

## 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. We can cover your overdrafts in two different ways:

1. We have standard overdraft practices that come with your account.
2. We also offer overdraft protection plans, such as a link to your savings account or a line of credit, which may be less costly than our standard overdraft practices. To learn more, ask us about these plans.

This notice explains our standard overdraft practices.

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

We do authorize and pay overdrafts for the following types of transactions:

- Checks and other transactions made using your checking account number
- Automatic bill payments

We will not authorize and pay overdrafts for the following types of transactions without your consent.

- ATM transactions
- Everyday 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 transaction will be declined.**

- **What fees will I be charged if Merced School Employees FCU pays my overdraft?**

Under our standard overdraft practices:

- We will charge you a fee of up to **\$25** each time we pay an overdraft
- **There is a limit of 5 NSF Fees Paid (\$125)** per day on the total fees we can charge you for overdrawing your account

- **What if I want Merced School Employees FCU to authorize and pay overdrafts on my ATM and everyday debit card transactions?**

If you want us to authorize and pay overdrafts on ATM and everyday debit card transactions, please call (209) 383-5550 ext.107, visit our website at [www.mercedschoolcu.org](http://www.mercedschoolcu.org), access [cu@home](mailto:cu@home), complete the form below and present it at a branch or mail it to: P.O. Box 1349 Merced, CA 95341. You can revoke your authorization for Merced School Employees FCU to pay these overdrafts at any time by any of the above methods. Your revocation must include both your name and full account number so that we can properly identify your account.

---

\_\_\_\_\_ **I do not** want Merced School Employees FCU to authorize and pay overdrafts on my ATM and everyday debit card transactions.

\_\_\_\_\_ **I want** Merced School Employees FCU to authorize and pay overdrafts on my ATM and everyday debit card transactions.

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Account Number: \_\_\_\_\_

## WHAT ELSE YOU SHOULD KNOW

- A link to your savings account or line of credit may be less expensive than an overdraft. A single larger overdraft will result in one fee, instead of multiple smaller overdrafts. Use our mobile, internet, and telephone banking services to track your balance. For financial education resources, please visit [www.mymoney.gov](http://www.mymoney.gov).
- The \$25 NSF Fee Paid that is charged if you overdraw your account is the same fee that is charged if an item is returned as unpaid. If multiple items overdraw your account on the same day, each item will be assessed an appropriate NSF Fee Paid or a NSF Fee Return of \$25. All fees and charges will be included as part of the Overdraft Privilege limit amount. Your account may become overdrawn more than the Overdraft Privilege limit amount because of a fee.
- For consumer accounts, there is a limit of 5 NSF Fee Paid (\$125) per day we will charge you for overdrawing your account.
- Recipients of federal or state benefits payments who do not wish us to deduct the amount overdrawn and the NSF Fee Paid from funds that you deposit or that are deposited into your account may call us at (209) 383-5550 ext.107 to discontinue Overdraft Privilege.
- If an item is returned because the Available Balance (as defined below) in your account is not sufficient to cover the item and the item is presented for payment again, Merced School Employees FCU ("We") may charge a NSF Fee Return each time we return the item because it exceeds the Available Balance in your account. Because we may charge a NSF Fee Return each time an item is presented, **we may charge you more than one fee for any given item as a result of a returned item and re-presentation of the item.** When we charge a NSF Fee Return, the charge reduces the Available Balance in your account and may put your account into (or further into) overdraft. If, on re-presentation of the item, the Available Balance in your account is sufficient to cover the item we may pay the item, and, if payment causes an overdraft, charge an NSF Fee Paid. We may use the terms "item" and "transaction" interchangeably.
- This describes the posting order for purposes of determining overdrafts. Our general policy is to post items throughout the day and to post ACH credits before debits. Checks, ATM, ACH and debit card transactions are posted in the order in which the items are received. However, because of the many ways we allow you to access your account, the posting order of individual items may differ from these general policies. Holds on funds (described herein) and the order in which transactions are posted may impact the total amount of NSF Fee Paid or NSF Fee Returns assessed.
- Overdraft Privilege is not a line of credit; it is a discretionary overdraft service that can be withdrawn at any time without prior notice.
- Depositor and each Authorized Signatory will continue to be liable, jointly and severally, for all overdraft and fee amounts, as described in the Truth In Savings Disclosure. The total (negative) balance, including all fees and charges, is due and payable upon demand.
- We may be obligated to pay some debit card transactions that are not authorized through the payment system but which we are required to pay due to the payment system rules, and as a result you may incur fees if such transactions overdraw your account. However, we will not authorize debit card or ATM transactions unless your account's Available Balance (including Overdraft Coverage Options) is sufficient to cover the transactions and any fee(s).
- Giving us your consent to pay everyday debit card and ATM overdrafts on your consumer account (Extended Coverage) may result in you incurring NSF Fee Paid for transactions that we would otherwise be required to pay without assessing an NSF Fee Paid. However, this would allow us to authorize transactions up to the amount of your Overdraft Privilege limit. If you consent to Extended Coverage on your consumer account, it will remain on your account until it is otherwise withdrawn.

