



(888) 354-6228
www.orangecountyscu.org

Better Than Free Checking Account Overdraft Agreement

Account Name	Account Number	Share #
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This Overdraft Agreement ("Agreement") describes the circumstances when we (the credit union) will pay overdrafts in your checking account and charge you a fee. "Overdraft" means there is not enough available balance in your account to pay for a transaction. If we pay for an overdraft, we will charge a fee of \$29 each time a transaction is presented to us for payment even if the same transaction is presented for payment multiple times whether paid or returned unpaid. The \$29 fee is described in our Schedule of Fees, which is updated periodically.

Please note that for ATM and one-time debit card transactions, you must affirmatively consent to this coverage. Without your consent, we may not authorize and pay an ATM or one-time debit card transaction that will result in insufficient available funds in your account.

The following is important information regarding your account balance, how transactions are posted to your account, and when an overdraft fee will be charged. You should read these disclosures carefully. If you have questions, please see a branch representative or call (888) 354- 6228.

YOUR CHECKING ACCOUNT BALANCE. 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, at an ATM, 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 actual and available balances and how they work.

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, 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, you actually have \$50, but you have already spent \$40.

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 your actual and available balance are both \$100, and you swipe your debit card at a restaurant for \$60. As a result, your available balance will be reduced by \$60 so your available balance is only \$40. Your actual balance is still \$100. Before the restaurant charge is sent to us for posting, a check that you wrote for \$50 clears. Because you have only \$40 available (you have committed to pay the restaurant \$60), your account will be overdrawn by \$10, even though your actual balance was \$100 before the check posted and is still \$50 after the check posts. In this case, we may pay the \$50 check, but you will be charged an overdraft fee of \$29. That fee will be deducted from your account, further reducing the balance. Also, when the \$60 restaurant charge is presented to the Credit Union and posted to your account, you will not have enough money in your available balance because of the intervening check; however, you will not be charged a fee for that transaction because your available balance was sufficient when it was authorized.

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

Again, assume your actual and available balance are both \$100, and you swipe your debit card at a restaurant for \$60. As a result, your available balance will be reduced by \$60 so your available balance is only \$40. Your actual balance is still \$100. Before the restaurant charge is sent to us for posting, a check that you wrote for \$50 clears. Because you have only \$40 available (you have committed to pay the restaurant \$60), your account will be overdrawn by \$10, even though your actual balance was \$100 before the check posted and is still \$50 after the check posts. In this case, we may pay the \$50 check, but you will be charged an overdraft fee of \$29. That fee will be deducted from your account, further reducing the balance. Also, when the \$60 restaurant charge is presented to the Credit Union and posted to your account, you will not have enough money in your available balance because of the intervening check; however, you will not be charged a fee for that transaction because your available balance was sufficient when it was authorized.

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 and paid 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 three (3) business days 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 basically 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.

Credits. Most deposits are added to your account when we receive them. For some checks you deposit, only \$225 will be made available at the time of deposit; the balance will be available two (2) business days later. There may be extended holds on checks over \$5,525. Thus, your available balance may not reflect the most recent deposits to your account. For details on the availability for withdrawal of your deposits, see the section of your Member Agreement entitled "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, 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 from low to high dollar value.
- **ACH Payments.** We receive data files every day from the Federal Reserve with Automated Clearing House or ACH transactions. These include, for example, automatic bill pays you have signed up for. Each day, ACH transactions for your account are grouped together and paid in low to high dollar value.
- **Point of Sale (POS) Debit Card Transactions.** These are transactions where you use your debit card and you enter your PIN number at the time of the sale. They are similar to ATM withdrawals because money is usually deducted from your account immediately at the time of the transaction. However, some POS transactions are not presented for payment immediately; it depends on the merchant.
- **Signature Debit Card Transactions.** These are transactions where you make a purchase with your debit card and you do not enter your PIN but you are instead asked to sign for the purchase. 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. We refer to this temporary hold as an "authorization hold," and the amount of the authorization hold will be subtracted from your available balance. Authorizations are deducted from your available balance but not your actual 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 will 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. 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 how certain types of transactions are posted. These practices may change and we reserve the right to pay items in any order we chose as permitted by law.

We may receive multiple deposit and withdrawal transactions on your account in many different forms throughout each business day. This means that you may be charged more than one \$29 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 fees is to record and track all of your transactions closely.

