

What You Need to Know about Overdrafts and Overdraft Fees

An overdraft occurs when you do not have enough money in your account to cover a transaction, but we pay it anyway. Scenic Community Credit Union can cover overdrafts in three different ways:

1. We have a Share to Share Overdraft Protection Plan, which links your Share Draft (Checking) account to other share accounts, which may be less expensive than Courtesy Pay or an Overdraft Protection loan. To learn more, ask us about these plans, or see the SCCU Overdraft Protection Solutions section in this document.
2. We also offer an Overdraft Protection Loan (“Member Select Line of Credit”) to qualified members who have completed a loan application and been pre-approved by a Loan Officer. Our Overdraft Protection Solutions section in this document explains this option in more detail.
3. SCCU also offers Courtesy Pay Overdraft Protection for members in good standing who have a Checking account and who have at least one ACH direct deposit of \$300 or more within a 35 day period. Accounts that go in the negative must be brought positive within 35 days to continue to be eligible for Courtesy Pay. Our Courtesy Pay Disclosure document explains this plan in more detail.

What are the standard overdraft practices that come with my account?

If you have previously opted in, SCCU will automatically transfer any available funds from your Prime Share (Savings) to cover overdrafts in your Share Draft (Checking) account, under the same primary account number for members in good standing. Available funds do not include the initial deposit of \$25 to the Savings account. You may also opt in to permit SCCU to make automatic transfers from other share accounts. See our Overdraft Solutions section in this document for more information on restrictions or transfer fees.

If there are no funds available in your Savings account or other opted in accounts and you do not have another overdraft program in place, you may qualify for Courtesy Pay if you have opted in (see Courtesy Pay disclosure in this document for more information).

SCCU authorizes the following types of transactions for overdraft practices:

- Checks and other electronic transactions made using your checking account number
- ACH transactions
- ATM transactions
- Debit card transactions

We pay overdrafts at our discretion, 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 ACH or Share Draft transaction will be returned and your debit card transaction may be denied.

Recurring debit card transactions, such as preauthorized bills, that take the Checking account negative will incur a \$30 fee, whether you have opted in for Courtesy Pay or not.

What fees will I be charged if SCCU transfers funds from available accounts to pay my overdraft?

We will charge you a fee of up to **\$5** each time we transfer from an available account to pay an overdraft.

What fees will I be charged if SCCU pays my overdraft through Courtesy Pay?

- We will charge you a fee of up to **\$30** each time we pay an overdraft through Courtesy Pay. There is no limit on the total fees we can charge you for overdrawing your account. **NSF fees and Courtesy Pay fees are charged per occurrence, including repeat presentments.** An overdraft fee or courtesy pay fee may be assessed if debit card transactions take the account negative.

How is my available balance determined and how are transactions posted to my account?

Understanding Your Account Balance. Your Checking account has two kinds of balances: the actual balance and the available balance. Your actual balance reflects the full amount of all deposits to your account as well as payment transactions that have been posted to your account. It does not reflect checks you have written and are still outstanding or transactions that have been authorized but are still pending. Your available balance is the amount of money in your account that is available for you to use. Your available balance is your actual balance less: (1) holds placed on deposits; (2) holds on debit card or other transactions that have been authorized but are not yet posted; and (3) any other holds, such as holds related to pledges of account funds and minimum balance requirements or to comply with court orders. We use your available balance to determine whether there are sufficient funds in your account to pay items, including checks and drafts, as well as ACH, debit card and other electronic transactions. Pending transactions and holds placed on your account may reduce your available balance and may cause your account to become overdrawn regardless of your actual balance. In such cases, subsequent posting of the pending transactions may further overdraw your account and be subject to additional fees. You should assume that any item which would overdraw your account based on your available balance may create an overdraft. You may check your available balance online at mysccu.com, at an ATM, by visiting a credit union branch, calling our Touch Tone Teller service at 423-875-4031, or by calling us at 423-875-6955.

How Transactions are Posted to Your Account. Basically, there are two types of transactions that affect your account: credits (deposits of money into your account) and debits (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.

Credits. Deposits are generally added to your account when we receive them. However, in some cases when you deposit a check, the full amount of the deposit may not be available to you at the time of deposit. Please refer to the Funds Availability Policy Disclosure provided at the time you opened your account for details regarding the timing and availability of funds from deposits.

Debits. There are several types of debit transactions. Common debit transactions are generally described below. Keep in mind that there are many ways transactions are presented for payment by merchants, and we are not necessarily in control of when transactions are received.

- **Checks.** When you write a check, it is processed through the Federal Reserve system. We may receive data files of cashed checks from the Federal Reserve each day. The checks drawn on your account are compiled from these data files and paid each day. We process the payments in the order contained in the data file.

- **ACH Payments.** We may receive data files every day from the Federal Reserve with Automated Clearing House (ACH) transactions. These include, for example, automatic bill payments you have authorized. ACH transactions for your account are posted throughout the day in order of receipt.

