

OVERDRAFT POLICY DISCLOSURE

The Cross Valley Federal Credit Union Overdraft Policy describes circumstances when we (the credit union) may, at our sole discretion, pay overdraft transactions from your checking account and when we may charge you a fee, along with other related information that may impact overdrawn transactions. The following definitions, examples and related information explain how we implement our policy. If you don't understand any of these terms or information in this policy, then please call us at (570) 823-6836 or visit www.crossvalleyfcu.org.

1) DEFINITIONS

- **"Overdraft"** means the Available Balance in your account does not have enough money to cover a transaction at the time it is presented to us for authorization or payment, but we authorize or pay it anyway.
- **"Available Balance"** is the amount of money in your account available to you for immediate use. This includes funds available for automatic transfer from a linked Line of Credit or Savings account to cover an overdraft. The Available Balance may differ from the Total Balance because it takes into account amounts we deducted for pending debit transactions we have not yet posted to your account, such as debit card transactions that have been authorized by us. It also takes into account any holds on deposits. Pending debits and other holds will reduce the amount of funds in your Available Balance. The Funds Availability Policy disclosed in your Membership Account Agreement includes additional information about when we place holds on your deposits. (See BALANCE EXAMPLES below).
- **"Total Balance", "Current Balance", "Actual Balance", "Ledger Balance"** all refer to the amount of money in your account, including credit for the full amount of all deposits posted without regard to any portion of the deposit that may be on hold. Total Balance only reflects transactions that have "posted" to your account, but not transactions that have been authorized and are "pending", or other payments such as checks you have written but not yet presented to us for payment. While these balance terms may sound as though the amount represents an up-to-date display of what is in your account that you can spend, that is not always the case. Any checks you have written, purchases, holds, fees, other charges, or deposits made on your account that have not yet posted will not appear in your balance. (See BALANCE EXAMPLES below)
- **"Point of Sale" (POS)** refers to everyday transactions where you pay for your purchase using your debit card, such as when you purchase gas at a gas station or buy lunch at a restaurant.
- **"Card Payment Networks"** refers to the different electronic networks used to process Point of Sale card transactions. Depending on the network used, a payment may be debited from an account immediately or may take several days before it is presented to us for posting to an account. (See POS Debit Card Payments for additional information).
- **"Automated Clearing House" (ACH)** is an electronic network for financial transactions in the United States that processes large volumes of credit and debit transactions in batches.
- **"Pending Transactions"** are debit and credit transactions that have been initiated but have not yet posted to your account. These transactions will show as "pending" in our system until posted. (See BALANCE EXAMPLES below). For debit card transactions, your Available Balance will be reduced at the time the transaction has been initiated. Your Total Balance will not be reduced until the pending debit transaction posts.
- **"Posted Transactions"** are transactions reflected in your Total Balance and which have been processed and posted to your account.
- **"Courtesy Pay"**, "Refers to a service we provide, once your account is sixty (60) days old, where we may, in our sole discretion, pay certain types of transactions you initiate, even if it causes an overdraft in your account (you don't have enough money in your Available Balance at the time the transaction is presented for authorization or posting). Full Courtesy Pay includes ATM withdrawals and one-time debit card transactions, as well as checks and ACH transactions.
- **"Standard Overdraft Protection"** is different from Courtesy Pay. Overdraft Protection is a service whereby Cross Valley FCU links your existing Cross Valley FCU member savings account to your checking account upon opening. This link enables funds to be automatically transferred from one or both of the linked accounts to your checking account in case of an overdraft. Overdraft Protection transfer fees are generally less expensive than the cost of Courtesy Pay fees, and we will always try to use Overdraft Protection, so long as you have enough funds available in your savings account to cover an overdraft before we use Courtesy Pay.

2) **PAYMENT TYPES AND HOW THEY ARE PROCESSED**

- **ACH transactions** – These transactions are presented to us for processing electronically in large batches that include for example, direct deposit of payroll checks and automatic payments you set up, such as a monthly utility bill or monthly gym charge. If you do not have enough money in your Available Balance at the time an ACH payment is **posted** to your account, there will be an overdraft. If we pay the ACH, you will be charged a Courtesy Pay fee. If we decline to pay it, then it will be returned unpaid and you will be charged a non-sufficient funds (NSF) fee.
- **Checks** - The checks you wrote are also presented to us for processing in batches. If you do not have enough money in your Available Balance at the time a check is **posted** to your account, then there will be an overdraft. Again, if we pay the check anyway, then you will be charged a Courtesy Pay fee. If we decline to pay it, then it will be returned unpaid and you will be charged a non-sufficient funds (NSF) fee.
- **ATM withdrawals** - Withdrawals from ATMs immediately reduce the amount of money in both your Total Balance and Available Balance. We do not allow overdrafts for ATM withdrawals. If you do not have enough money in your Available Balance at the time you enter your PIN (Personal Identification Number), then we will not allow you to make ATM withdrawals. In other words, generally, you cannot cause an overdraft by making an ATM withdrawal.

POS Debit Card Payments - There are two ways your payment may be processed - either through the PIN network or the MasterCard network. Both networks will require you to enter your PIN for authentication. (Note: Some merchants may still request your signature, but generally, you will need to enter your PIN or use other acceptable electronic authentication methods).

