



*Proud of Our Past, Committed to Our Future*  
[www.sabinefcu.org](http://www.sabinefcu.org)

Dear Member:

As you might be aware, new regulatory requirements will change how overdrafts are handled by financial institutions for consumer accounts. Since these changes may affect the way you manage your account, we want you to understand the choices that you will have with Sabine Federal Credit Union.

As a benefit of your relationship with us, you **may** currently have Overdraft Privilege on your account in the amount of \$700. With Overdraft Privilege, if you inadvertently overdraw your account, we have the option to cover your overdrafts up to \$700, including fee(s) and thereby saving you the embarrassment and inconvenience of a returned or declined item, as well as the fee normally charged to you by merchants for items returned to them. The amount of the Overdraft Privilege is not shown in your available balance, but may be available to you for ATM cash withdrawals, checks, ACH transactions, and when you use your debit card for purchases at retail merchants.

**Because of the new regulatory requirements, the Overdraft Privilege service you currently have for ATM and everyday debit card transactions will only continue until August 15, 2010, unless you notify us that you wish to continue to receive the service for those transactions after August 15, 2010.** Please review the enclosed form. If you have not already opted in and want Overdraft Privilege to continue to apply to your ATM and everyday debit card transactions, you can contact us by:

- calling our accounting department at (409) 988-1300
- completing the enclosed form and mailing it to us using the enclosed return envelope addressed to P.O. Box 3000, Orange, TX 77631 or bringing it to our office on Strickland Drive;
- visiting our website at <http://www.sabinefcu.org>; or
- sending us an email at [sabinefcu@sabinefcu.org](mailto:sabinefcu@sabinefcu.org).

Overdraft Privilege will continue to be available for checks, ACH, and automatic bill payments unless you elect to opt out of the Overdraft Privilege service in its entirety by contacting our accounting department at (409) 988-1300.

Overdraft Privilege is a service provided to help you, should an overdraft occur. Your account will still be charged the standard overdraft fee of \$25 for handling each item, which is the same fee that Sabine Federal Credit Union charges for items drawn against insufficient funds and returned to the payee. If multiple items are presented against your account on the same day, each item will be assessed the appropriate Returned Item fee of Return Fee or Overdraft fee.

1939 Strickland Drive  
Orange, Texas 77630  
(409) 988-1300

P.O. Box 3000  
Orange, Texas 77631  
1-888-319-SFCU



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Please be aware Overdraft Privilege is not a line of credit and this notice does not constitute either a written agreement of an obligation or a prearranged agreement to pay your overdraft, and we may withdraw this privilege at any time. Please take a moment to review the Discretionary Overdraft Privilege Policy that will apply after August 15, 2010, a copy of which is enclosed.

It is our pleasure to offer this Overdraft Privilege to you. **To ensure that you continue to have access to your overdraft limit through ATM and everyday debit card transactions, please notify us before August 15, 2010.**

We appreciate your business, and want to make sure you have the information needed to make the right decision for you. If you have any questions regarding Overdraft Privilege, simply visit the branch nearest you, or contact our accounting department at (409) 988-1300.

Sincerely,

Linda Cupit, President/CEO  
Sabine Federal Credit Union



## **Discretionary Overdraft Privilege Policy**

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

The Deposit Account Agreement and Discretionary Policy 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 Sabine Federal Credit Union with regard to your share draft account. The Deposit Account Agreement (and all amendments thereto) and its terms shall control any possible conflict, if any, between any provision of this Discretionary Overdraft Privilege Policy and the Deposit Account Agreement and Discretionary Policy. A copy of the Deposit Account Agreement and Discretionary Policy is available to you on request from Sabine Federal Credit Union.

Overdraft privilege is not a line of credit. However, if you inadvertently overdraw your account, we will have the discretion to pay the overdraft, subject to the limit of your overdraft privilege and the amount of the overdraft fee. Sabine Federal Credit Union is not obligated to pay any item presented for payment if your account does not contain sufficient available funds. Any discretionary payment by Sabine Federal Credit Union of an overdraft check (or items, such as ATM withdrawals) does not obligate Sabine Federal Credit Union to pay any other overdraft check (or item), or to provide prior notice of its decision to refuse to pay such check (or item).

