

NO BOUNCE PRIVILEGE POLICY

It is the policy of Mid-Hudson Valley Federal Credit Union (MHV) 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 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 MHV with regard to your checking 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 No Bounce Policy and the Deposit Account Agreement and Disclosure. A copy of the Deposit Account Agreement and Disclosure is available to you on request from your MHV officer.

No Bounce 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 No Bounce and the No Bounce service fee. MHV is not obligated to pay any item presented for payment if your account does not contain sufficient available funds. Any discretionary payment by MHV of an overdraft check (or items, such as ATM withdrawals) does not obligate MHV to pay any other overdraft check (or item), or to provide prior notice of its decision to refuse to pay any item when an account does not contain sufficient available funds.

Pursuant to MHV's commitment to always provide you with the best level of service, now and in the future, if you are at least 21 years of age, your consumer account (primarily used for personal and household purposes) has been open for at least thirty (30) days, or if your commercial account 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 for a minimum period of 24 hours;
- B) Not being in default on any loan or other obligation to MHV and
- C) Not being subject to any legal or administrative order or levy.

MHV will have the discretion to pay overdrafts within the No Bounce limits, but payment by MHV is a discretionary courtesy and not a right of the member or an obligation of MHV. This privilege for qualified member checking or savings accounts will generally be limited to a minimum negative courtesy limit of \$250, and a maximum negative courtesy limit of \$1,000. This privilege for qualified commercial accounts will generally be limited to a minimum of \$250 negative courtesy limit, and a maximum of \$1,000 negative courtesy limit. As an added benefit for our members receiving direct deposit, MHV may extend coverage for checks and ACH up to the amount of their most recent direct deposit into the account. 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), may be included as part of this maximum amount. It may be possible that your account will become overdrawn in excess of the No Bounce amount as a result of the assessment of a fee.

The total of the discretionary No Bounce (negative) balance, which includes any and all fees and charges, including all non-sufficient funds/ No Bounce service 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 NSF fee will be imposed for overdrafts created by checks, ACH, Point-of-Sale, ATM withdrawals, or by other means. Point-of-Sale transactions may not be posted in the order in which they are authorized, and the order in which these transactions are authorized may impact the total amount of fees incurred upon posting. ACH items and checks are posted in the order received. When multiple checks are received in a single file, they will be posted in check number order.

While MHV 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 MHV and MHV in its sole and absolute discretion, can cease paying overdrafts at any time without prior notice of reason or cause. In addition to the account not being in good standing, but not limited to, are the following reasons when we may not honor an item; if you are not making regular deposits into the account, if we do not have your valid contact information, or if you have had returned deposit items.

For our consumer members, MHV will not pay overdrafts for ATM or one-time debit card transactions unless MHV 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 unintentional overdrafts MHV will place a hold on your account for one-time debit card transactions until the merchant transaction settles. One-time debit card transactions usually settle within three business days after the transaction is authorized. The amount of the hold will be for the amount authorized, the completed transaction amount may be greater than, or less than the amount authorized, as permitted under applicable payment network rules. Holds for authorized one-time debit card transactions will be removed after three days, regardless of posting from merchant settlement, also as required by applicable payment network rules. In addition, for both consumer and commercial accounts, you may opt out of the No Bounce services for check, ACH and debit card bill payment transactions at any time by contacting one of our Member Service Representatives.