



## Overdraft Privilege Disclosure

### Available Balance, Posting Transactions, and Overdraft

#### Available balance:

Your account's available balance is our most current record of the amount of money in your account available for your use or withdrawal. We use the available balance to authorize your transactions during the day (for example, debit card purchases and ATM withdrawals). We also use the available balance to pay your transactions during our nightly processing. Your available balance is calculated as follows:

|                      |   |
|----------------------|---|
| Ending Daily Balance | Ending daily balance from prior business day's nightly processing                                       |
| - Holds              | Subtract funds that have been placed on hold  |
| + Deposits           | Add pending deposits that are immediately available   |
| - Withdrawals        | Subtract pending withdrawals that we have either authorized or we know about but have not yet processed |

The available balance may not include every transaction you have initiated or that we have previously authorized. For example, your available balance may not include the following:

- Outstanding checks and authorized withdrawals we have not received for payment (such as recurring debit card transactions and ACH transactions).
- The final amount of a debit card purchase. For example, we may authorize a purchase amount prior to a tip that you add.
- Debit card transactions that have been previously authorized but not sent to us for payment. In most cases, a transaction authorization hold must be released after three business days even though the transaction may be sent to us for payment from your account at a later date, which we must honor. The authorization hold may be up to 30 business days for certain transactions, including car rental, cash, and international transactions.

#### How we process and post transactions to your account:

We process some transactions in real time as they are presented for payment and some transactions during a nightly process each business day (not Sundays, or federal holidays). Once the transactions are processed, the results are posted to your account.

Step 1: We calculate the available balance in your account that can be used to pay your transactions as described above. Certain pending transactions can impact your available balance for purposes of determining whether we will pay other transactions during our nightly processing, including:

- Cash deposits or transfers from another Credit Union account made AFTER the applicable cutoff time will be added to your available balance only if they are made before we start our nightly processing; and
- Pending withdrawals that reduce your available balance, such as debit card transactions we have authorized.

Step 2: We sort your transactions into categories.

- + We credit deposits received before the cutoff time.
- We subtract withdrawals and payments we have previously authorized that we cannot return unpaid such as debit card purchases, ATM withdrawals, account transfers, Bill Pay transactions, and teller-cashed checks. Transactions are generally sorted by date and time the transaction was conducted or, for some transactions, the day we receive it for payment, or the time assigned by our system. If date and time are the same, we post from lowest to highest dollar amount.
- We pay your checks and preauthorized automatic ACH payments such as recurring bills you have authorized a company to withdraw. Transactions are sorted by date and time received by the Credit Union, and if date and time are the same, we post from lowest to highest dollar amount.

#### Determining Date and Time

- Cutoff time is based on the location where the deposit or transfer was made.
- Funds are debited from the account based on the transaction posting date, which may differ from the transaction effective date.

Step 3: If the available balance is not enough to pay all of your transactions, we:

- Use Overdraft Protection (if you have it) by transferring and/or advancing available funds from a linked savings and/or line of credit account. An overdraft protection transfer fee may be charged as applicable (see FSFCU Fee Schedule).
- Then, decide whether to pay your transactions presented to us for payment into overdraft, or return them unpaid. Paying an item into overdraft means that we pay an item even though your available balance is not sufficient to cover that item, resulting in your account having a negative balance. At our discretion, we may pay a check or automatic bill payment into overdraft, rather than return it unpaid. This is our Member Reserve overdraft coverage (see more information below). Debit card transactions presented to us for payment (whether previously authorized by us or not (for example a debit card purchase at a gas station and only \$1 is submitted initially) will be paid even if the account goes into overdraft or negative balance and won't be returned unpaid, even if you don't have sufficient funds in your account. Any applicable overdraft or returned item fees are deducted from your account at the time the item posts to the account.
- Pending transactions, a transaction that has not yet posted to the account, can result in overdrafts. If your available balance during the nightly processing is insufficient, the Credit Union may assess overdraft and/or non-sufficient funds (NSF) fees on transaction(s) we pay or return. Even if a pending transaction has been dropped from your account, we must pay it when we receive it for payment. Sometimes, previously authorized transactions are sent to us for payment. In those cases, you may be charged an overdraft fee if the transaction that is paid caused the available balance to go into overdraft.

Merchant Authorization Holds may affect your Available Balance. For all card purchase transactions, we may place a temporary hold on some or all of the funds in the account linked to your card when we obtain an authorization request. We refer to this temporary hold as an authorization hold. The funds subject to the hold will be subtracted from your available balance. We generally release the hold within 3 business days, but it can be up to 30 business days for certain types of debit card transactions, such as international car rental and hotel, from the time of authorization or until the transaction is paid from your account.

If the merchant does not submit the transaction for payment within the time allowed, we'll release the authorization hold. This means your available balance will increase until the transaction is submitted for payment by the merchant and posted to your account. If this happens, we must honor the prior authorization and will pay the transaction from your account. In some situations, the amount of the hold may differ from the actual transaction amount since the merchant may not know the total amount you'll spend. For example: A restaurant submits the authorization request for your meal before you add a tip.

You might end up overdrawing your account even though the available balance appears to show there are sufficient funds to cover your transaction. For example: A merchant does not submit a one-time debit card transaction for payment within three business days of authorization (or up to 30 business days); we must release the authorization

hold even though we'll have to honor the transaction. When we receive it for payment, it's paid from the funds in the account and at that time it causes an overdraft.

You should record and track all of your transactions closely to confirm your available balance accurately reflects how you spend funds from the account linked to your card.

