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Courtesy Pay Disclosure

Effective: 01/01/2017

It is Tucoemas Federal Credit Union's policy to comply with applicable laws, rules and regulations, and to conduct business in accordance with strict safety and soundness standards.

In this disclosure, the words "you," "your," and "owner" mean any and all persons who sign a Membership Application or any other Application in connection with the opening of any Account with Tucoemas Federal Credit Union. The words "we," "us," "our," and "Credit Union" mean Tucoemas Federal Credit Union (TFCU). The word "overdraft" includes a negative balance in your checking account that may occur for various reasons due to transactions or items exceeding your available balance. An overdraft may occur due to one or a combination of transactions including but not limited to: the payment of checks, payment of ACH, bill payments, ATM transactions and Point of Sale debit card transactions.

Courtesy Pay is a non-contractual discretionary overdraft service we offer to pay items presented against your checking account when your available balance is not sufficient to do so. Instead of returning the transaction to the merchant due to insufficient available funds, we may pay it and overdraw your account up to the Courtesy Pay limit. **Please see the Understanding Your Account Balance for Overdrafts information in this Disclosure for more details on your actual balance and available balance and the differences between the two balances.**

Courtesy Pay is an overdraft service offered by TFCU in addition to our other types of overdraft protection (i.e. overdraft tied to a savings account, line of credit, or VISA credit card). Courtesy Pay is available only on personal Checking Accounts. Courtesy Pay may automatically provide qualified members with the ability to overdraw their personal Checking Account, up to \$500, for a **\$27 Courtesy Pay fee** per item. Courtesy Pay fees are included in the \$500 maximum. Owners who meet the following criteria are automatically enrolled in the standard Courtesy Pay Service*:

1. Account is in **Good Standing**, as defined below;
2. Account owners are at least 18 years of age; and
3. Have a checking account open for at least 90 days.

Good Standing is defined as:

- Making regular deposits and bringing their account to a positive balance at least once every 30 days;
- Having a valid Address on file at TFCU;
- Not having caused a loss to Tucoemas Federal Credit Union;
- There are no legal or administrative orders or levies on the account;
- Not having a (any) delinquent loan(s) with the Credit Union;
- The owner is not a party in a bankruptcy proceeding; and
- There is no apparent illegal or abusive activity on the account.

This courtesy of paying overdrafts requires no accountholder action. It is not a loan. If you maintain the account in **Good Standing** and have need for this courtesy, we may, at our sole discretion, pay the item(s) up to the authorized limit, and we will charge the account a Courtesy Pay fee for each item that

we pay that exceeds the available balance of the account. The Credit Union is not under any legal obligation to pay overdrafts and holds no responsibility for unpaid items. If we decline to pay an item that exceeds your available balance, we will return or decline the item and you may be charged a Non-Sufficient Funds (NSF) fee.

It is our standard practice to authorize and pay overdrafts for checks, automatic bill payments and recurring debit transactions made using your account number, unless you opt out for overdraft coverage on these types of transactions. **We do not authorize and pay overdrafts for ATM withdrawals or everyday debit card transactions, unless you consent (opt-in) to overdraft coverage for these types of transactions.** If you want Courtesy Pay to cover ATM transactions and one-time or non-recurring debit card transactions, please contact us for assistance at, (559) 732-8892, online at www.Tucoemas.org or visit any one of our branches.

A transaction that overdraws your account may result from:

- The payment of checks, electronic funds transfers, or other withdrawal requests;
- Payments authorized by you;
- Return/unpaid items deposited by you;
- Credit union service charges; or
- The deposit of items which according to the credit union's Funds Availability Policy, are treated as not yet "available" or finally paid.

We have no obligation to notify the member or account owner before paying or returning an item. The Credit Union does **NOT** mail Overdraft and Non-Sufficient Funds Notices in our continuing effort to help the environment and stay 'green.' We encourage account owners to utilize our online and mobile banking services for up to date monitoring of account status, dial our "Tellerphone" audio response system, or give us a call to inquire about your account. The Credit Union will provide an account statement indicating the total amount of overdraft fees or charges imposed on an account for the statement period and calendar year to date.

If a negative account balance is created, you are responsible for repaying the amount of any overdraft and our \$27.00 Courtesy Pay Fee(s) (which is a per item fee) on demand. If the account has Direct Deposit, repayment of funds will automatically be taken out of the next Direct Deposit and will require no action on your part. If an account balance remains in the negative for 30 days, the Courtesy Pay service* will be revoked and the Credit Union will start our normal collection process. If we pay an item on an account with more than one (1) owner on the account card, each owner and/or agent drawing/presenting the item, thereby creating the overdraft, are jointly and severally liable for such Courtesy Pay overdrafts plus applicable fees. Courtesy Pay may be revoked by the credit union for, but not limited to, the following reasons: a) the member becomes unemployed; b) the member has a delinquent loan; c) the member requests to opt out of the service; d) the member files bankruptcy; e) we charge off a member's loan balance; f) the credit union feels the member is abusing the service or the account; or g) the account is no longer in Good Standing.

