

MARSHALL COMMUNITY CREDIT UNION – INFORMATION AND GUIDELINES REGARDING COURTESY PAY OVERDRAFT PROTECTION AND YOUR ACCOUNT

Updated October 2017

Courtesy Pay is a service we provide to our checking account members to cover inadvertent overdrafts. You are NOT required to have this service on your account and may opt-out at any time. The payment of overdrafts is not guaranteed. If you do not wish to have Courtesy Pay, please contact us and we will remove this benefit from your account. If you opt-out, you will still be charged our Non-Sufficient Funds fee, as disclosed in our Fee Schedule, for each item that is presented and returned.

This document explains the circumstances when Marshall Community Credit Union (MCCU, Credit Union, or “we”) will pay overdrafts to your checking account and charge you a fee. An “overdraft” means there is not enough available balance in your account to pay for a transaction. With Courtesy Pay, we will generally pay your overdraft items up to \$1,000, however, whether your overdrafts will be paid is discretionary and we reserve the right not to pay. If we pay for an overdraft, you will be charged our normal Courtesy Pay fee as disclosed in our fee schedule for each item that is presented. When more than one overdraft item is presented and paid, multiple overdraft fees may be charged. Both the amount of the overdraft items and all other fees, including but not limited to overdraft fees, are included in this limit.

If you overdraw your account, you must return the account to a positive balance within 30 days or your Courtesy Pay may be suspended. Your Courtesy Pay may be suspended if you fail to meet our eligibility criteria or if we believe you are not managing your account in a responsible manner which may harm you or the Credit Union.

Checking accounts that remain overdrawn for 45 consecutive calendar days may be closed and charged off. Courtesy Pay is not designed to be used as a permanent solution for financial needs. MCCU monitors accounts for excessive use and we may remove Courtesy Pay if the terms have not been met.

Overdraft Protection Options

There are other overdraft protection options available to you which may be less costly.

- Transfer from another account – If you have other accounts with us, you can authorize us, in advance, to transfer the funds needed to cover the overdraft. The cost for this service is \$2.00 per transfer.
- Small dollar loan – You may be able to qualify for a small dollar unsecured loan. This requires you to complete a loan application. Approval and Annual Percentage Rate (APR) are based on your credit-worthiness.

Eligibility

No application is required for the Courtesy Pay service. Eligibility is at the discretion of the Credit Union. You may not be granted Courtesy Pay or it may be revoked by MCCU if:

- Your checking account has been open for less than 60 days
- Your account type is not eligible
- You are more than 30 days past due on any loan or delinquent on any other obligation to the Credit Union
- Your account is being reviewed for fraudulent activity
- The primary account owner is less than 18 years old
- You have an unresolved prior loss with the Credit Union
- You do not have a checking account
- A ChexSystems or other negative indicator has been reported to us
- You previously had Courtesy Pay revoked

Transactions Eligible for Courtesy Pay Coverage

Checks, ACH transactions, and recurring debit card transactions are automatically eligible to be covered by Courtesy Pay.

Opting in for Courtesy Pay Overdraft Coverage related to ATM and Debit Transactions

For ATM and one-time debit card transactions, you must affirmatively consent by opting into this coverage by completing our Overdraft Services Consent form. Without this consent, we may not authorize and pay an ATM or one-time debit card transaction which will result in insufficient available funds in your account. In these instances, the transaction may be rejected by MCCU.

Checking Account Balance Definitions

The following is important information regarding your checking account balance, how transactions are posted to your account, and when a Courtesy Pay fee will be assessed. Please read these disclosures carefully. If you have questions, please see a Member's First representative, or call us at (269) 781-9885.

Your checking account has two kinds of balances – the “actual” balance and the “available” balance. Both can be checked when you review your account online, by phone, by mobile application, 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.

