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## What You Need to Know About Overdraft Fees

An overdraft occurs when you do not have enough money in the Available Balance in your checking account to cover a transaction at the time it is presented to us for authorization. If we authorize and pay the transaction and your Available Balance is not sufficient to cover it at the time we pay it, then you may be charged an Overdraft Fee. For more information regarding overdrafts, see the Overdraft Disclosure provided with your Member Agreement and available on the CommunityAmerica website at [CommunityAmerica.com/Membership-Agreement](http://CommunityAmerica.com/Membership-Agreement). We can cover your overdrafts in three different ways:

- 1. Linked Accounts:** We will first attempt to pay an overdraft item by transferring funds to your checking account from any deposit or permitted line of credit loan accounts you designate at the Credit Union as sources to be used. Lines of credit are subject to approval; terms may vary. These plans may be less expensive than our Overdraft Plus Protection services. To learn more, ask us about these plans.
- 2. Overdraft Plus Protection–Standard:** If you have not established Linked Accounts or funds in your Linked Accounts are not available, we may consider paying your overdraft in which case you will be charged an Overdraft Fee, unless it is an ATM and everyday debit card transaction or you have a Student Checking product. The Student Checking product does not qualify for Overdraft Plus Protection. For all other products, you are automatically enrolled in this service when you open your checking account; however, we do not automatically authorize and pay ATM and everyday debit card transactions that would overdraw your account unless you opt in for this service.
- 3. Overdraft Plus Protection–Opt-In:** If you would prefer that we also consider paying your ATM and everyday debit card transactions when your checking has insufficient Available Balance, you must affirmatively consent and “Opt-In” to this service. Without your consent, we will not authorize and pay ATM and everyday debit card payment transactions that are in excess of your Available Balance.

### Overdraft Plus Protection Practices

#### What are the Overdraft Plus Protection practices that come with my account?

You are automatically enrolled in the Overdraft Plus Protection–Standard service, under which we do authorize and pay overdrafts for the following types of transactions:

- Checks, ACH payments, teller withdrawals and other payment transactions and transfers from your checking account.
- Automatic bill payments

We do not authorize and pay for overdrafts for the following types of transactions unless you ask to “Opt-In” to our Overdraft Plus Protection–Opt-In service:

- ATM Transactions
- Everyday debit card transactions

We pay overdrafts at our discretion under either Overdraft Protection Plus service, which means we do not guarantee that we will always authorize and pay any type of transaction. If we do not authorize and pay an overdraft, your transaction will be declined. The Student Checking product does not qualify for Overdraft Protection Plus service.

#### What fees will I be charged if you pay my overdraft using an Overdraft Plus Protection Service?

Under our Overdraft Plus Protection practices:

- We will charge you an Overdraft Fee of up to \$28 each time we pay an overdraft.
- We limit the total number of Overdraft Fees we charge you for overdrawing your account to 6 per day using the date the transaction is posted to your account when applying this daily limit.

#### What if I want you to authorize and pay overdrafts on my ATM and everyday debit transactions?

You can make changes to your Overdraft Plus Protection services enrollment by calling 913.905.7000 or 800.892.7957, or visiting your online banking account at CommunityAmerica.com.

You have the right to revoke your consent at any time for any of these overdraft services, by contacting us at the above contact information.

I want you to authorize and pay overdrafts on my ATM and everyday debit card transactions

Printed Name: \_\_\_\_\_

Account Number: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## Overdraft Disclosures

The following is important information regarding your account balance, how transactions are posted to your account, and when an Overdraft or Return Item fee will be charged. You should read these disclosures carefully. If you have questions, please see a branch representative or call us at 800.892.7957.

This Disclosure describes the circumstances when we (the "Credit Union") may pay Overdrafts in your checking account and charge you an Overdraft Fee, or when we will reject a transaction and charge you a Return Item Fee. An "overdraft" occurs when there is not enough money in the available balance in your account to cover a transaction at the time it is presented to us for authorization. If we pay the transaction and your Available Balance is not sufficient to cover it at the time it is posted to your account, then you will be charged an Overdraft Fee as set forth in our Fee Schedule. If we reject the transaction and it is a check or ACH payment, then you will be charged a Return Item fee as set forth in our Fee Schedule. If we reject a debit card transaction or an attempted ATM withdrawal, then you will not be charged a fee but the attempted payment to a merchant or withdrawal will be declined. Depending upon the transaction type, Overdraft Fees may be labeled on periodic account statements or in online and mobile banking as a "Paid NSF Fee," "Paid NSF POS Fee," "NSF Fee," "Retry PYMT," "UCF Fee" or "Unspecified Transfer."

The Credit Union offers three forms of overdraft protection: Linked Accounts, Overdraft Plus Protection – Standard, and Overdraft Plus Protection – Opt-In. Each of these services has an associated fee and may have restrictions or other limitations. We limit the total number of Overdraft and Return Item Fees to 6 per day using the date each transaction is presented to us and/or posted to your account for purposes of this daily limit. Each of these options is described below.