**Understanding your Available Balance:** Your account has two kinds of balances: the Ledger Balance and the Available Balance.

- We authorize and pay transactions using the Available Balance.
- Your Ledger 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 available to you to use for purchases, withdrawals, or to cover transactions. The Available Balance is your Ledger Balance, less any holds due to pending debit card transactions and holds on deposited funds.
- The balance used for authorizing checks, ACH items, and recurring debit card transactions is your Available Balance plus the amount of the Overdraft Privilege limit and any available Courtesy Pay and Overdraft Protection.

- The balance used for authorizing ATM and everyday debit card transactions on accounts with Standard Coverage is your Available Balance plus any available Courtesy Pay and Overdraft Protection but does NOT include the Overdraft Privilege limit.
- The balance used for authorizing ATM and everyday debit card transactions on accounts with Extended Coverage is your Available Balance plus any available Courtesy Pay and Overdraft Protection and includes the Overdraft Privilege limit.
- Because your Available Balance reflects pending transactions and debit holds, your balance may appear to cover a transaction but later upon settlement it may not be sufficient to cover such transaction. In such cases, the transaction may further overdraw your account and be subject to additional overdraft fees. You should assume that any item which would overdraw your account based on your Available Balance may create an overdraft. Note that we may place a hold on deposited funds in accordance with our Truth In Savings Disclosure, which will reduce the amount in your Available Balance.
- Please be aware that the Overdraft Privilege amount is not included in your Available Balance provided through online banking, mobile banking or Merced School Employees FCU's ATMs.
- We will place a hold on your account for any authorized debit card transaction until the transaction settles (usually within two business days) or as permitted by payment system rules. In some cases, the hold may exceed the amount of the transaction. When the hold ends, the funds will be added to the Available Balance in your account. If your account is overdrawn after the held funds are added to the Available Balance and the transaction is posted to the Available Balance, an NSF Fee Paid may be assessed.
- Except as described herein, we will not pay items if the Available Balance in your account (including the Overdraft Privilege limit, if applicable) is not sufficient to cover the item(s) and the amount of any fee(s).

### **Understanding Overdraft Privilege Limits**

- An Overdraft Privilege limit of \$500 will be granted to eligible consumer checking accounts opened at least 90 days in good standing.
- Overdraft Privilege may be suspended if you default on any loan or other obligation to us, your account becomes subject to any legal or administrative order or levy, or if you fail to maintain your account in good standing by not bringing your account to a positive balance within 30 days for a minimum of one business day. You must bring your account balance positive for at least one business day to have the full Overdraft Privilege limit reinstated.

If you have any questions about Courtesy Pay and Overdraft Protection or Overdraft Privilege, please call us at (209) 383-5550 ext.107 or visit a branch.