

# Courtesy Pay Agreement

This Courtesy Pay Agreement ("Agreement") describes the circumstances when we (the "Credit Union") will pay overdrafts in an accountholder's (also "you" and "your") checking account and charge a fee. "Overdraft" means there is not enough available balance in your account to pay for a transaction. If we pay an overdraft (or return an item unpaid), we will charge your account a Non-Sufficient Fund (or "overdraft") fee (the "fee") of \$35. The \$35 fee is described in our Fee Schedule, which is updated periodically.

Courtesy Pay may provide certain accountholders 18 years of age or older, with the ability to overdraw their checking account up to \$500. The Courtesy Pay limit includes any overdraft fees assessed.

You qualify for Courtesy Pay if your account has been opened at least 90 days and maintained in "good standing". This is defined as A) making regular deposits sufficient to cover transactions; B) bringing the account to a positive balance at least once every thirty days or sooner; C) your loans with us are not more than 30 days delinquent; D) you have no legal orders outstanding on your account, and; E) account has a current mailing address. If you qualify, we may, at our sole discretion, pay overdrafts up to the limits mentioned above, including our fee for each overdraft paid. Whether we pay an overdraft or return an item, your account will be assessed the same fee.

This non-contractual courtesy of paying overdrafts requires no accountholder action. No additional agreements need to be signed, and it costs nothing unless the privilege is used by writing checks, making electronic funds transfers, or making other payment or withdrawal requests for more than is on deposit in the account. If you maintain the account in good standing and need this "courtesy", we may, at our sole discretion, pay the item(s) up to the authorized limit, and we will charge the account our normal fee for each item that overdraws the account. You then have up to 30 days to bring your account current. We will send you a notice each time an overdraft occurs.

The following is important information regarding your account balance, how transactions are posted to your account, and when an overdraft fee will be charged. Using Courtesy Pay may be more costly than other overdraft options we may offer. You should read these disclosures carefully. If you have questions, please see a branch representative or call 1.800.446.5598.

**YOUR CHECKING ACCOUNT BALANCE.** Your checking account has two kinds of balances: the "actual" balance and the "available" balance. Both can be checked when you review your account online, at an ATM, by phone, or at a branch. It is important to understand how the two balances work so that you know how much money is in your account at any given time. This section explains actual and available balances and how they work.

Your actual balance is the amount of money that is actually in your account at any given time. It reflects transactions that have "posted" to your account, but not transactions that have been authorized and are pending. While the term "actual" may sound as though the number you see is an up-to-date display of what is in your account that you can spend, that is not always the case. Any purchases, holds, fees, other charges, or deposits made on your account that have not yet posted will not appear in your actual balance. For example, if you have a \$50 actual balance, but you just wrote a check for \$40, then your actual balance is \$50 but it does not reflect the pending check transaction. So at that point, you actually have \$50, but you have already spent \$40.

Your available balance is the amount of money in your account that is available to you to use without incurring an overdraft fee. The available balance takes into account things like holds placed on deposits and pending transactions (such as pending debit card purchases) that the Credit Union has authorized but that have not yet posted to your account. For example, assume you have an actual balance of \$50 and an available balance of \$50. If you were to use your debit card at a restaurant to buy lunch for \$20, then that merchant could ask us to pre-authorize the payment. In that case, we will put a "hold" on your account for \$20. Your actual balance would still be \$50 because this transaction has not yet posted, but your available balance would be \$30 because you have committed to pay the restaurant \$20. When the restaurant submits its bill for payment (which could be a few days later), we will post the transaction to your account and your actual balance will be reduced by \$20.

Available balance is used to determine when your account is overdrawn. The following example illustrates how this works:

Again, assume your actual and available balances are both \$50, and you swipe your debit card at a restaurant for \$20. A hold is placed on your account, so your available balance is only \$30. Your actual balance is still \$50. Before the restaurant charge is sent to us for processing, a check that you wrote for \$40 clears. Because you have only \$30 available (you have committed to pay the restaurant \$20), your account will be overdrawn by \$10, even though your actual balance is \$50. In this case, we may pay the \$40 check, but you will be charged an overdraft fee of \$35. That fee will be deducted from your account, further reducing the balance.