• **PIN-Based Debit Card Purchase Transactions.** These are purchase transactions using your debit card for which a merchant may require you to enter your personal identification number (PIN) at the time of sale. They are processed through a PIN debit network. These transactions are similar to ATM withdrawal transactions because the money is usually deducted from your account immediately at the time of the transaction. However, depending on the merchant, a PIN-based transaction may not be immediately presented for payment.

• **Signature-Based Debit Card Purchase Transactions.** These are purchase transactions using your debit card that are processed through a signature-based network. Rather than entering a PIN, you typically sign for the purchase; however, merchants may not require your signature for certain transactions. Merchants may seek authorization for these types of transactions. The authorization request places a hold on funds in your account when the authorization is completed. The “authorization hold” will reduce your available balance by the amount authorized but will not affect your actual balance. The transaction is subsequently processed by the merchant and submitted to us for payment. This can happen hours or sometimes days after the transaction, depending on the merchant and its payment processor. These payment requests are received in real time throughout the day and are posted to your account when they are received.

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 you present your card for payment. For example, if you use your debit card at a restaurant, a hold will be placed in an amount equal to 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 present your debit card for payment at gas stations, hotels and certain other retail establishments. We cannot control how much a merchant asks us to authorize, or when a merchant submits a transaction for payment.

This is a general description of certain types of transactions. These practices may change, and we reserve the right to pay items in any order we choose as permitted by law.

SCCU OVERDRAFT PROTECTION SOLUTIONS

Scenic Community Credit Union recognizes that a non-sufficient funds situation may occur on member Share Draft (Checking) accounts from time-to-time. To address members' needs in these situations, the Credit Union offers the following overdraft programs for Checking accounts:

1) Share to Share Transfer

SCCU will transfer funds from the following account types under the same primary account number to the Checking account if the member has opted in to do so and is in good standing*. Transfers may be done in \$100 increments.

Prime Share/Savings (Available funds do not include the initial deposit of \$25)

Christmas Club

Special Savings

Money Manager

Other checking accounts

The fee is \$5 per transfer.

SCCU will transfer funds from other available share accounts (different primary account number) where the member is joint or primary and has opted in to do so. The fee is \$5 per transfer. IRA, Share Certificate, Escrow, or other restricted accounts are not included.

2) Overdraft Protection Loan "Member Select Line of Credit"

SCCU offers overdraft protection loans to qualified members who have completed a loan application and been pre-approved by a loan officer. Funds will be advanced to the Checking account from the Overdraft Protection Loan in increments of \$100, or the exact dollar amount needed, based upon the Overdraft Protection amount available for transfer. If the Overdraft Protection loan payment is past due, over the limit, member has other indebtedness to SCCU, or the member is not in good standing*, funds will not be advanced. Advanced funds will be repaid according to the Loan agreement.

3) Courtesy Pay

SCCU offers Courtesy Pay overdraft protection service on the Checking account for those members who have opted in and are in good standing* and who have at least one ACH direct deposit of \$300 or more WITHIN A 35 DAY PERIOD to their Checking account, do not have available funds in other "opted-in" qualified accounts for share to share transfer, and do not have a pre-approved Overdraft Protection loan. Checks, ACH, on-us checks at the teller counter, debit card and ATM transactions can be paid through Courtesy Pay, taking the Checking account in the negative up to \$500, with a \$30 Courtesy Pay fee assessed per item, per occurrence. Once the Checking account is \$500 in the negative, no more items may be paid. NSF fees may continue to be posted to the account for returned items. Negative balances must be made positive within 35 days. (See Courtesy Pay disclosure for more information). Account abuse may result in the suspension or termination of Courtesy Pay and/or account closure.

* Members in good standing are defined as those making deposits sufficient to cover transactions and bringing their account "positive" at least once every 35 days; those not having caused the Credit Union a loss; those with no legal

orders against their account; no delinquent SCCU loans; no negative balances on other SCCU accounts - solely or jointly held; not in bankruptcy.

SCENIC COMMUNITY CREDIT UNION

COURTESY PAY DISCLOSURE

Scenic Community Credit Union recognizes that a non-sufficient funds situation may occur on member Share Draft (Checking) accounts from time-to-time. To address members' needs in these situations, the Credit Union offers the following three paid overdraft programs for Checking accounts:

1) Share to share transfer 2) Pre-approved overdraft protection loan and 3) Courtesy Pay.

- 1) SCCU will transfer funds from certain account types if the member has opted in and is in good standing*. See the Overdraft Protection Solutions section for more information. There may be a fee for transfer on some account types. Available funds do NOT include the initial deposit of \$25 to the Prime Share (Savings) account.
- 2) Members may apply for a pre-approved overdraft protection loan (Member Select Line of Credit) by completing a loan application. Approval will be determined by a loan officer. (See loan application and repayment agreement form for more information, including the loan rate to be charged).
- 3) Courtesy Pay is extended to members in good standing* with a Checking account and who have at least one ACH direct deposit to the Checking account within a 35 day period that totals \$300 or more, and have previously opted in for Courtesy Pay. (The direct deposit must go into the Checking account). There is a Courtesy Pay fee per item, per occurrence paid (see fee disclosure for current amount).