- 1. Linked Accounts – Overdraft Transfer Protection:** Should an overdraft occur, we will first attempt to pay the item by transferring funds to your checking account from any deposit or line of credit loan accounts you designate at the Credit Union as sources to be used should your checking account fail to have sufficient available balance to cover transactions on your account. Lines of credit are subject to credit approval and terms may vary. The Linked Accounts costs are often less expensive than the Overdraft Plus Protection as funds transferred from another account could help you avoid incurring Overdraft Fees or Return Item Fees. You will be charged a \$5 transfer fee for transfers from a linked savings account. There is no fee for transfers from a line of credit, but you will be charged interest in accordance with the line of credit agreement.
- 2. Overdraft Plus Protection – Standard (transactions other than ATM and everyday debit card transactions):** If Overdraft Transfer Protection is not available, then the Credit Union may consider paying your overdraft (other than for ATM withdrawals and everyday debit card payment transactions). Provided you qualify, you will be automatically enrolled in Overdraft Plus Protection – Standard at account opening. If you are enrolled in this service and there are not sufficient funds in your available balance to cover a transaction at the time it is posted to your account, then the Credit Union may pay the transaction on your behalf and you will be charged an Overdraft Fee as described in the Credit Union's Fee Schedule. This service is discretionary and we may choose not to pay specific transactions or limit the number of transactions paid on your behalf. To qualify for Overdraft Plus Protection, your account must be in good standing, and not all checking accounts are eligible. For purposes of overdraft protection, you are in good standing if the following conditions are met: (1) you are current on all loans and obligations; (2) you have no past charge-offs that have not been fully recovered; (3) there are no tax levies, garnishments, or other legal action against your account (4) your account has been with us for at least 30 days; and (5) you demonstrate responsible account management by bringing your account positive at least once every 19 days. You may cancel this service at any time by contacting the Credit Union.

### **3. Overdraft Plus Protection–Opt-In (for ATM & everyday debit card transactions):**

If you would prefer to have the Credit Union consider paying ATM and everyday debit card transactions when your checking account has insufficient available balance, then you must affirmatively consent and "Opt-In" to this service.

**Without your consent, we will not authorize and pay ATM and everyday debit card transactions when you have insufficient available balance.**

If you would like to update your preferences to opt-in or opt-out of any overdraft service, please call us at 800.892.7957 or contact us through Online Banking at CommunityAmerica.com. You have the right to revoke your consent at any time.

## Your Checking Account Balance

Your checking account has two kinds of balances: the "current" balance and the "available" balance. Both balances can be checked when you review your account online, on your mobile banking app, at most ATMs, 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 current and available balances and how they work.

Your **current** 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 "current" 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 current balance. For example, if you have a \$50 current balance, but you just wrote a check for \$40, then your current balance is \$50, which does not reflect the pending check transaction. So, at that point you currently have \$50, but you have already spent \$40 of the \$50.

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 a current balance of \$50 and an available balance of \$50. If you were to use your debit card at a merchant, then that merchant could ask the Credit Union for a pre-authorization. For example, if the merchant asks us to pre-authorize \$20, then there is a "hold" deducted from your available balance for \$20. Your current balance would still be \$50 because this transaction has not yet posted, but your available balance would be \$30. Note that a merchant might request an amount be authorized that is different than the your initial or final transaction amount, for example, a restaurant might request a higher amount than your initial bill to include an anticipated tip, but when the restaurant submits its bill to us for payment (which could occur days later), we will release the authorization hold, and then we will post the transaction to your account for the final amount, reducing your current and available balances by that final amount. In this case, if your final bill including tip was \$35, your current and available balances would be \$15.

**The Credit Union uses the available balance to determine when your account is overdrawn.** The following example illustrates how this would work if you were enrolled in both Overdraft Plus Protection programs:

Again, assume your current and available balances are both \$50, and you swipe your debit card at a restaurant for \$20. A hold is placed on your account for \$25, in anticipation of a \$5 tip, so your available balance is only \$25. Your current 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 \$25 available, your account will be overdrawn by \$15, even though your current balance is \$50 before the \$40 check posts. In this case, we may pay the \$40 check, but you will be charged an Overdraft Fee. That fee will be deducted from your account, further reducing both the current and available balances. If you do not make a deposit to your account to cover the overdraft and your pending restaurant transaction,

you could be subject to an additional Overdraft Fee when the final transaction amount posts 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 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 for payment 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 72 hours of authorization (or for up to thirty (30) business days for certain types of debit card transactions), 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 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. When we receive a batch of transactions (such as a batch of ACH entries) that includes both credits and debits, we post the credits in that batch before we post the debits in that batch. When we receive individual (non-batched) transactions, we post them in order we receive them, without regard to whether they are credits or debits.

**Credits.** Most deposits are added to your account when we receive them. For some checks you deposit, not all the funds will be made available at the time of deposit. Thus, your available balance may not reflect the most recent deposits to your account. For further details on the availability for withdrawal of your deposits, see the Funds Availability Policy.

