

Credit Union Strategies in Responding to CA SB 1075

Member Notice for NSF, Overdraft Protection, ANR/Courtesy Pay

December 24, 2024

OVERVIEW

In September of 2024, California Governor Gavin Newsom signed Senate Bill 1075 (SB 1075) into law. This bill limits the amount of nonsufficient funds (NSF) and overdraft fees that the state-licensed credit unions may charge. The law also includes a mandate that credit unions must provide a notification to members each time a fee is assessed.

Key Definitions

Fee	Refers to nonsufficient funds fees or overdraft fees.
Nonsufficient funds fee	A fee from initiating a transaction exceeding the available balance when payment is declined.
Overdraft fee	A fee resulting from processing a transaction that exceeds the account balance.

It is important to understand that Courtesy Pay – or Automated Non>Returns (ANR), as it's called in CU*BASE GOLD – would be included in these definitions but is not the verbiage used in the bill. The bill refers to these fees as "overdraft fees."

This bill focuses on two areas: Notification requirements and fee limitations. The contents of each as well as their effective date are highlighted below.

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SUMMARY OF REQUIREMENTS

Applicability

SB 1075 applies to California state-licensed credit unions and state-licensed credit unions doing business in California.

Notification Requirement

Effective Date: January 1, 2025

New notification requirements as part of SB 1075 will require credit unions to provide a notice meeting **all of the following requirements** each time a fee is assessed:

1. Notice must be sent via the communication method designated by the member.
2. Notice must be sent on the same business day the fee-generating transaction occurs, or the next business day if same-day notification is not feasible.
3. The notice must include:
 - a. Transaction date and type
 - b. Whether the transaction was declined or processed
 - c. Overdraft amount (if applicable)
 - d. Amount needed to restore a positive balance

- e. Timeframe to avoid potential consequences if the account remains negative.
- f. If applicable, the amount of time the member has to return the account to a positive balance to avoid the consequences.

Fee Limitation Requirement

Effective Date: January 1, 2026

Beginning January 1, 2026, SB 1075 restricts credit unions from charging overdraft for NSF fees above \$14, or the CFPB-specified amount, whichever is lower.

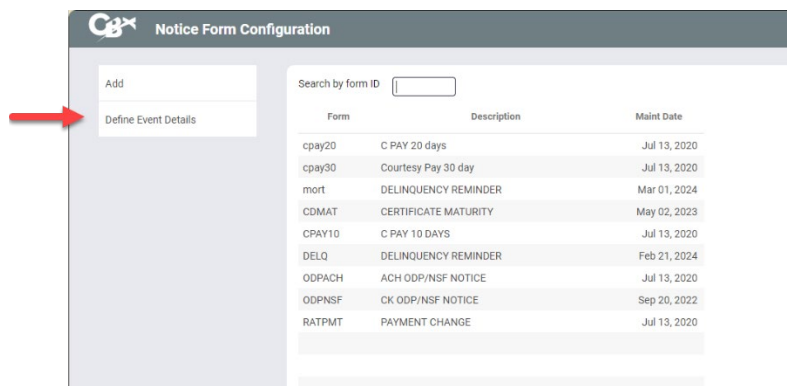
The bill does not lay out keeping credit unions up to date on the CFPB specified amount, which leads us to believe it will be the credit union’s responsibility to keep track of changes.

TOOLS IN CU*BASE® GOLD/CBX

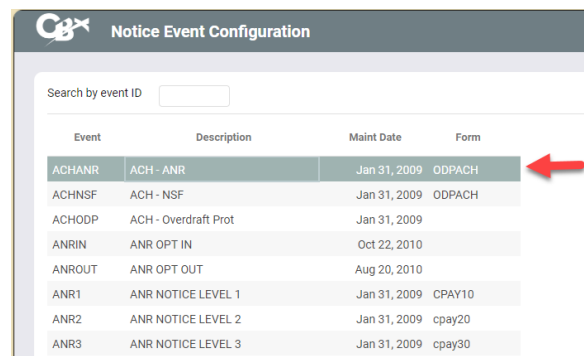
Notification Requirements

CU*BASE GOLD and CBX alike allow you to send out notices to members using the [Configure Laser Notices](#) feature (Tool #258). Members can elect to receive a physical document in the mail or an eNotice via online banking.

1. Start by choosing the “Define Event Details” option:



2. Highlight the appropriate event detail and select *Change*:



NOTE: Remember there are multiple events based on origination point (ACH, ATM/Debit, and Checks) and separate events for ANR (Courtesy Pay) and NSF.

3. Use the Notice Event Detail Configuration screen to configure which data appears on the notice, including the transaction date, current balance, fee amount and event title:

Detail	Column	Line (1 - 40)
<input checked="" type="checkbox"/> Account Number	<input checked="" type="radio"/> Left <input type="radio"/> Right <input type="radio"/> N/A	1
<input checked="" type="checkbox"/> Transaction Date	<input type="radio"/> Left <input checked="" type="radio"/> Right <input type="radio"/> N/A	1
<input type="checkbox"/> Current Balance	<input type="radio"/> Left <input type="radio"/> Right <input checked="" type="radio"/> N/A	
<input checked="" type="checkbox"/> Fee Amount	<input type="radio"/> Left <input checked="" type="radio"/> Right <input type="radio"/> N/A	2
<input checked="" type="checkbox"/> Amount	<input checked="" type="radio"/> Left <input type="radio"/> Right <input type="radio"/> N/A	2
<input type="checkbox"/> Check Number	<input type="radio"/> Left <input type="radio"/> Right <input checked="" type="radio"/> N/A	
<input type="checkbox"/> Tracer#	<input type="radio"/> Left <input type="radio"/> Right <input checked="" type="radio"/> N/A	
<input checked="" type="checkbox"/> ACH Company Name/Entry Desc.	<input checked="" type="radio"/> Left <input type="radio"/> Right <input type="radio"/> N/A	3

