

Overdrafts and Overdraft Protection

We pay checks and allow other transactions and withdrawals on your Account based on the “available balance.” More information about the available balance is provided below in this section. The availability of funds in your Account may be delayed or reduced as provided in the Membership and Account Agreement, the Funds Availability Policy Disclosure, the Electronic Fund Transfers Agreement and Disclosures, the Mobile Deposit Service Agreement, and for other reasons such as legal holds.

a. What is an Overdraft?

An overdraft occurs when a check, electronic Automated Clearing House (ACH) payment, ATM or check card transaction, or any other payment you have made is presented to the Credit Union for payment, but sufficient funds are not available in your Checking Account to pay the transaction. In such a case, the payment would normally be returned to the payee or denied for insufficient funds, and you may be charged a Non-Sufficient Funds (NSF) fee. With our overdraft protection services, however, the transaction can be paid using available funds from your Savings Account or a Line of Credit Loan Account or, if you have qualified, with our discretionary Courtesy Pay service. You may incur fees as set forth in our Fee Schedule for using our overdraft protection services, so you should always take care to avoid creating any overdraft. The following terms explain how our overdraft protection services work.

b. Overdraft Protection Services

We offer three levels of overdraft protection. The first level includes our Share Overdraft Protection Transfers service and our overdraft protection from a Line of Credit Loan service. These services transfer available funds from your designated Savings Account or Line of Credit Loan to pay a transaction when your Checking Account does not have sufficient available funds. We determine whether sufficient funds are available when the transaction is presented to us for settlement. A fee as set forth in the Fee Schedule or your Line of Credit Loan Agreement will apply for transferring funds from your Savings Account or Line of Credit Loan, as applicable. This fee is less than the fee for the Courtesy Pay service described below. To use this service, you must opt-in on the Application or other form we have designated. To use your Line of Credit Loan as a source of overdraft protection, you must have an approved Line of Credit Loan with us and designate it to provide overdraft protection when you opt-in. The second level of overdraft protection is called Courtesy Pay. This service is automatically extended to eligible members. Courtesy Pay is provided pursuant to our discretionary Courtesy Pay Policy as a non-contractual courtesy. It is not a line of credit and it is not guaranteed. However, in the event you write a check or initiate an ACH, online bill payment, or recurring check card transaction and sufficient funds are not available in your Checking Account to pay the transaction, and if there are no other sources of overdraft protection available, we will strive to pay your reasonable overdrafts if your Account is in good standing and you continue to meet eligibility requirements. The third level of overdraft protection extends the Courtesy Pay service to your ATM and everyday (one-time) check card transactions. To use this service, you must affirmatively opt-in to Courtesy Pay for ATM and everyday check card transactions by completing an opt-in form. Both levels of the Courtesy Pay service will charge a Courtesy Pay fee as set forth in the Fee Schedule when a transaction is paid using the service. The amount of approved for your Checking Account may vary and is subject to change at any time based on certain membership factors such as age of Account, deposit activity and history, and overdraft activity and history, including repayment history. If you no longer want an overdraft protection service in which you are enrolled, you may opt-out of any level at any time by calling or writing to us. Please refer to our Courtesy Pay Policy for eligibility requirements and additional information about the Overdraft service.

c. Actual and Available Balances

In order to properly manage your Checking Account to avoid overdrafts and resulting fees, it is important to understand that your Checking Account has two kinds of balances: the “actual balance” and the “available balance.” Funds used to pay your transactions may be limited based on the available balance. We use the available balance to determine if your Account will be overdrawn. You can check the amount of your actual balance and your available balance when you review your Account online through our home banking and mobile banking systems, using our audio response system, at most ATMs, and by calling us or visiting a branch office. You must be enrolled in the foregoing electronic fund transfer services in order to check your balance through those services.

The actual balance of your Account is the actual amount of money that is in your Account at any given time. The actual balance reflects transactions that have been posted to your Account. It does not reflect transactions that are pending. For example, if you have \$50 in your Account and you write a check for \$40, then your actual balance remains at \$50 until the check is presented and posted to the Account. The actual balance does not reflect the pending check while it is in transit to us. The actual balance also does not reflect other items that have not yet been posted to your Account, such as a remotely deposited check that has been submitted for deposit and is under review.