IF YOU DO NOT UNDERSTAND THIS AGREEMENT OR HAVE ANY QUESTIONS, PLEASE CONTACT US AT (888) 354-6228, MONDAY THROUGH FRIDAY, 8 AM TO 7 PM AND SATURDAY, 9 AM TO 2 PM PACIFIC TIME.

If you prefer not to have Overdraft Service, please contact us at (888) 354-6228, Monday through Friday, 8 am to 7 pm and Saturday, 9 am to 2 pm Pacific Time.

ADDITIONAL TERMS

The Overdraft Service is not a credit product and requires no credit application. The service will only be applied to your Checking Account if:

- You have no negative account history with any financial institution;
- You maintain your Membership in good standing;
- Your loans with us and credit cards are not past due;
- There are no legal or administrative orders or levies against your Checking Account;

Any such payment will be made on a case by case basis, in our sole and absolute discretion. However, we shall not pay any check or other item/transaction if your negative Checking Account balance is greater than your total overdraft limit of \$250. Fees are excluded, which means that the fees are applied towards your total overdraft limit. Your limit may be based on the net amount of your most recent payroll direct deposit to this Checking Account. We may change or remove your limit at any time without prior notice. If your payroll stops your account may be converted to a Basic Checking account and a monthly service fee may be assessed. You can be notified electronically by enrolling in e-notices of any nonsufficient funds checks, items, or other transactions that have been paid or returned; however, you understand that we have no obligation to notify you before we pay or return any check, item, or other transaction. We may refuse to pay any overdrafts without first notifying

you even though your account is in good standing and even if we have paid previous overdrafts.

For your overdrafts cleared, you promise to immediately pay us all sums, including the fees and charges for this service advanced to you or any other person you permit to use your Checking Account and/or who causes an overdraft on your Checking Account.

You also agree that we have the right to transfer available funds from your other accounts you may have with us to cover the overdrawn check and pay the related fees. You understand and agree that we may transfer funds to your Checking Account from any of your other account(s) with us (excluding IRA accounts), including account(s) upon which you are a joint owner, in an amount equal to the overdrawn check, item, or other transaction which we may pay according to the terms and conditions of this Agreement and to pay the related fees. In addition to any other rights that we may have, you agree that any deposits or future deposits or other credits to any account in which you may now or in the future may have an interest are subject to our right of off-set for any liabilities, obligations, or other amounts owed to us by you (e.g., overdrafts and any related fees and charges) and such is applicable irrespective of any contribution to the account or source of funds in the account. Moreover, unless you "opt-out" of the Overdraft service by calling the telephone number below, you consent and expressly agree that the application of an off-set of funds in any account includes the off-set of government benefits (such as Social Security and other public benefit funds) deposited to your account. Each person who causes an overdraft, which is paid by us, is a maker and agrees to be individually and jointly obligated to repay the unpaid negative balance in accordance with the terms and conditions of this Agreement. We reserve the right to limit Overdraft Service to one (1) account per household or member without notice of reason or cause.

You will be in default under the terms of this Agreement if you fail to live up to any of the terms and conditions of this Agreement or you are in default on any loan obligation with us and/or a negative balance exists in any other deposit account with us on which you are an owner. If you are in default, we may temporarily suspend overdraft privileges or terminate the Overdraft Service or close your Checking Account and demand immediate payment of the entire unpaid negative balance. You also agree to pay any collection costs, attorneys' fees, and court costs which we or you shall or may incur as a result of your default.

We may terminate or suspend the Overdraft Service at any time without prior notice. In no event shall any termination relieve you of your obligation to repay such sums already overdrafted, overdraft fees, collection costs, and attorneys' fees, if any. We can delay enforcing any of our rights under this Agreement without losing them.

We also offer overdraft protection plans, such as a link to a share/savings account or a PAL (Pre-Approved Line of Credit)*, which may be less expensive than our standard overdraft practices. To learn more, ask us about these plans.

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If you prefer not to have Overdraft Service, please contact us at (888) 354-6228, Monday through Friday, 8am to 7pm and Saturday, 9am to 2pm Pacific Time.

Option 1

Option 2

Signature/ Date

Signature/ Date

*An approved PAL Line of Credit is required.

Please refer to your Schedule of Fees and Charges for our Courtesy Pay and Non-Sufficient Funds (NSF) fees, whether items are paid or returned as unpaid.