

# Credit Union 1

## Overdraft Payment Policy Disclosure

The Membership and Account Agreement and Disclosures (the "Agreement") you received at the time you opened your account and as amended from time-to-time, covers your rights and responsibilities concerning your account(s). This Policy shall control in the event of a conflict with any provision of the Agreement. A copy of the most recent Agreement is available to you on request from the credit union or by visiting [www.creditunion1.org](http://www.creditunion1.org)

The Overdraft Payment Policy also referred to as "Courtesy Pay" is not a line of credit. If a check, ACH, or debit transfer and any other type of item is presented or payment is otherwise requested (these occurrences referred to interchangeably throughout this document as "transaction" and/or "item") in your checking account and you do not have sufficient available funds in your primary savings account (under the same account number) or a pre-existing overdraft protection loan, the credit union may, in its sole and absolute discretion, choose to pay the amount of the check, ACH, or debit transfer and any other type of item is presented or payment is otherwise requested that overdraws your checking account, subject to the limits provided herein, but you will incur a fee for each time a check, ACH, or debit transfer and any other type of item is presented or payment is otherwise requested and it results in your checking account being overdrawn. You may be charged an Automatic Overdraft Transfer from Savings Fee on each instance where we transfer monies from your primary savings account under the same account number as your checking account and into your checking account to cover the transaction. If we transfer money from your primary savings account under the same account number as your checking account and into your checking account and it is not enough to cover the amount of the transaction and it results in an overdraft of your checking account, we will only charge you an Overdraft Fee and not the Automatic Overdraft Transfer from Savings fee in addition to the Overdraft Fee. The amount of the Overdraft Fee and the Automatic Overdraft Transfer from Savings Fee is as noted on the credit union's most recent Fee Schedule. We will not transfer monies from a separate account you may have with us under a different account number from your checking account and into your checking account to cover the transaction, unless you have an overdraft protection plan with us that provides that we will do so. We will not transfer monies from a secondary savings account under the same account number as your checking account and into your checking account to cover the transaction, unless you have previously directed us to or you have an overdraft protection plan with us that provides that we will do so. The credit union is not obligated to pay any item presented for payment if your checking account does not contain sufficient available funds. For a detailed description of how we determine if your checking account has sufficient available funds in your checking account, please review the credit union's "Important Disclosure Regarding How Overdraft Fees Are Incurred In Relation To Your Account Balance," below.

Generally, and within the limits that follow, if your checking account is in Good Standing, the credit union will use its discretion to pay an item that will result in your checking account being overdrawn. Good Standing requires: (a) your checking account to have been open for at least forty-five (45) calendar days; (b) your checking account(s) balance(s) does not remain overdrawn/negative for more than thirty (30) consecutive calendar days; (c) you are not in default on any obligation(s) you have with the credit union; and (d) you are not the subject of any legal or administrative order of levy or in a Bankruptcy proceeding. If your checking account is in Good Standing, the applicable overdraft privilege for consumer checking accounts will generally be limited to a maximum of \$1,200 – the amount your checking account may be overdrawn/brought negative, non-inclusive of any Overdraft Fees incurred as a result thereof. While the credit union will typically pay overdrafts on checking accounts in Good Standing, payment is a discretionary courtesy, not a right to you or obligation of the credit union. If the credit union exercises its right to use its discretion to pay an overdraft, it does not agree to pay overdrafts in the future and may discontinue covering overdrafts at any time without prior notice to you. For ATM and one-time debit transactions, you must consent to the credit union's overdraft protection plan in order for the transaction amount to be covered under the plan. Without your consent, the credit union may not authorize and pay an overdraft resulting from these types of transactions. If you would like to opt-in to have these transactions covered you may request the opt-in form from the credit union or by visiting [www.creditunion1.org](http://www.creditunion1.org)

If your checking account becomes overdrawn, the negative balance, including all fees incurred as a result of the overdraft, is immediately due without demand and the owner(s) of the account along with each authorized user/joint owner shall be liable, jointly and severally, for the amounts due, regardless of who initiated or benefited from the transaction.