Courtesy Pay will only be activated when funds available through other overdraft protection arrangements have been exhausted. The order in which items (such as ACH, checks/drafts and debit card transactions) are paid is important if there is not enough money in your account to pay all of the items presented. Transactions will be processed against the available balance in the account at the time of processing. Importantly, the actual balance and available balance may differ as the available balance may be reflective of any pending ATM or debit card transactions that have not posted to the account or due to check holds. **We use the available balance (described in more detail below) when determining whether a transaction will cause your account to overdraw and for charging Courtesy Pay and NSF fees.** Checks, ACH transactions and other items may not be processed in the order you make them or in the order that we receive them. We may at our discretion, pay a check or other item and execute other transactions on your account that may affect the total amount of overdraft you may be charged. We encourage you to keep careful records and practice good account management. This will help you avoid writing checks or drafts without sufficient available funds and incurring the resulting fees.

Opt-Out: 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 social security or other federal benefit direct deposit, you must opt-out if you do not want us to apply those funds to repay an overdraft. You may opt-out of Courtesy Pay at any time by visiting one of our branches or contacting us at (559) 732-8892.

Opt-In: Courtesy Pay for ATM or everyday debit card transactions will not apply unless you opt-in. If you opt-in (or have opted-in previously), you are able to revoke your consent at any time.

Alternatives to Courtesy Pay: We offer other ways of covering your overdrafts that may be less expensive. These overdraft protection options, such as linking a savings account or line of credit, can be used to cover transactions that exceed your available balance. Courtesy Pay will only be utilized when there are no funds available through established overdraft protection options. If you would like to set up these overdraft protection options or amend your current options, please contact us to do so.

Limitations: We may limit the number of accounts eligible for the Courtesy Pay* service to one account per household.

*The Courtesy Pay service does not constitute an actual or implied agreement between you and the credit union. Nor does it constitute an actual or implied obligation of or by the credit union. This service represents a purely discretionary courtesy or privilege that the credit union may provide to you from time to time and which may be withdrawn or withheld by the credit union at any time without prior notice or reason or cause. If we do not authorize and pay an overdraft, your transaction will be declined or the item returned.

Understanding Your Account Balance for Overdrafts

Checking Account Balance: Your checking account has two kinds of balances: the “actual” (also referred to as the “ledger” or “current” balance) and the “available” balance. You can review both balances 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. **We use the available balance when determining whether a transaction will cause your account to overdraw and for charging Courtesy Pay and NSF fees**

Your Actual Balance: Your actual balance (or ledger/current balance) is the amount of money that is actually in your account at any given time. Your actual balance reflects transactions that have “posted” to your account but it does not include transactions that have been authorized and are pending. While it may seem that the actual balance is the most up-to-date display of the funds that you can spend from your account, this is not always the case. Your account may have purchases, holds, fees, other charges, or deposits made on your account that have not yet posted and, therefore, will not appear in your actual balance.

Your Available Balance: Your available balance is the amount of money in your account that is available to you without occurring a Courtesy Pay Fee or Non-Sufficient Funds (NSF) Fee. Your available balance takes into account holds that have been 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. 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 outstanding checks and automatic bill payments (or other outstanding transactions) that you have authorized but have not yet posted to your account.

Debit Card Authorization Holds: We will place a hold on your account for any ATM or everyday debit card transaction authorized until the transaction settles. ATM and everyday debit card transactions

usually settle within three business days after the transaction is authorized. The amount of the hold will be for the amount authorized or as permitted under applicable payment network rules. Holds on authorized ATM and everyday debit card transactions will be removed prior to settlement where required by applicable payment network rules.

Example of Courtesy Pay Fee for Insufficient Available Balance: If your actual balance and available balance are both \$100 and you swipe your debit card at a restaurant for \$35, a hold is placed on your account and your available balance will be reduced to \$65. Your actual balance is still \$100 because the transaction has not yet posted to your account. If a check that you had previously written for \$75 clears through your account before the restaurant charge is sent to the Credit Union for processing – you will incur a Courtesy Pay fee. This is because your available balance was \$65 when the \$75 check was paid. In this case, Tucoemas FCU may pay the \$75 check and charge you a Courtesy Pay fee. The fee will also be deducted from your account, further reducing your balance.

Reliability of Your Available Balance: You can review both your actual and available balance when you review your account online, at an ATM, by phone or at a branch. **However, it is important to understand that you may still overdraw your account even though your available balance appears to show there are sufficient available funds to cover a particular transaction.** This is because your available balance may not reflect all your outstanding checks and automatic bill payments (or other outstanding transactions) that you have authorized that have not yet posted to your account. Additionally, your available balance may not reflect all of your debit card transactions due to circumstances outside of our control. The best way to know how much money you have available (including all prior checks and authorizations) is to record and track all of your transactions closely.