

### IMPORTANT TERMS REGARDING OVERDRAFTS & OVERDRAFT FEES

The following terms and provisions are incorporated into your Membership and Account Agreement and are designed to help you understand when and why overdraft fees may be charged to your account. If the terms of this document are in conflict with the terms of your Membership and Account Agreement, the terms of this document will be controlling.

#### 14. OVERDRAFTS

- a. Payment of Overdrafts.** If, on any day, the available balance in your share or deposit account is not sufficient to pay the full amount of a check, draft, transaction, or other item, plus any applicable fee, that is posted to your account, we may return the item or pay it, as described below. The Credit Union's determination of an insufficient available account balance may be made at any time between presentation and the Credit Union's midnight deadline with only one review of the account required. We do not have to notify you if your account does not have a sufficient available balance in order to pay an item. Your account may be subject to a fee for each item regardless of whether we pay or return the item. We may charge a fee each time an item is submitted or resubmitted for payment; therefore, you may be assessed more than one fee as a result of a returned item and resubmission(s) of the returned item.

If we offer standard overdraft services, the service allows us to authorize payment for the following types of transactions regardless of whether your share or deposit account has sufficient funds: (1) share drafts/checks and other transactions made using your checking account, except as otherwise described below; (2) automatic bill payments; (3) and ACH transactions. For ATM and one-time debit card transactions, you must affirmatively consent to such coverage. Without your consent, the Credit Union may not authorize and pay an ATM or one-time debit card transaction that will result in insufficient funds in your account. If you have established a service linking your share or deposit account with other individual or joint accounts, you authorize us to transfer funds from another account of yours to cover an insufficient item, including transfers from a share or deposit account, an overdraft line-of-credit account, or other account you so designate. Services and fees for these transactions are shown in the document the Credit Union uses to capture your affirmative consent and the Schedule of Fees and Charges.

Except as otherwise agreed in writing, if we exercise our right to use our discretion to pay such items that result in an insufficiency of funds in your account, we do not agree to pay them in the future and may discontinue coverage at any time without notice. If we pay these items or impose a fee that results in insufficient funds in your account, you agree to pay the insufficient amount, including the fee assessed by us, in accordance with our standard overdraft services or any other service you may have authorized with us or, if you do not have such protections with us, in accordance with any overdraft payment policy we have, as applicable.

- b. Order of Payments.** Checks, drafts, transactions, and other items may not be processed in the order that you make them or in the order that we received them. We may, at our discretion, pay a check, draft, or item, and execute other transactions on your account in any order we choose. The order in which we process checks, drafts, or items, and execute other transactions on your account may affect the total amount of overdraft fees that may be charged to your account. Please contact us if you have questions about how we pay checks or drafts and process transfers and withdrawals.
- c. Understanding Your Obligations Regarding Overdraft Fees.** We use the available balance in your account to determine whether you incur overdraft fees. Available balance refers to the amount of money in your account at a given time **minus** any holds or other adjustments that have been placed on your account. As a result of holds or other adjustments, you may end up being charged an overdraft fee for one or more transactions even if you had enough funds in your account at the time of the transaction(s). Please refer to the section below, entitled **Understanding the Difference Between "Available Balance" and "Actual Balance,"** for additional information regarding available balance.

Preauthorization holds may be placed on your account for debit card transactions. The placement of a hold on your account does not guarantee that an overdraft or NSF item will not occur even if you have sufficient available funds at the time the hold is placed. This is because transactions may occur (e.g., a previously written check may clear, or some new item may be posted) after the preauthorization hold that reduces the balance before the final debit card transaction posts to the account. In such case, you will be charged an overdraft or NSF fee.

Any item or transaction may be presented multiple times for payment. If so, and if payment is declined each time each presentment will result in a separate overdraft or NSF fee even if it is on the same item.

You are responsible for monitoring and balancing your accounts. You are responsible for any overdrafts caused by you or any joint on your account. You must repay any overdraft amounts and bring your accounts current at least once every 30 calendar days.

Having overdraft protection does not relieve you of your duty to make sure you have enough money in your account to cover your transactions, taking into account other transactions you have made (or intend to make) that will reduce your balance.

Excessive or repeated overdrafts can lead to suspension or termination of your checking account.

We are not required to notify you if your account does not have enough money to cover drafts, fees, or other posted items.

We reserve the right to change fees, change programs, or discontinue programs at any time.

- d. Understanding the Difference Between "Available Balance" and "Actual Balance"**

The "actual balance" in your account refers to the actual amount of money in your account at any given moment in time. It may be referred to on your account statements as "current balance" or simply "balance". The actual balance reflects items that have been fully processed and posted to your account. The actual balance does *not* reflect transactions that are still processing or pending.

The "available balance" refers to the portion of your actual balance that is available for immediate withdrawal or to pay debit items. "Available balance" takes into account holds that have been placed on your account, as well as pending debits and credits that we have received but have not yet posted to your account (for example, pre-authorized debit card transactions, pending checks, transfers, withdrawals, or other items). Items still in process or on hold may be referred to as "pending". Your available balance will change throughout the day as transactions occur.

- e. We use available balance to determine whether an overdraft fee will be assessed for your transactions.** Similarly, you should consider your available balance when deciding whether a potential item or transaction will cause you to overdraw your account.

Keep in mind that some merchants – including gas stations, hotels, car rental agencies, restaurants, and others – will preauthorize an amount greater than your actual transaction, resulting in a larger hold being placed on your account than what you actually spend. For example, gas stations may preauthorize \$75 (or some other amount) because they don't know exactly how much gas you will buy when you swipe your card. Eventually, this hold will be released, and the actual transaction will be processed. However, the size of the preauthorization hold will impact your available balance, which, in turn, will affect whether you are charged an overdraft fee.

You should keep all of your outstanding items in mind, including preauthorization holds, when you determine your balance for overdraft fee purposes. It is your responsibility to know what transactions you may still have outstanding, and what your available balance is.

If you have questions about overdraft fees, please contact us.