

What You Need to Know About Overdraft Protection As of March 28, 2022

An overdraft occurs when we receive a Debit Card, Check, ACH, or Automatic Bill Pay transaction that is greater than the amount of the Available Balance in your account and we pay it anyway.

What are the Standard Overdraft Practices that come with my account?

If an overdraft occurs on your account, we offer Standard Overdraft Protection to help manage your account, including:

- **Automatic Transfer from Savings, Checking or Club accounts that you have access to** – We may transfer available funds automatically from your Savings, Checking or Club account. You must designate these account(s) as an overdraft protection option. Note: If you have access to another account with us, you may choose to use that account to transfer funds. You may utilize more than one account type for overdraft protection. You may designate a Savings, Checking, eligible Club account and an LOC.
- **Automatic Line of Credit (LOC)** – Members may apply for an LOC to be used as an overdraft protection option. If funds are not available in your 1CFCU checking account, your LOC may be used to cover the deficiency up to your loan limit. You must designate your LOC as an overdraft option. You may designate an LOC and a Savings, Checking or eligible Club account.
- **Courtesy Pay** – In the event you have not set up either an automatic transfer from a Savings, Checking, Club or a Line of Credit with sufficient available funds, **Basic Courtesy Pay** may be available for your account for Checks, ACH transactions, recurring Debit Card transactions, and Automatic Bill payments in the event your checking account's **Available Balance is less than the amount of the transaction**. You also have the option to include **Enhanced Courtesy Pay** coverage for one-time Debit Card and ATM transactions. You are expected to make a deposit immediately to cover the overdrawn amount. A fee will be charged for each Courtesy Pay use and there is no daily limit on how many times Courtesy Pay may be used. Courtesy Pay is a discretionary 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 for an overdraft, your transaction will be declined. You may "opt out" of this service at any time. Second Chance Checking or minor accounts are not eligible for Courtesy Pay.

Since we charge a fee for paying one-time debit card and ATM transactions, Federal Regulations require we receive an affirmative "opt in" to pay these items through Enhanced Courtesy Pay. An "opt in" or "opt out" decision by the member or any joint owner will be treated as binding for all members and joint owners on an account. Note: Your ability to "opt In" to Enhanced Courtesy Pay may be limited or restricted and may be revoked at the credit union's discretion.

You have a choice in how Courtesy Pay is administered on your account. Your options include:

- **Enhanced Courtesy Pay**, as explained above, is available for ALL eligible transactions including Checks, Automatic Bill payments, ACH, recurring debit card transactions, one-time Debit Card transactions and ATM transactions made using your checking account number.
- **Basic Courtesy Pay**, as explained above, is available ONLY for Checks, Automatic Bill payments, ACH and recurring debit card transactions made using your checking account number.
- **No Courtesy Pay** on your account.

What fees will I be charged if 1CFCU pays my overdrafts?

No overdraft fees are associated with transfers from an LOC or Checking account. There is no limit to the number of overdraft transfers from your Savings, Club or another Checking Account per month to your Checking Account. However, an Excessive Transactions fee (see the TIS Fee Schedule) will be charged per transaction after the sixth (6) FREE electronic transaction is made from your Share/Savings or Club account. For each Courtesy Pay transaction, there is a fee charged per transaction. See the TIS Account Disclosures & Rate schedule and the TIS Fee Schedule.

What if I want 1CFCU to authorize and pay overdrafts on everyday debit card and ATM transactions?

If you would like us to authorize and pay one-time Debit Card and ATM transactions, you may update your preferences to "opt in" to **Enhanced Courtesy Pay** in online banking, visit a branch or contact us at one of the phone numbers listed below:

- Toll-Free: 800/749-1465 or 325/653-1465

Overdraft Protection FAQs

What is an overdraft? An overdraft occurs when we receive a Debit Card, Check, ACH, or Automatic Bill Pay transaction that is greater than the amount of the Available Balance in your account and we pay it anyway.

- **Automatic Overdraft Protection** transfers from Savings, Checking, Club accounts or a Line of Credit (LOC) from the same member number or another 1CFCU account you have authorized access to. See definitions above for more details and fees.
- **Basic Courtesy Pay** is for Checks, recurring Debit Card transactions, ACH and Automatic Bill Payments (not available on Second Chance Checking or minors) See definitions above for more details and fees.
- **Enhanced Courtesy Pay** is for One-time Debit Card and ATM Transactions. Not available for Second Chance Checking or minors) See definitions above for more details and fees.

What is the difference between Actual Balance and Available balance?

Actual Balance versus Available Balance - In order to properly manage your Account to avoid overdrafts and resulting fees, it is important to understand that your 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.