Multiple Fees per Item are Possible: Each time we return a debit for insufficient funds, we will assess an NSF fee in the amount shown on our current "First Source Federal Credit Union Fee Schedule" for each returned debit item. The entity that submitted the debit may submit another debit to the Credit Union even if we have already returned the prior debit for insufficient funds in the checking account. If the resubmitted debit again exceeds the funds available in the checking account, the Credit Union again will return the debit, resulting in an additional NSF fee. Thus, you may be charged multiple NSF fees in connection with a single debit that has been returned for insufficient funds multiple times. The reason for this is that when you authorize a merchant to process a payment from your account that merchant may present the transaction multiple times and in various ways when payment is declined for insufficient funds or otherwise. There is no way the Credit Union can identify such actions by the merchant you authorized.

### **Types of overdraft coverage:**

Most checking accounts come with Member Reserve overdraft coverage, this may be restricted or limited based on the account type, the method the account is opened or due to past performance. Under Member Reserve overdraft coverage:

- We may authorize checks, other transactions using your checking account number, and automatic bill payments (such as recurring debit card and ACH transactions) into overdraft and charge a fee.
- We will not authorize ATM and one-time debit card transactions if it would overdraft the available balance, unless your account is enrolled in Debit Card Overdraft Service as described below.

Whether we pay transactions when your account goes into an overdraft balance is at our discretion and we reserve the right not to pay an item if it will cause the account to become overdrawn.

You can remove Member Reserve overdraft coverage from your account at any time. If you remove it, the following will happen if you don't have enough money in your checking account or in accounts linked for Overdraft Protection to cover a transaction when it is presented to us for payment or authorization:

- We will return your checks and other returnable items, such as ACH payments, as unpaid and charge a non-sufficient funds (NSF) fee.
- We will not authorize certain transactions such as cashed checks, recurring debit card transactions, or Bill Pay transactions if they will cause the available balance to become overdrawn. Important: If these transactions are authorized when your account has enough money but are later presented for payment when your account does not have enough money, we'll pay the transaction into overdraft and charge a NSF fee.

You can also remove Debit Card overdraft coverage from your account at any time. If you remove it, the following will happen if you don't have enough money in your checking account or in accounts linked for Overdraft Protection to cover a transaction when it is presented to us for payment or authorization:

- We will not authorize ATM and one-time debit card transactions (such as debit card purchases and ATM withdrawals) into overdraft.

You understand that the classification of a debit card transaction (except ATM transactions) as recurring or one-time is determined by merchants, other institutions, or other third parties before the transaction is presented to us for authorization or payment. We will treat and process such debit card transactions in the manner they are presented

to us, which may result in a one-time debit card transaction presented as recurring preauthorized transactions and vice versa.

**Debit Card Overdraft Service, Consumer account customers may choose to enroll in this service:**

Your enrollment preference for Debit Card Overdraft Service determines how the Credit Union handles your ATM and one-time debit card transactions on eligible accounts. You can add or remove the service on eligible accounts at any time. It's important to understand that this service is unique from other optional services that may be less costly for you, such as our optional Overdraft Protection plan described in the next section.

When you don't have enough money in your checking account or accounts you have linked for Overdraft Protection at the time of an ATM or one-time debit card transaction:

- If you're enrolled in Debit Card Overdraft Service, the transaction may be authorized even when it causes the available balance to become overdrawn at the Credit Union's discretion, but an overdraft fee applies.
- If you aren't enrolled in Debit Card Overdraft Service, the transaction will be declined, and no fees apply. If a previously authorized transaction creates a negative balance when it posts, you won't be assessed an overdraft fee.

Debit Card Overdraft Service does not apply to checks and other recurring transactions (such as Bill Pay or ACH transfers, or recurring debit card transactions such as utilities or health club memberships).

With or without Debit Card Overdraft Service, the Credit Union may continue to pay these other transaction types into overdraft, at our discretion, and our Member Reserve overdraft fees and policies will apply.

Debit Card Overdraft Service isn't available for certain accounts, such as Money Manager Checking accounts, Business Checking accounts, accounts for government entities, or savings accounts. Debit Card Overdraft Service is a discretionary service that may be removed by the Credit Union for a variety of reasons including excessive overdrafts or returned items, abuse, or reduced services.

**Overdraft Protection:**

This is an optional service you can add to your checking account by linking eligible Credit Union accounts to authorize or pay your transactions if you don't have enough money in your checking account. Overdraft Protection transfers/advances may occur to cover pending transactions, even if these transactions are not subsequently presented for payment. When an Overdraft Protection transfer occurs from a linked savings account to cover a transaction, the available balance in that savings account will be reduced by the amount of money to be transferred. You can avoid the Overdraft Protection transfer by making a covering deposit or transfer before any transactions post against the negative available balance. A single Overdraft Protection Transfer fee will be charged whether funds are transferred/advanced from multiple accounts or just one. Also, we won't charge a fee unless the transfer/advance covered at least one pending item, or helped you avoid at least one overdraft or returned item. If you link two or more accounts, you may tell us which account to use first to transfer/advance funds. Overdraft Protection is only available for checking accounts.

**Returning your account to a positive balance:**

If your account has an overdraft, you must promptly add money to return your account to a positive balance. If you don't return your account to a positive balance or you have too many overdrafts, we may close your account. Also, we may report you to consumer reporting agencies and initiate collection efforts. You agree to reimburse us for the costs and expenses (including attorney's fees and expenses as provided herein) we incur to do so.