**If the credit union pays a draft or item that overdraws your checking account, you agree to pay the overdraft amount along with any fees incurred as a result of the overdraft, immediately and without demand. In addition, you fully understand and fully authorize the credit union to make use of any and all deposits into your account(s), which shall include, but not be limited to government payments such as Social Security and/or Supplemental Social Security Income (SSI) benefits, in order to pay the overdraft amount(s) and any related fees that may be incurred as a result of the overdraft. Your authorization of deposits into your account(s) serves as further acknowledgement of the credit union's right and authorization to pay the overdraft(s) and fee(s) with said deposits. You further understand and agree that the right and authorization granted by you herein shall be in addition to the credit union's authority to apply funds in your account(s) pursuant to the credit union's statutory and/or contractual lien.**

### **Important Disclosure Regarding How Overdraft Fees Are Incurred In Relation To Your Account Balance**

In accordance with your Membership and Account Agreement with the credit union, we may decide to pay or return an item that results in your checking account being overdrawn. If we decide to pay the item, despite the fact that it will overdraw your checking account, we may charge a fee, as set forth on the credit union's Fee Schedule. This disclosure describes how we calculate your balance to determine whether you have sufficient funds in your checking account to cover the item that is presented for payment from your checking account. This information is in addition to the information regarding Overdrafts found in your Membership and Account Agreement with the credit union. Please be certain to read these disclosures carefully to know how items may be posted to your checking account and when an overdraft (also known as NSF Check or NSF ACH Debit fee or Overdraft Fee) may be charged to you. If you have any questions or concerns, please contact the credit union's member service representatives at (800) 252-6950.

#### **Your Account Balance In Your Checking Account:**

There are two types of account balances that are applicable to your checking account: First, **Actual Balance**, and second, **Available Balance**.

**Actual Balance** refers to the amount of money that is actually in your checking account at any given time and reflects any transactions that have already cleared or posted to your checking account, but not transactions that are authorized by you, but still pending. **Actual Balance** does not take into account any holds you have on your checking account. **Actual Balance** is not the amount that is available to pay items presented against your checking account. Items that have not cleared or posted to your checking account as of yet, will not affect the **Actual Balance**. For example, if your **Actual Balance** is \$100 and you write a check off your checking account for \$60 your **Actual Balance** will remain \$100 until that check is presented for payment and is paid.

**Available Balance** refers to the amount of money that is in your checking account and is available to pay items presented against your checking account without overdrawing the checking account and incurring an overdraft fee. Generally, the **Available Balance** is the **Actual Balance** less any holds on any deposits to your checking account, any holds for another reason, and holds for pending transactions (e.g., debit card purchases) that are authorized but have not yet cleared or posted to your checking account. For example, assume your **Actual Balance** is \$100 and your **Available Balance** is \$100 on January 1. On January 2, you use your debit card to buy dinner at a restaurant for \$30 (amount of meal without including the tip). On January 2, the restaurant you bought dinner at runs your debit card to ask us to pre-authorize your payment of \$30 at which time we would place a hold on your checking account for the \$30. On January 2, after the hold for \$30 has been placed on

your checking account your **Actual Balance** would still be \$100 because the \$30 charge has not posted to your checking account, but your **Available Balance** would be \$70 since we have a hold on your checking account for the \$30 charge. When the restaurant submits the charge on January 5 and includes your tip amount of \$5 for a total transaction cost of \$35, the transaction will post to your checking account and your **Actual Balance** will be reduced to \$65. The \$30 hold from the restaurant will be released around the same time, but not necessarily on the same exact date.

#### **Your Available Balance Is Used to Determine If You Have Sufficient Funds To Avoid Overdrafts**

In accordance with the Membership and Account Agreement, the credit union uses your **Available Balance** to determine if you have sufficient funds available in your checking account to pay items presented for payment from your checking account. Here is an example of how this will work:

On January 1, the **Actual Balance** and **Available Balance** in your checking account is \$500 and on that same date you use your debit card to buy dinner at a restaurant for \$50. At the time the restaurant swipes your card on January 1, a hold is placed on your checking account for the \$50. At that time, your **Actual Balance** is still \$500, but your **Available Balance** is reduced to \$450. On January 2, before the restaurant sends its charge for processing, a check you previously wrote before January 1, to your landlord for rent, is presented to your checking account for \$475. Since your **Available Balance** is \$450 at the time the \$475 check is presented against your checking account, your **Available Balance** becomes -\$25, even though your **Actual Balance** is \$500. The credit union may return the check since it would overdraw your checking account by \$25, which would result in you having to pay a non-sufficient funds fee to the credit union and likely to your landlord as well once the check gets returned unpaid, or the credit union may pay the \$475 check and charge you an overdraft fee. The overdraft fee will also be deducted from your checking account balance, resulting in your checking account balance going further negative. For example, if the credit union paid the \$475 check that results in your checking account being overdrawn \$25, if the credit union's current overdraft fee is \$32, your checking account will be negative \$57 (the \$25 plus the \$32 overdraft fee).