- 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 and does not reflect pending transactions. 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 a 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 submitted for deposit and is under review.
- **Available Balance.** Your Account's **Available Balance** is our most current record of the amount of money in your Account that is available for use or withdrawal (subject to the additional limitations and restrictions set forth in this Agreement, including as further explained in the Disclosures and Schedules, "What You Need to Know About Overdraft Protection"; "Electronic Fund Transfers Agreement and Disclosures"; and "Funds Availability Policy"). The Account's Available Balance includes adjustments for factors such as restrictions or holds placed on deposited funds in your Account, and restrictions or holds placed on funds in your Account as a result of preauthorization holds in connection with the use of your Debit Card. Each of these restrictions and holds affects (reduces) the availability of funds in your Account for use or withdrawal, including without limitation, to pay for checks drawn on your Account, debits, Debit Card purchases, ACH transactions, ATM withdrawals, fees, and any other withdrawal or payment transactions on your Account. We use the Account's Available Balance to authorize your transactions during the day, to pay your transactions in our nightly / daily processing, in determining whether the Account has been overdrawn, and in assessing fees in connection with any overdrafts. **IT IS VERY IMPORTANT TO UNDERSTAND THAT YOU MAY STILL OVERDRAW YOUR ACCOUNT EVEN THOUGH THE ACCOUNT'S AVAILABLE BALANCE APPEARS TO SHOW THERE ARE SUFFICIENT FUNDS TO COVER A TRANSACTION THAT YOU WANT TO MAKE.** Your Account's Available Balance may not reflect every transaction you have initiated or previously authorized, including without limitation, your outstanding checks, automatic bill payments that you have authorized, authorized automatic withdrawals (such as recurring Debit Card transactions, transfers, and ACH transactions that we have not received for payment or received too close to our nightly/daily processing to include in your Account's Available Balance), the final amounts of Debit Card purchases (e.g., we may authorize a purchase amount prior to a tip you add or a gasoline purchase that exceeds the authorization amount). For example, an outstanding check will not be reflected in your Available Balance until it is presented to us and paid from your Account. Your Account's Available Balance also may not reflect recent deposits to your Account that are subject to our Funds Availability Policy. Therefore, in order to avoid fees and/or overdrawing your Account, it is imperative that you take into account the availability of funds in your Account under the terms of this Agreement and keep track of each deposit, use, transaction, and withdrawal (including without limitation, checks drawn on your Account, debits, Debit Card purchases, ACH transactions, ATM withdrawals, fees, and any other withdrawal or payment transactions on your Account), because you as the Account Owner(s) is/are in the best position to know each of the activities occurring (or that have been scheduled and/or authorized to occur) on your Account, and therefore, the funds available for use or withdrawal. Even though your Account's

Available Balance may not reflect each of these transactions, you must insure that, at all times, your **Available Balance** is sufficient to pay your authorized transactions.

How does 1CFCU pay items clearing my account? 1CFCU pays all items on your checking account in arrival sequence throughout the day.

What happens if I do not have an available overdraft option selected below? In the event you do not have adequate funds in your **Available Balance**, the item will be returned unpaid and an NSF fee per item will be charged.

Will you pay my authorized or preauthorized debit card transactions, if the transaction exceeds my Available Balance when it clears? All authorized or preauthorized Debit Card transactions will be paid.

DO NOT RELY ON COURTESY PAY TO PAY YOUR ITEMS – IT IS INTENDED ONLY AS A COURTESY IN THE EVENT YOU ACCIDENTALLY OVERDRAW YOUR ACCOUNT.

Available Overdraft Options			
Overdraft Option	Fee	Restrictions	What do I need to do?
Automatic transfer from a Savings, Checking or Club account that you have access to.	No limit or fee for transfers from another 1CFCU Checking account. There is no limit to the number of overdraft transfers from your Savings or Club Account per month to your Checking. However, an Excessive Transactions fee (see the TIS Fee Schedule) will be charged per transaction after the sixth (6) FREE electronic transaction is made from your Share/Savings or Club account .	Up to available funds	Select Savings, Checking or a club account as an overdraft option by sending us a secure message through Online Banking or by visiting any of our branch offices
Automatic transfer from Line of Credit (LOC) with pre-approved LOC application	No Fee	Unlimited transfers up to available balance/credit limit	Apply for and receive an LOC or use an existing LOC. Contact us to add your LOC as an overdraft option
Basic Courtesy Pay for Checks, recurring Debit Card transactions, ACH and Automatic Bill Payments	\$30 Per Item	Limitations may apply	This option is offered when we open a new checking account or a member may request it at any time as a Basic Overdraft Practice. You may "opt out" of this service. Second Chance Checking and minor accounts are not eligible for this service
Enhanced Courtesy Pay for One-time Debit Card and ATM Transactions	\$30 Per Item	Limitations may apply	Since we charge a fee, Federal Regulation requires you to "Opt In" for this service. You can "opt-in" online, in any 1CFCU lobby or by phone. Second Chance Checking and minor accounts are not eligible for this service

What is Courtesy Pay on One-time Debit and ATM Transactions? Courtesy Pay for one-time Debit Card and ATM Transactions means we pay a transaction even if you do not have funds available. Items will be approved up to your personal Courtesy Pay limit. A fee is charged per item approved using Courtesy Pay. ***Important: Federal Regulations require you to "Opt In" for this option because we charge a fee for this service.***

How do I select Savings, Checking, Club (other than Christmas or Arnie club) and/or LOC as an overdraft protection option? You may select multiple overdraft protection options. Contact us by phone, send a secure message through Online Banking or visit any of our branch offices.