

DISCRETIONARY PRIVILEGE PAY POLICY

It is the policy of Mid-Atlantic Federal Credit Union (MAFCU) to comply with all applicable laws and regulations and to conduct business in accordance with applicable safety and soundness standards.

Privilege Pay is not a line of credit. However, if you overdraw your account, we will normally pay the overdraft, subject to the limit of your Privilege Pay and the amount of the overdraft fee. MAFCU 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 MAFCU of any non-sufficient fund check or checks (or other item) does not obligate MAFCU to pay any additional non-sufficient fund check or item or to provide prior notice of its decision to refuse to pay any additional non-sufficient fund check or item.

Pursuant to MAFCU's commitment to always provide you with the best level of account holder service, now and in the future, if your consumer checking account (primarily used for personal and household purposes) has been open for at least thirty (30) days, or if your commercial checking account has been open for at least sixty (60) days and thereafter you maintain your account in good standing, which includes at least:

- A) Depositing an amount equal to the amount of discretionary privilege pay 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 (30) day period;
- B) You are not in default on any loan or other obligation to MAFCU and
- C) You are not subject to any legal or administrative order or levy.

MAFCU will normally pay overdrafts within the Privilege Pay limits, but payment by MAFCU is a discretionary courtesy and not a right or obligation. This privilege for consumer checking accounts will generally be limited to a maximum of \$300, \$500 or \$700 overdraft (negative) balances, depending on the type of checking account you have with the exception of YES accounts, which are not eligible for Privilege Pay. This privilege for commercial 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 Membership and Account Agreement and Disclosure), will be included as part of this maximum amount.

The total of the discretionary privilege pay (negative) balance, including 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 Membership and Account Agreement and Disclosure.

Again, while MAFCU will typically pay overdrafts on accounts in good standing (as described above) payment is a discretionary privilege, and not a right or obligation and MAFCU in its sole and absolute discretion, can cease paying overdrafts at any time without prior notice of reason or cause.