It is very important to understand that you may still overdraw your account even though the available balance appears to show there are sufficient funds to cover a transaction that you want to make. This is because your available balance may not reflect all your outstanding checks and automatic bill payments that you have authorized, or other outstanding transactions that have not been paid from your account. In the example above, the outstanding check will not be reflected in your available balance until it is presented to us and paid from your account.

In addition, your available balance may not reflect all of your debit card transactions. For example, if a merchant obtains our prior authorization but does not submit a one-time debit card transaction for payment within two (2) calendar days of authorization, we must release the authorization hold on the transaction. The available balance will not reflect this transaction once the hold has been released until the transaction has been received by us and paid from your account.

**HOW TRANSACTIONS ARE POSTED TO YOUR ACCOUNT.** There are basically two types of transactions in your account: credits or deposits of money into your account, and debits or payments out of your account. It is important to understand how each is applied to your account so that you know how much money you have and how much is available to you at any given time. This section explains generally how and when we post transactions to your account.

**Credits.** Most deposits are added to your account when we receive them. For some checks you deposit, only \$225 will be made available at the time of deposit; the balance will be available two (2) business days later. There may be extended holds on checks over \$5,525. Thus, your available balance may not reflect the most recent deposits to your account. For details on the availability for withdrawal of your deposits, see the section of your Account Agreements and Disclosures entitled "Funds Availability Policy Disclosure."

**Debits.** There are several types of debit transactions. Each type of debit transaction is described generally below. Keep in mind that there are many ways transactions are presented for payment by merchants, and the Credit Union is not necessarily in control of when transactions are received.

- **Checks.** When you write a check, it is processed through the Federal Reserve system. We receive data files of cashed checks from the Federal Reserve each day. The checks drawn on your account are compiled from these data files and paid each day. We process the payments in check number order.
- **ACH Payments.** We receive data files every day from the Federal Reserve with Automated Clearing House or ACH transactions. These include, for example, automatic bill pays you have signed up for. Each day, ACH transactions for your account are grouped together and paid in the order we receive them from the Federal Reserve.
- **Point of Sale (POS) Debit Card Transactions.** These are transactions where you use your debit card and you enter your PIN number at the time of the sale. They are similar to ATM withdrawals because money is usually deducted from your account immediately at the time of the transaction. However, some POS transactions are not presented for payment immediately; it depends on the merchant.
- **Signature Debit Card Transactions.** These are transactions where you make a purchase with your debit card and you do not enter your PIN but you are instead asked to sign for the purchase. As described above, in these situations, the merchant may seek prior authorization for the transaction. When that happens, we generally place a temporary hold against the available funds in your account. We refer to this temporary hold as an "authorization hold," and the amount of the authorization hold will be subtracted from your available balance. Authorizations are deducted from your available balance but not your actual balance as they are received by us throughout each day. At some point after you sign for the transaction, it is processed by the merchant and submitted to us for payment. This can happen hours or sometimes days after you signed for it, depending on the merchant and its processing company. These payment requests are received in real time throughout the day and are posted to your account as they are received. **Please note:** the amount of an authorization hold may differ from the actual payment because the final transaction amount may not yet be known to the merchant when the authorization request is submitted. For example, if you use your card at a restaurant, a hold will be placed in the amount of the bill presented to you, but when the transaction posts it will include any tip that you may have added to the bill. This may also be the case where you swipe your debit card at gas stations and hotels and other retail establishments. We cannot control how much a merchant asks us to authorize, or when a merchant submits a transaction for payment.

This is a general description of how certain types of transactions are posted. These practices may change and we reserve the right to pay items in any order we chose as permitted by law.

We may receive multiple deposit and withdrawal transactions on your account in many different forms throughout each business day. This means that you may be charged more than one \$35 fee if we pay multiple transactions when your account is overdrawn.

**The best way to know how much money you have and avoid paying overdraft fees is to record and track all of your transactions closely.**

Although you are not charged for using Courtesy Pay unless you have an overdraft, you may opt-out of Courtesy Pay at any time. If you do not want us to pay your overdrafts, you must tell us ("opt-out"). If you receive a direct deposit, social security or other federal benefit check, you must opt-out if you do not want us to apply those funds to repay an overdraft. Additional information is found in your Account Agreement.

**IF YOU DO NOT UNDERSTAND THIS AGREEMENT OR HAVE ANY QUESTIONS, PLEASE CONTACT US AT 1.800.446.5598.**