The above example is meant to illustrate to you that you can still overdraw your checking account despite your checking account showing a positive **Available Balance**. The reason is your **Available Balance** may not reflect all of the items you have authorized (like checks), but have not yet cleared your checking account. In the above example, the check you wrote to your landlord would not reduce your **Available Balance** until it is actually presented to us and paid out of your checking account. Moreover, the **Available Balance** in your checking account may not reflect all of your debit card purchases. If, for example, a business you paid with your debit card requests our prior authorization but does not submit the one-time debit card transaction to us for payment within three business days of the authorization, we must release the pre-authorization hold on the transaction. Your **Available Balance** would not show the amount of the hold once it was released until the transaction has been received by us and paid out of your checking account.

#### **How We Post Transactions in Your Account:**

There are two kinds of transactions that will post to your checking account: credits for deposits of moneys made to your checking account (e.g., checks you deposit, direct deposit of your payroll) and debits, which are items that take money out of your checking account (e.g., payments, cash withdrawals). Knowing how each is applied by the credit union will help you understand how much money you have and how much is available to you at any given time. The following will tell you how and when we post credits and debits to your checking account:

#### **A. Credits**

As provided in your Membership and Account Agreement, under the Funds Availability Policy Disclosure, generally, our policy is to make funds from your cash and check deposits available to you on the same business day that we receive your deposit; however, there are numerous exceptions, as explained in the Funds Availability Policy Disclosure. Please refer to your Membership and Account Agreement, which you can obtain by contacting the credit union at (800) 252-6950 or by going to our website at [www.creditunion1.org](http://www.creditunion1.org)

#### **B. Debits**

There are numerous types of debit transactions that will result in monies coming out of your checking account. For example: ACH payments, Point of Sale Debit Card Transactions, Signature Debit Card Transactions, Checks, Cash Withdrawals. When these debit transactions are presented to the credit union to debit your checking account is not under the credit union's control. For example, if you write a check for an item, the credit union will not know about that item until it is presented for payment. ***The best way to know how much money you have in your checking account, in order to avoid having to pay an overdraft fee is to keep track of all your transactions!***

Generally, we will post deposits and Automated Clearing House (ACH) credits to your checking account before we will post debits. Also, our general practice is that we will post ACH debits to your checking account before we post checks. Point of Sale (POS) debit card transactions are posted as received and processed. Although this is how we generally post credit and debit transactions to your checking account, we reserve the right to pay items in any order we choose, as permitted by law, therefore, these practices may change.

Since it is possible for us to receive several credits and debits to your checking account in one day, there is a possibility that you may be charged more than one fee if we pay several transactions while your checking account is overdrawn.

#### **Frequently Ask Questions:**

##### **What is a debit card authorization hold?**

When you use your debit card to conduct a Signature or "Credit" transaction (i.e., you do not enter your PIN), the merchant sends us the amount, usually the purchase total, for authorization. This amount is placed on hold and removed from your **Available Balance** immediately. The hold is released after approximately 72 hours or when the transaction clears, whichever comes first. The hold helps determine the **Available Balance** on your account.

##### **Will debit card authorization holds apply to all my purchases?**

No, debit card authorization holds only apply to debit card transactions when you sign your name or do not enter a PIN. For example, a debit card purchase made at a restaurant or with an online merchant would be treated as a Signature/Credit transaction and would be subject to an authorization hold. Debit card purchases and ATM withdrawals made using a PIN typically subtract the funds immediately from your account (except for when you use your PIN at a gas station).

##### **What is the difference between my actual balance and my available balance?**

Your **Available Balance** reflects any authorization holds or deposit holds and is used by us to determine available funds when transactions attempt to clear your account. The balance we use as transactions clear is called your **Available Balance** and includes all items that have cleared your account up to that point and reflects any items on hold. If your **Available Balance** is not sufficient to cover a transaction, we may pay the item and charge you an overdraft fee. An overdraft fee may be charged even though your **Actual Balance** indicates a positive balance.

***Again, the best way to know how much money you have in your checking account, in order to avoid having to pay an overdraft fee is to keep track of all of your transactions.*** Please feel free to contact us if you have any questions or concerns that are related to the information in this disclosure. The credit union can be reached at (800) 252-6950 or you can go to its website [www.creditunion1.org](http://www.creditunion1.org)