, attorneys’ fees and court costs.

CHANGE OF TERMS: I understand and agree that you may terminate, amend, modify, add to, or delete from, this Agreement any of its terms and condition, effective as to any unpaid negative balance outstanding and any subsequent overdrafts, by mailing a notice of the change to me at my last known address. I also understand that any such notice will be mailed at least fifteen (15) days prior to the effective date of the change as required by federal or other law. Notice of a change in terms is required, but may be sent as late as the effective date of the change where the change has been agreed to in writing by me.

TERMINATION: You may also terminate this Agreement upon adverse reevaluation of my creditworthiness or my default. Either you or I may terminate this Agreement for other good cause. In no event shall any termination relieve me of my obligation to repay sums already overdrafted, collection costs and attorneys’ fees, if any.

DELAY IN ENFORCEMENT: You can delay enforcing any of your rights under this Agreement without losing them.

CHANGE OF INFORMATION: I agree to notify you of any change in my name, address or employment. I agree to advise you of any change in my financial condition which may effect my creditworthiness.

GOVERNING LAW: I understand and agree that this Agreement is made in California and shall be governed by the laws of the State of California to the extent that California law is not inconsistent with controlling federal law. I also understand and agree that California’s choice of law rules shall not be applied if that would result in the application of non-California law.

LIABILITY OF PARTIES: Each person who causes an overdraft, which is paid by you, is a maker and agrees to be individually and jointly obligated to repay the unpaid negative balance in accordance with the terms and conditions of this Agreement.

BILLING RIGHTS: This notice contains important information about my rights and responsibilities under the Fair Credit Billing Act.

NOTIFICATION IN CASE OF ERRORS OR QUESTIONS ABOUT MY STATEMENT

If I think my statement is wrong, or if I need more information about a transaction on my statement, I must write to you on a separate sheet at the address listed on my statement. I should write to you as soon as possible. You must hear from me no later than 60 days after you sent me the first statement on which the error or problem appeared. I can telephone you, but in doing so will not preserve my rights.

In my letter, I should give you the following information:

- My name and account number.
- The dollar amount for the suspected error.
- Describe the error and explain, if I can, why I believe there is an error. If I need more information, describe the item I am not sure about.

MY RIGHTS AND YOUR RESPONSIBILITIES AFTER YOU RECEIVE MY WRITTEN NOTICE

You must acknowledge my letter within 30 days, unless you have corrected the error by then. Within 90 days, you must either correct the error or explain why you believe the statement was correct.

After you receive my letter, you cannot try to collect any amount I question, or report me as delinquent. You can continue to bill me for the amount I question, including **FINANCE CHARGES** and you can apply any unpaid amount against my credit limit. I do not have to pay any questioned amount while

you are investigating, but I am still obligated to pay the parts of the statement that are not in question.

If you find that you made a mistake on my statement, I will not have to pay any **FINANCE CHARGES** related to any questioned amount. If you didn't make a mistake, I may have to pay **FINANCE CHARGES**, and I will have to make up any missed payments on the questioned amount. In either case, you will send me a statement of the amount I owe and the date that it is due. If I fail to pay the amount that you think I owe, you may report me as delinquent. However, if your explanation does not satisfy me and I write within ten (10) days telling you that I still refuse to pay, you must tell anyone you report me to that I have a question about my statement. And, you must tell me the name of anyone you reported me to. You must tell anyone you report me to that the matter has been settled between us when it finally is.

If you don't follow these rules, you can't collect the first \$50.00 of the questioned amount even if my statement was correct.

SPECIAL RULE FOR CREDIT CARD PURCHASES

If you have a problem with the quality of property or services that you purchased with a credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the property or services. There are two limitations on this right (a) You must have made the purchase in your home state, or if not within your home state, within 100 miles of your current mailing address; and (b) The purchase price must have been more than \$50. These limitations do not apply if we own or operate the merchant, or if we mailed you the advertisement for the property or services.

I may be liable for the unauthorized use of any credit card issued to access this Open-End Line of Credit. I will not be liable for unauthorized use that occurs after I notify you orally or in writing, of the loss, theft, or possible unauthorized use. In any case, my liability will not exceed \$50.00.

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**PLEASE KEEP THIS
DISCLOSURE FOR
YOUR RECORDS**

Effective Date 12-1-05



Chaffey Federal Credit Union

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(909) 986-4552 • (626) 968-9329



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