

This checklist is intended to help credit unions identify relevant compliance obligations and operations issues related to overdraft, sometimes called courtesy pay services. The materials are a guide and not intended as legal advice. The content of the checklist is based on the Interagency Examination Checklist developed by the Consumer Financial Protection Bureau and C4CU's observations and suggestions based on our consulting work with credit unions.

OVERDRAFT SERVICES CHECKLIST

Requirement	Yes	No	N/A
1. Does the credit union overdraft program charge fees for paying ATM and one-time debit transactions? If no, stop here.			
2. If the credit union charges fees on a member's account for paying ATM or one-time debit card transactions per its overdraft service does it:			
a) Provide the member written or electronic notice, segregated from all other information, describing the overdraft service?			
b) Provide the member a reasonable opportunity to consent or opt-in to the service where fees will be assessed on ATM or one-time debit card transactions?			
c) Obtain the member's affirmative consent or opt-in to the credit union's payment or honoring ATM or one-time debit card transactions?			
d) Provide the member with confirmation of the member's consent in writing or electronically? And does the confirmation tell the member he/she can revoke consent and how to revoke consent?			
3. Operations: Have all relevant business units evaluated the overdraft/courtesy pay program with the aim of:			
a) Ensuring account agreement and disclosures are consistent with operation of core systems?			
b) Ensuring marketing messages are consistent with the deposit agreement,			

disclosures, and operation of core systems?			
c) Review account agreement, disclosures, program parameters with relevant vendors, compliance resources, or legal counsel to ensure program is not unfair or deceptive?			
4. Does the credit union refrain from conditioning the payment of overdrafts for checks, ACH transactions, and other types of transactions on the member consenting or opting in to the overdraft or courtesy pay program?			
5. Does the credit union pay checks, ACH transactions and other types of transactions that overdraw the member's account regardless of whether the member opted in or consented to overdraft protection for ATM and one-time debit card transactions?			
6. If a member had not opted in, and if the overdraft fee is based on the amount of the outstanding negative balance, does the credit union only assess fee where the negative balance is attributable in whole or in part to a check, ACH or other type of transaction not subject to the prohibition on charging overdraft fees?			
7. For members who did not opt in, does the credit union only charge daily or sustained overdraft, negative balance or similar charges where the negative balance is attributable in whole or in part to a check, ACH or other type of transaction not subject to the prohibition on overdraft fees?			
8. Does the credit union base the date on which such a daily or sustained overdraft, negative balance, or similar fee or charge is assessed on the date on which the check, ACH, or other type of transaction was paid into overdraft?			
10. Do members who do not consent or opt in get the same terms and conditions as members who do opt in, except for overdraft or courtesy pay transactions?			
11. Does the credit union provide a member with a notice substantially similar			

to Model Form A-9 (Appendix A of Regulation E and does it include the following:			
a) Description of Services			
b) Dollar amount of fees or charges for overdraft/courtesy pay			
c) Does the credit union disclose the maximum number of overdraft charges assessed per day, or, if applicable, the fact there is no limit?			
d) Does the notice explain the consumer's right to opt in and how the right can be exercised?			
e) As applicable, does the credit union explain alternate methods to cover overdrafts such as account transfers or an available line of credit?			
f) If the credit union offers both a line of credit and a service that transfers funds between accounts held by the member, does the notice explain that both types of plans are offered? And, if the credit union offers only one such alternative, does the notice explain that one alternative and exclude information about the other?			
g) Permitted Modifications: If the credit union modifies the notice, do modifications indicate the member's right to opt-in or opt out, how to the consumer can opt-in or opt out, and disclose associated return item fees and that additional merchant fees may apply?			
12. Joint Accounts: If the account is owned jointly, may any one owner affirmatively consent for that account? Also, can any one owner opt out for the account?			
13. Continuing Right to Opt-In or Opt Out: Does the credit permit a member to opt in or opt out at any time in the manner made available to the member?			
14. Is a member's consent to overdraft services effective until revoked?			
15. Does the credit union act on a member's opt out of overdraft as soon as reasonably practicable?			

Compliance 4 Credit Unions LLC is a CUSO rooted in the belief that compliance is a matter for collaboration. Should you have questions about this checklist, please email us at wargor@compliance4creditunions.com.