**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, we receive data files of checks from our processor each day. The checks drawn on your account are compiled from these data files and paid each weekday excluding Federal Reserve holidays, usually in the evening. Check payments are grouped together and posted in the order in which they are received.
- **ACH Payments.** We receive data files Monday – Friday from the Federal Reserve with Automated Clearing House or ACH transactions. These include, for example, automatic bill payments you have authorized. ACH transactions are grouped together and posted in the order in which they are received.
- **PIN-Based Debit Card Transactions.** These are transactions where you use your debit card and you enter your PIN at the time of the sale. PIN-Based transactions are usually deducted from your account immediately at the time of the transaction. However, some PIN-Based transactions are not presented for payment immediately; timing may be dependent upon the merchant.
- **Signature-Based Debit Card Transactions.** These are transactions where you make a purchase with your debit card, and you sign for the purchase or provide the code (CVV) on the back of your card instead of entering your PIN. 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 for the amount that the merchant requests be pre-authorized. We refer to this temporary hold as an “authorization hold”

or “pending transaction,” and the amount of the authorization hold will be temporarily subtracted from your available balance. Authorizations are deducted from your available balance, not your current 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 may 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. Sometimes these merchants may request we authorize a hold for less than or in excess of the final charge; for instance, if you provide your debit card when you check into a hotel to pay for any incidentals, the hotel may request an authorization for several hundred dollars in anticipation of expenses you may incur during your stay. When you check out of the hotel, that hold may be removed or posted for the exact amount of your expenses. However, until that happens, the amount of the authorization requested by the hotel may be unavailable for use in your account to pay other items such as checks and other debit card transactions. We cannot control how much a merchant asks us to authorize, or when a merchant submits a transaction for payment. Also, authorization holds for debit card transactions placed on sufficient available funds do not guarantee that an Overdraft Fee will not occur. Transactions may occur after a pre-authorization that reduces the balance before the final debit card transaction posts to the account. If this results in an available balance that is insufficient to cover the debit card transaction when it posts to your account, you will be charged an Overdraft Fee.

**Nightly Processing.** Our systems process transactions on a nightly schedule, however this schedule may be delayed by the number of transactions required to be processed, required system maintenance or periodic, special processing (e.g. end of year processing) that may extend processing times. As a result, both debits and credits to your accounts may post at different times on different days. If we receive a debit or credit to your account after we begin our nightly processing, that debit or credit will be held in suspense and will be processed after we have completed our nightly processing. The effective date of that debit or credit will be the day we receive it, but it will be posted to your account on the following day. We use the date a debit or credit is posted to your account when applying daily limits on the number of Overdraft Fees that may be assessed to your account.

Transactions may be presented for payment from your account multiple times. Each presentation may be charged a separate Overdraft Fee if your account has an insufficient available balance to cover the transaction; we do not have control over how many times a transaction is presented to your account. 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 choose as permitted by law.

## Additional Terms

The Overdraft Plus Protection (both the Standard and Opt-In) services are not credit products and require no credit application. We may automatically consider paying checks and automatic bill payments on your checking account under the Standard service, and you will be charged a fee if the transaction is paid or unpaid; however, we will only consider paying ATM and everyday debit card transactions to your checking account if you have consented to the Opt-In service on a qualifying checking account.

We are not obligated to pay any overdraft, even if you enroll in the Overdraft Plus Protection Opt-In service. We will decide to pay overdrafts on a case-by-case basis, in our sole and absolute discretion. A daily evaluation of your account will be performed to



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determine the overdraft protection limit. This limit is determined by an automated daily evaluation of your account which considers several factors, including but not limited to: account history, deposit frequency, age of the account, average account balances, and overall account status and standing. This limit cannot be manually changed. Any fees are applied toward your total overdraft limit. We may change or remove your limit at any time without prior notice. Excessive or repeated overdrafts may result in the suspension or termination of your checking account and/or your Overdraft Plus Protection preferences. We may refuse to pay any items without first notifying you, even though your account is in good standing and even if we have paid previous overdrafts.

You agree to deposit sufficient funds to cover any overdrafts, including any fees, upon notice of the overdraft. If you do not bring your account positive within 65 days, your account may be closed and/or negatively reported to ChexSystems and other credit reporting agencies.

In addition to any other rights that we may have, you agree that any Credit Union deposit account in which you may now or in the future have an interest are subject to our right of off-set for any liabilities, obligations, or other amounts owed to us by you. We reserve the right to limit the Overdraft Plus Protection service to one (1) account or member per household without notice of reason or cause.

We may change, terminate, or suspend the Overdraft Plus Protection services at any time without prior notice. In no event shall any termination relieve you of your obligation to repay such sums already paid, including but not limited to, the amount of the overdraft, Overdraft Fees, collection costs, and attorneys' fees, if any.

**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.**

**IF YOU DO NOT UNDERSTAND THIS DISCLOSURE OR HAVE ANY QUESTIONS, PLEASE CONTACT US AT 800.892.7957.**

If you would like to update your preferences to opt-in or opt-out of any overdraft service, please call us at 800.892.7957, or update your preference through Online Banking at CommunityAmerica.com.