Actual Balance

Your “actual” 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 “actual” 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, checks written but not posted, other charges, or deposits made on your account that have not yet posted will not appear in your actual balance. For example, if you have a \$50.00 actual balance, but you just wrote a check for \$40.00, then your actual balance is \$50.00 but it does not reflect the pending check transaction. So at that point, your account is showing \$50.00, however, you have already spent \$40.00 of that.

Available Balance

Your available balance is the amount of money in your account that is available to you to use without incurring a Courtesy Pay fee. The available balance takes into account things like holds placed on deposits and pending transactions (such as pending debit card purchases) that MCCU has authorized but have not yet posted to your account. For example, assume that you have an actual balance of \$50.00 and an available balance of \$50.00 in your checking account. If you were to use your debit card at a restaurant to buy dinner for \$40.00, that merchant would ask MCCU to pre-authorize the payment. This pre-authorization places a hold on the \$40.00 in your account until the transaction is posted. Your actual balance would still be \$50.00 because the transaction has not yet posted, but your available balance would be \$10.00 because you committed to pay the restaurant \$40.00. When the restaurant submits its bill for payment (which could occur up to a few days later), we would post the transaction to your account and your actual balance would be reduced by \$40.00.

Your available balance is the balance used to determine when your account is overdrawn. The following example illustrates how this works:

Again, assume your actual and available balance are both \$50.00 and you use your debit card at a restaurant for \$40.00. A hold is placed on your checking account for the \$40.00 until the transaction posts to your account, so your available balance is \$10.00. Your actual balance is still \$50.00. Before the restaurant charge is sent to us for processing, a check that you wrote for \$25.00 clears your account. Because you only have \$10.00 available

(you committed to pay the restaurant \$40.00), your account will be overdrawn by \$15.00, even though the actual balance is \$50.00. In this case, we may pay the \$25.00 check, but you will be charged a Courtesy Pay fee. That fee will be deducted from your account, further reducing the balance.

It is 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 outstanding checks and automatic bill payments that you have authorized, or other outstanding transactions that have not yet 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 and paid from your account.

Important Additional Note about Authorization Holds

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 was submitted.

Examples:

- Per the processing networks' rules a merchant (hotels, rental car agencies, etc.) may obtain an authorization for up to 3 times the total estimated amount of your actual hotel stay, car rental, or purchase. This is deemed an "authorized hold" by you and the authorized amount will not be available in your account until after your final bill is settled with the merchant. This may cause an overdraft in your account. Even if your bill is satisfied with another form of payment, the merchant may continue to hold the funds as originally authorized by you for these time periods. Remember, we cannot control how much a merchant asks us to authorize, or when a merchant submits a transaction for payment.
- Gas stations and fuel companies may only authorize a portion of your actual fuel transaction, or they may have a set minimum authorization. Authorizations for fuel purchases are obtained prior to the transaction being completed. As such the merchant may request an authorization of as little as \$1.00, or they may have a minimum authorization for as much as \$75.00.
- Restaurants typically request authorizations on food purchases prior to the tip being added. In these cases the authorization may be lower than what the final transaction posts for once the full bill is settled.

Payment Order of Items

Checks, drafts, ACH transactions, ATM and debit card transactions, and other items may not be processed in the order that you made them or in the order that we receive them. We may, at our discretion, pay a check, draft, or item, and execute other transactions on your account in any order we choose. The order in which we process checks, drafts, or other transactions may affect the total amount of overdraft fees that may be charged to your account.

Overdrafts will be determined based on the available balance in your account at the time of presentment. Your available balance may be lower than your actual balance due to funds held for debit card transactions you have authorized, but have not posted yet, as described above, and deposited checks held pursuant to our funds availability policy.

We may receive multiple deposit and withdrawal transactions on your account in different forms throughout each business day. This means that you may be charged more than one Courtesy Pay fee if we pay multiple transactions when your account is overdrawn. The best way to know how much money you have and avoid paying overdraft/Courtesy Pay fees is to record and track all of your transactions closely.

If you have questions regarding overdrafts, Courtesy Pay, or any of the topics discussed in this disclosure, please contact MCCU at 269-781-9885.