A. Transaction Types Eligible for Courtesy Pay

Checks

On-us checks at the teller counter

ACH

Debit card and ATM transactions

B. Guidelines

The Credit Union is not obligated to pay any item presented for payment if the account does not contain sufficient collected funds. However, we may, at the Credit Union's sole discretion, pay reasonable overdrafts as a non-contractual courtesy. Generally, the Credit Union will not pay overdrafts in excess of \$500 per member.

Even though we may have previously paid the items, we may refuse to pay an overdraft at any time and from time to time. The Credit Union has no obligation to notify account holders before paying or returning an item. The amount of any overdrafts plus the non-sufficient funds and/or overdraft charges are due and payable upon demand.

Non-sufficient balances may also result from unpaid returned items deposited by the account holder and when those deposited items, which according to the Credit Union's Funds Availability Policy, are treated as not yet available or finally paid. Non-sufficient or not yet available balances may also result due to holds for approved debit card purchases that have not yet been withdrawn from the Share Draft account.

If the Credit Union pays an overdraft on an account with more than one owner on the

signature card, each owner is jointly and severally liable for payment of the overdrawn amount plus any Courtesy Pay fees.

The Credit Union will provide members who have difficulty repaying their obligation under the Courtesy Pay program with the opportunity to sign a repayment agreement, and their Courtesy Pay Program will be terminated. Repayment plans must be paid in their entirety within four months. In the event the member does not repay the entire outstanding obligation to the Credit Union within four months, the account becomes subject to regular collection procedures as addressed in the Credit Union's account agreement with the member. Outstanding obligations may be turned over to ChexSystems or other collection agencies for collection.

C. Limitations

The Credit Union may limit the number of accounts eligible for Courtesy Pay to one account per household. Additionally, the Credit Union reserves the right to not pay items which result in an overdraft status on any account until it can be verified that the account is being maintained in good standing, as defined above.

D. Account Fees

Whether the Credit Union pays or returns non-sufficient funds items, a per-item fee will be charged to the member's account as a non-sufficient funds or Courtesy Pay charge, as set forth in the Credit Union's fee schedule.

G. Courtesy Pay Disclaimer

The Credit Union's Courtesy Pay program is a discretionary non-contractual courtesy. It is not an obligation of the Credit Union and the Credit Union may refuse to provide the courtesy on any personal or business checking account at any time and from time to time. The account holder does not have a contractual right to Courtesy Pay and courtesy payment is not guaranteed by the Courtesy Pay program.

A negative balance must be brought "positive" at least once every 35 days. If not, Courtesy Pay may be suspended. If checks, ACH items, debit card transactions, or ATM transactions are presented for payment that would take the account in the negative more than \$500, the items may not be paid. NSF fees will be added to the negative balance. The member will receive a notice from the Credit Union that will show the transactions that have cleared the account and/or been returned, plus any fees involved.

Members who have a pre-approved Member Select Line of Credit loan will not participate in Courtesy Pay.

* Members in good standing are defined as those making deposits sufficient to cover transactions and bringing their account "positive" at least once every 35 days; those not having caused the Credit Union a loss; those with no legal orders against their account; no delinquent SCCU loans; no negative balances on other SCCU accounts- solely or jointly held; not in bankruptcy.

OPT- IN/OPT-OUT

NAME: _____ ACCOUNT #: _____

Transfer from Prime Share 0001:
\$5 fee per SCCU automatic transfer

OPT-IN _____ OPT-OUT _____

Transfers from other Share accounts to Share Draft 0007:

List individually & in the preferred order. (IRA, Share Certificate, Escrow, or other restricted accounts cannot be included).
\$5 fee per SCCU automatic transfer

Account # _____	Suffix _____	OPT-IN _____	OPT-OUT _____
Account # _____	Suffix _____	OPT-IN _____	OPT-OUT _____
Account # _____	Suffix _____	OPT-IN _____	OPT-OUT _____
Account # _____	Suffix _____	OPT-IN _____	OPT-OUT _____
Account # _____	Suffix _____	OPT-IN _____	OPT-OUT _____

Courtesy Pay

The Share Draft (Checking) account must have ACH direct deposit(s) of at least \$300 combined within a 35 day period to qualify for the **\$500** Courtesy Pay limit. Members who have a preapproved overdraft protection loan are not eligible for Courtesy Pay. Negative balances must be brought positive within 35 days. **There is a \$30 fee per paid item.** See Courtesy Pay disclosure for more information.

Courtesy Pay for ACH and Share Drafts (checks):

OPT-IN _____ OPT-OUT _____

Courtesy Pay for Debit Card and ATM transactions:

OPT-IN _____ OPT-OUT _____

I have read and understand the terms and conditions for SCCU overdraft/courtesy pay options. I understand that my account must be in good standing, as defined in the SCCU Overdraft Solutions, in order to qualify for the options listed above.

Signed _____ Date _____

SCCU Use Only: Teller _____ Date _____
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