- Once you have each event configured to the specifications desired, the next step is to attach those events to a Notice Form. From the main Notice Form Configuration screen, use the *Add* button to create a new form (or select an existing form in the list and click *Change*):

Form	Description	Maint Date
cpay20	C PAY 20 days	Jul 13, 2020
cpay30	Courtesy Pay 30 day	Jul 13, 2020
mort	DELINQUENCY REMINDER	Mar 01, 2024
CDMAT	CERTIFICATE MATURITY	May 02, 2023
CPAY10	C PAY 10 DAYS	Jul 13, 2020
DELQ	DELINQUENCY REMINDER	Feb 21, 2024
ODPACH	ACH ODP/NSF NOTICE	Jul 13, 2020
ODPNSF	CK ODP/NSF NOTICE	Sep 20, 2022
RATPMT	PAYMENT CHANGE	Jul 13, 2020

- Use this feature to configure your introduction text as well as your conclusion text and other details:

Form ID: ODPNSF Description: CK ODP/NSF NOTICE

Form title: Checking Bounce Protection / NSF Notice

Print CU name/address: Left Include website address Mask account numbers

Space(s) After: Bold: Introduction Text: The following activity was recorded on your checking account(s). Please make a note in your records.

- Use Enter to proceed to the final event configuration screen, where you can include information about the timeframe to avoid potential consequences if the amount remains negative, and what those consequences may entail per SB 1075:

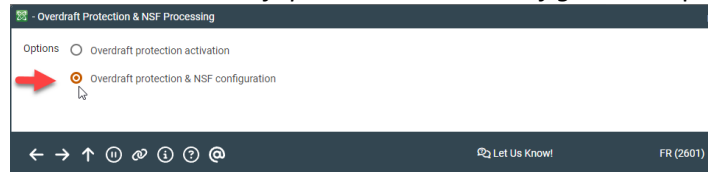
7. The final screen in the series allows you to attach the events you configured previously. This allows you to send a single form that would include all of the information about any ANR/NSF activity from any origination point.

For complete details about configuring the final forms, printing daily notices, and managing member preferences for physical or electronic notifications, refer to our [Member Notices](#) reference document.

Fee Limitation Requirement

CU*BASE GOLD/CBX allow you to update your fees at any time using the [NSF/OD Transfer Configuration](#) (Tool #558).

1. After launching the tool choose the *Overdraft protection & NSF configuration* option:



2. Next, choose the Dividend Application (savings or checking product) that needs to be updated and select *Change*:

Dividend Application	Application Type	Dividend Description	Maint User	Maint Date
	OC	** NOT FOUND **	DONNAH11	Jul 01, 2008
AB	SH	BUSINESS ALL-IN	DONNAH11	Jan 20, 2023
AI	SH	ALL-IN SAVINGS	DONNAH11	Jan 20, 2023
BC	SH	BUSINESS CLUB	DONNAH11	Oct 19, 2021
BE	TX	BUSINESS ESCROW	DONNAH11	Oct 19, 2021
BP	SH	BUS PLUS SAVINGS	DONNAH11	Aug 28, 2024
BS	SH	BUSINESS/ORG SAVINGS	DONNAH11	Oct 19, 2021
BU	SD	BUSINESS CHECKING SAVINGS	DONNAH11	Oct 19, 2021
BW	SH	BUSINESS WEALTH BLDG	DONNAH11	Jan 21, 2023
CC	SH	CHRISTMAS CLUB	DONNAH11	Oct 19, 2021
CK	SD	REGULAR CHECKING	DONNAH11	Oct 19, 2021
EC	SH	ESCROW	DONNAH11	Oct 19, 2021
ES	SH	EDUCATION SAVINGS	DONNAH11	Oct 19, 2021
ET	SH	ETC SAVINGS	DONNAH11	Oct 19, 2021

3. From the NSF/Overdraft Protection Master Configuration screen you can update your NSF fee amount as well as your Non-Return Fee amount in the sections highlighted below:

NSF/Overdraft Protection Master Configuration

Skip

Dividend application REGULAR CHECKING

Application type sd

Overdraft Transfers

O/D transfer increment (shares) 0.00

Allow transfer of exact amount

O/D transfer fee (from shares) 0.00

O/D transfer increment (LOC) 100.00

Allow transfer of exact amount

Maximum % of disbursement limit 100

O/D transfer fee (from LOC) 0.00

Transfer additional amount 0.00

Overdraft transfer fee G/L

Combined overdraft protection fee 0.00

Allow negative after fee

Charge O/D fee if total transfer amount is more than 0.00

Last Maintenance

By user DONNAH11 on Oct 19, 2021

NSF-Returned Items

NSF fee amount 35.00

NSF fee G/L 134.00

Transaction description NSF FEE

Draft only - Charge NSF fee Per Item Per day

All other - Charge NSF fee Per Item Per day

Non-Returned Items

Non-return fee G/L 135.50

Transaction description BOUNCE PROTECT FEE

Non-fee tolerance within 7.00 of available balance

Maximum non-return fee amount per day (cap) 9,999,999.99

Non-return fees by Origin Code:

Origin	Non-Return Fee	For Trx Amts Greater Than
01 Teller	35.00	7.00
02 Share draft proc	35.00	7.00
11 ACH	35.00	7.00
13 ATM	35.00	7.00
16 Debit card	35.00	7.00
20 Bill pay/P2P	35.00	7.00
All other	35.00	7.00

4. Repeat the steps above for all of your savings and checking products, as appropriate.