

Overdraft Notice

This Overdraft Notice describes the circumstances when HVCU (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 checking account to pay for an item. If we pay for an overdraft, you will be charged a fee as outlined in the Fee Schedule, which is updated periodically. Please note that for ATM and one-time debit card transactions, you must affirmatively consent to this coverage: Refer to Opt-In Notice- What You Need to Know about Overdraft/Overdraft fees ("Opt-In Notice"). 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.

In the event of an overdraft, we may automatically transfer money from your designated overdraft sources, which may include a personal unsecured line of credit (Readi-cash) or home equity line of credit, and/or a designated savings account; the Privilege Pay Program may also be an option if you qualify. Privilege Pay is a courtesy service that will pay items up to \$500 including fees when you unintentionally do not have enough funds in either your checking account or other overdraft sources (designated line of credit and savings account). Please refer to the Opt-In Notice and your Truth in Savings Disclosure and Account Agreement ("Account Agreement") for additional information.

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 this notice carefully. If you have questions, please see a branch representative or call our Contact Center at 845.463.3011.

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, by phone, or at a branch. 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, your actual balance shows \$50, but you have already spent \$40.

Your available balance is the amount of money in your account that is available for 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, debit card purchases that the Credit Union has authorized, but that have not yet posted to your account. For example, assume you have an actual balance of \$50 and an available balance of \$50. If you were to use your debit card at a restaurant to buy lunch for \$20, then that merchant could ask us to pre-authorize the payment. In that case, we will put a "hold" on your account for \$20. Your actual balance would still be \$50.00 because this transaction has not yet posted, but your available balance would be \$30 because you have committed to pay the restaurant \$20. When the restaurant submits its bill for payment (which could be a few days later), we will post the transaction to your account and your actual balance will be reduced by \$20.

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 \$50, and you swipe your debit card at a restaurant for \$20. A hold is placed on your account, so your available balance is only \$30. Your actual balance is still \$50. Before the restaurant charge is sent to us for processing, a check that you wrote for \$40 clears. Because you have only \$30 available (you have committed to pay the restaurant \$20), your account will be overdrawn by \$10, even though your actual balance is \$50. In this case, we may pay the \$40 check, but you will be charged an overdraft fee. That fee will be deducted from your account, further reducing the balance. When the restaurant payment posts, if you still do not have enough available funds in the account you may incur another fee, because the available balance is insufficient based on the check clearing and associated fee that posted.

It is very important to understand that you may still overdraw your account even though the available balance appears to show that 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, we will 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. Therefore, it is essential to record and monitor your transactions to ensure awareness of the funds you have for spending.

HOW TRANSACTIONS ARE POSTED TO YOUR ACCOUNT. There are basically two types of transactions in your account: credits (deposits of money into your account), and debits (withdrawals 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, the entire amount may not be made available at the time of deposit; the remainder will be available two (2) business days later. There may also be holds greater than two (2) business days on certain checks. 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 "Funds Availability" section of the Account Agreement.

Debits. There are several types of debit transactions. The following is a general description of each type of debit transaction. Keep in mind there are many different ways in which a debit transaction may each be presented by a merchant, payor or payee, and the Credit Union does not control nor influence when an individual transaction may be presented for debit or whether a transaction previously returned unpaid by the Credit Union may be represented for payment, each being considered by the Credit Union as a separate transaction or debit. You will be charged a fee as outlined in the Fee Schedule per presentment the Credit Union returns unpaid.

- **Checks.** When you write a check, it is processed through the Federal Reserve. 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. Checks may also clear throughout the day.
- **ACH Payments.** We receive data files every day with Automated Clearing House (ACH) transactions. These include, for example, automatic bill pays you have authorized. Each day, ACH transactions for your account are grouped together and paid in low to high dollar value. ACH transactions may clear throughout the day.
- **Point of Sale (POS) ATM/Debit Card Transactions.** These are transactions where you use your debit card and you enter your Personal Identification Number (PIN) 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 may be asked to sign for the purchase. As described above, in these situations, the merchant may seek prior authorization for the transaction from the Credit Union. 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 completed the transaction, it is processed by the merchant and submitted to us for payment. This can happen hours or sometimes days after you completed 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, 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

The above 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 choose as permitted by law. We may receive multiple deposit and withdrawal transactions on your account in many different forms in a single day. This means that you may be charged more than one 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 monitor all of your transactions closely.

If you do not understand this notification, have any questions, or prefer not to have Overdraft Coverage, please visit any branch or call the Contact Center at 845.463.3011.