Pursuant to Sabine Federal Credit Union's commitment to always provide you with the best level of service, now and in the future, if your consumer account (primarily used for personal and household purposes) has been open for at least sixty (60) days, and thereafter you maintain your account in good standing, which includes at least:

- A) Bringing your account to a positive balance within every thirty (30) day period;
- B) Not being in default on any loan or other obligation to Sabine Federal Credit Union and
- C) Not being subject to any legal or administrative order or levy,

Sabine Federal Credit Union will have the discretion to pay overdrafts within the overdraft privilege limits, but payment by Sabine Federal Credit Union is a discretionary courtesy and not a right of the member or an obligation of Sabine Federal Credit Union. This privilege for consumer share draft accounts will generally be limited to a maximum of \$700 overdraft (negative) balance. Of course, any and all fees and charges, including without limitation the non-sufficient funds fees (as set forth in our fee schedules and deposit account agreement and disclosure), will be included as part of this maximum amount. It may be possible that your account will become overdrawn in excess of the overdraft privilege amount as a result of the assessment of a fee.

The total of the discretionary Overdraft Privilege (negative) balance, which includes any and all fees and charges, including all non-sufficient funds/overdraft fees is due and payable upon demand, and Depositor and each Authorized Signatory will continue to be liable, jointly and severally, for all such amounts, as described in the Deposit Account Agreement and Disclosure. Our standard Overdraft fee of \$25 will be imposed for overdrafts created by checks, ACH, ATM withdrawals, everyday debit card transactions, in-person withdrawals, or by other electronic means. Transactions may not be processed in the order in which they occurred, and the order in which transactions are received and processed may impact the total amount of fees incurred.

While Sabine Federal Credit Union will have the discretion to pay overdrafts on accounts in good standing (as described above), any such payment is a discretionary courtesy, and not a right of the member or an obligation of Sabine Federal Credit Union and Sabine Federal Credit Union in its sole and absolute discretion, can cease paying overdrafts at any time without prior notice of reason or cause.

For our consumer members Sabine Federal Credit Union will not pay overdrafts for ATM or everyday debit card transactions after August 15, 2010 unless Sabine Federal Credit Union has provided you with the notice required by section 205.17(b) of Regulation E and you have opted in to the payment of these overdrafts. In order to avoid overdrafts due to ATM and everyday debit card transactions, Sabine Federal Credit Union will place a hold on your account for any ATM or everyday debit card transaction authorized until the transaction settles. ATM and everyday debit card transactions usually settle within two business days after the transaction is authorized. The amount of the hold will be for the amount authorized, or as permitted under applicable payment network rules. Holds on authorized ATM and everyday debit card transactions will be removed prior to settlement where required by applicable payment network rules. In addition, you may opt out of the Overdraft Privilege services for check, ACH and debit card bill payment transactions at any time by contacting one of our Account Services Representatives.

## WHAT YOU NEED TO KNOW ABOUT OVERDRAFTS AND OVERDRAFT FEES

An overdraft occurs when you do not have enough money in your account to cover a transaction, but we pay it anyway. We can cover your overdrafts in two different ways:

1. We have standard overdraft practices that come with your account.
2. We also offer overdraft protection plans, such as a link to a share account, which may be less expensive than our standard overdraft practices. To learn more, ask us about these plans.

This notice explains our standard overdraft practices.

➤ **What are the standard overdraft practices that come with my account?**

We do authorize and pay overdrafts for the following types of transactions:

- Checks and other transactions made using your share draft account number
- Automatic bill payments

After August 15, 2010 we will not authorize and pay overdrafts for the following types of transactions unless you ask us to (see below):

- ATM transactions
- Everyday debit card transactions

We pay overdrafts at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction.

If we do not authorize and pay an overdraft, your transaction will be declined.

➤ **What fees will I be charged if Sabine Federal Credit Union pays my overdraft?**

Under our standard overdraft practices:

- We will charge you a fee of up to \$25 each time we pay an overdraft
- There is no limit per day on the total fees we can charge you for overdrawing your account

➤ **What if I want Sabine Federal Credit Union to authorize and pay overdrafts on my ATM and everyday debit card transactions?**

If you want us to authorize and pay overdrafts on ATM and everyday debit card transactions after August 15, 2010, call 1-888-319-SFCU visit our website at <http://www.sabinefcu.org>, or complete the form below and present it at our Strickland Drive office or mail it to: P.O. Box 3000, Orange TX 77631.

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\_\_\_\_\_ I want Sabine Federal Credit Union to authorize and pay overdrafts on my ATM and everyday debit card transactions.

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Account Number: \_\_\_\_\_