

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 document.
2. We also offer an Overdraft Protection Loan to qualified members who have completed a loan application and been pre-approved by a Loan Officer. Our Overdraft Protection Solutions 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) ID 0001 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 Prime Share (savings) account (**see next page for explanation of your account balance**). You may also opt in to permit SCCU to make automatic transfers from other share accounts. See our Overdraft Solutions document for more information on restrictions or transfer fees.

If there are no funds available in your Prime Share (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 for more information).

SCCU does authorize the following types of transactions for overdraft practices:

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

We do not authorize and pay overdrafts for the following types of transactions:

- ATM transactions
- Debit card transactions

ATM or debit card transactions approved during times when our processing system is “down” or when a merchant presents a debit card transaction without receiving authorization from the Credit Union, are not considered as overdrafts. If a negative balance to your account results from paying these items, you will not be charged a fee. However, if checks or ACH items are presented for payment, standard overdraft practices apply, including fees.

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 transaction will be returned.

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 **\$3** 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 **\$28** 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.

What's the difference between my actual balance and my available balance?

Your Share Draft (checking) has two kinds of balances: the actual balance and the available balance.

Your **actual balance** reflects the full amount of all deposits to your accounts 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 your actual balance minus: 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 those 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. 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 www.MySCCU.com (if you are signed up for Online Banking), at an ATM, by calling our automated Touch Tone Teller at (423) 875-4031, by calling our tellers at (423) 875-6955, or by visiting any branch.

How do you post transactions to my 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 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 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.