The available balance is that part of the actual balance that is available for you to use without incurring Share Overdraft Protection Transfers or Courtesy Pay fees. The available balance takes into account holds placed on Account funds such as check deposit holds under our Funds Availability Policy, holds for pending check card transactions that have been preauthorized but not yet posted, and legal holds. For example, if you have \$50 in your Account and you use your check card at a restaurant for \$20, then the merchant may ask us to preauthorize the \$20 payment. When that happens, we will place a hold on your Account for \$20 and your available balance will be reduced to \$30, even though your actual balance will remain at \$50 until the transaction posts or the hold is released. Funds subject to a hold are not available to pay checks, check card, online bill payments, ACH, and other transactions. Please refer to the Electronic Fund Transfers Agreement and Disclosures for more information about check card preauthorization holds. You should also keep in mind that the available balance may not always reflect all outstanding pending payments such as checks that you have written that have not cleared on your Account. Additionally, the available balance may not always reflect outstanding debit card transactions. For example, if a merchant obtains our prior authorization but does not submit a one-time check card transaction for payment within three business days of the preauthorization, we must release the hold. In such a case, the available balance will not reflect the outstanding transaction until we receive it and post it to the Account. As a result, you must carefully track of all of your transactions to ensure you have sufficient funds available in your Checking Account when the transactions are presented to us. Failure to do so may cause you to incur overdraft fees.

d. Payment Order of Transactions

The order in which we process checks and other withdrawal orders (collectively, “Items”) may also affect the total amount of overdraft and other fees that may be charged to your Account. Items may not be processed in the order made. While we may choose to process Items in any order we choose, subject to applicable law, our general policy is to pay Items as we receive them. We typically receive Items to be processed against your Accounts multiple times per day in what are referred to as presentment files. Each presentment file contains a large amount of a specific type of Item (for example, checks, ACH, or ATM/Point-of-Sale (POS)).

These presentment files may contain multiple Items to be processed against your Account. In those cases where multiple Items are received at the same time, the Items will generally be paid as follows, subject to our reservation of right to pay checks and other withdrawal orders payable to the Credit Union first, as set forth in the Payment Authorization section of this Agreement: Checks are paid in order of the check number, from lowest to highest. We will post credits from ACH files first, then ACH debits by dollar amount, from lowest to highest. ATM/POS Items are paid in the order they are presented. Transactions performed in person, such as withdrawals or checks cashed at our branch offices, are generally paid when they are performed. Our payment policy may cause your larger Items not to be paid first (such as your rent or mortgage payment), but this payment order may reduce the amount of overdraft and other fees you may have to pay if sufficient funds are not available to pay all of your Items. Please refer to the Payment Authorization section for additional terms regarding payment order of Items.

e. General

You agree to maintain sufficient available funds in your Accounts at all times sufficient to pay any withdrawal order (whether oral, written or otherwise), or any item presented for payment against the applicable Account. We are under no obligation to pay any order or item, (i) the amount of which exceeds the available balance of the Account upon which that order was made or item was drawn, or (ii) which would exceed limitations imposed upon the applicable Account under our policies and procedures or under applicable law. In the event that we do pay any such order or item, we will not waive our right to dishonor any subsequent orders or items presented. If we do pay an order or item, the amount of which exceeds the balance in the applicable Account, or if any item deposited to your Account is subsequently returned and charged back to your Account creating an overdraft, you agree to pay us immediately the amount by which that Account is overdrawn together with any fees which we might assess. You also authorize us to deduct any overdraft from your next deposit (including a direct deposit of Social Security or other governmental benefits), to withhold amounts from any other Accounts sufficient to cover any overdraft and overdraft fees, or to use any other collection remedy available to us at law. Each Party to any of your Accounts will be jointly and severally liable for overdrafts caused by any other to the Account. In the event that the Credit Union reasonably believes that your use of your Account or Accounts is abusive due to excessive checks drawn or other payments ordered on insufficient available funds, excessive activity, or otherwise, your Account may be closed.

Electronic Fund Transfers- Overdrafts

You agree that you will not use your Card, a PIN, or any other Service to withdraw or transfer funds from your Account in amounts exceeding the available balance in your Account at the time of any such transfer. Subject to any overdraft protection arrangements you have made with us, you agree that we will be under no obligation to make a withdrawal or transfer if there are insufficient available funds in your Account. The term "available funds" means your available balance, which is that part of your Account balance that is not subject to a hold and is immediately available to pay transactions presented for payment. If your Account has sufficient available funds to cover one or more but not all checks, withdrawal orders, or electronic fund transfers during any given business day, we may honor those items, allow those withdrawals, or make any such electronic fund transfers in any order we choose in our sole discretion, including first honoring any such checks, orders, or transfers payable to us, and dishonoring or refusing any item, order, or transfer for which there are insufficient available funds available thereafter. At our option, we may also post all VISA Check Card transactions during any day before posting any other checks, withdrawal orders, or other electronic fund transfers presented or made. You agree that use of the Card and/or PIN or use of any other EFT Service shall be subject to the

Overdraft and Overdraft Protection provisions set forth in the Account Agreement, as well as our overdraft policies and procedures. If you have an overdraft protection agreement with us, you agree that your use of the Card and/or a PIN shall be subject to that agreement. If you wish to have the Courtesy Pay overdraft protection service extended to ATM and everyday VISA Check Card transactions, you must complete a separate opt-in authorization. We will not consider paying ATM and everyday Check Card transactions using the Courtesy Pay service unless you have separately opted-in.