- **PIN Network** – Payments processed through the PIN network (such as NYCE) are submitted for payment immediately. If approved, the payment is deducted from your account, reducing both your Available and Total Balance at the time of the transaction.
- **MasterCard Network** – Payments processed through the MasterCard network are submitted for authorization immediately. If authorized, the payment is routed to us for posting to your account, which may take several days. The authorized amount reduces your Available Balance at the time of purchase, and will reduce your Total Balance when we receive it for posting. In the interim, the payment amount is identified in our system as a Pending Transaction. If your Available Balance has insufficient funds when the payment is presented for posting (for example, an intervening transaction was paid), your account will be debited, causing an overdraft since you committed to making this payment.

If you opted into Courtesy Pay, please refer to the Fee Section below, which explains when you will be charged a fee for transactions when your account has insufficient funds.

3) **BALANCE EXAMPLES**

Your checking account Total and Available Balances can be checked online, at an ATM, by phone, or in the branch with one of our representatives. 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. These examples illustrate how Total and Available Balances work.

Example A (illustrates the effect of a transaction you initiate that is not yet reflected in either your Available or Total Balance)

You have a \$50.00 Total and Available Balance and you just wrote a check for \$40.00.

- Your Total and Available Balances are still \$50.00 because the check has not yet posted to your account. So, even though your account shows you have \$50, you have already spent \$40.

Example B (illustrates the effect of a pending transaction on the Total and Available Balances)

You have a Total and Available Balance of \$50 at the start of a day.

- You pay for lunch at a restaurant for \$25 with your debit card and the payment is routed through the MasterCard network. When Cross Valley FCU authorizes the payment at the time of the transaction, we will reduce your Available Balance by \$25. We must honor this payment when we receive it because you committed to paying this amount and we provided the merchant with authorization for payment. Your Total Balance will still show \$50.00 and the \$25.00 will show as a pending transaction in our system.
- When we post the payment, which may be several days later, the Total Balance will be reduced by \$25.00.

Example C (illustrates how the Available Balance is used to determine when your account is overdrawn)

Again, assume your Total and Available Balances at the start of a day are both \$50

- You use your debit card at a restaurant for \$25. If we authorize the transaction, we will reduce your Available Balance to \$25. Your Total Balance is still \$50.
- Before the restaurant charge processing is completed, a check you wrote for \$40 is presented to us for payment. Because you have only \$25 available (you have committed to pay the restaurant \$25), your account will be overdrawn by \$15 if we pay the check, even though your Total Balance is still \$50.
- In this case, if we choose to pay the \$40 check, you will also be charged a Courtesy Pay Overdraft Fee. That fee will be deducted from both your Available and Total Balances. If we choose to return the check due to insufficient funds instead of paying it, you will also be charged a fee that will be deducted from your account.
- If the \$25 restaurant charge is then presented for payment, it too will cause an overdraft because your Available Balance is not sufficient to pay it. The debit card overdraft will also result in another Courtesy Pay Overdraft fee because your Total Balance is insufficient.

See OVERDRAFT FEE TYPES AND WHEN THEY MAY BE CHARGED section for additional information about fees.

4) **ADDITIONAL CONSIDERATIONS**

It is important to understand, you may still overdraw your account even though the Available Balance appears to show there are sufficient funds to cover a transaction you want to make. This is because your Available Balance may not be sufficient to cover all your outstanding checks and automatic bill payments you authorized or other outstanding transactions not yet posted to your account. In Example C, the outstanding check will not be reflected in your Total or Available Balances 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 the debit card transaction for payment within three (3) business days of authorization, we will release the authorization for the transaction. The Available Balance will not reflect this transaction once the authorization has been released, until the transaction has been received by us and posted to your account. A merchant may also request an authorization exceeding the amount of the purchase. For example, a restaurant may request an authorization for an amount that includes an anticipated tip.

Most Pending Transactions and related authorizations that reduce your Available Balance are either posted or released within three (3) business days. However Pending Transaction for services such as hotel stays and car rentals, can take as long as thirty (30) days to post or be released. After the authorization has been released, the merchant may still present the authorized transaction for payment.

5) **COURTESY PAY OVERDRAFT PAYMENT POLICY**

After your checking account is sixty (60) days old, Courtesy Pay may be available at our sole discretion to pay certain types of transactions, even if you don't have enough money in your Available Balance at the time the transaction is presented for authorization or payment.

Courtesy Pay is available for ATM transactions. However, due to federal regulations, you must provide us with your consent, known as "opting in" before we will consider paying everyday debit card transactions that overdraw your account. If you do not make a choice or do not opt-in to Courtesy Pay for everyday debit card transactions, we will still consider paying your checks and other payments using your account number, once your checking account is sixty days old. You can request to opt-out of Courtesy Pay for all types of transactions. To let us know your choices after account opening, call us at (570) 823-6836 or visit a branch to make your request.

The following information summarizes transactions we will or won't consider for Courtesy Pay:

Considered for Courtesy Pay after Checking Account is sixty days
Checks and other payments using your account number (e.g., ACH transactions).
Recurring debit card transactions (e.g., a monthly gym membership using your debit card)

If you opted-in, everyday debit card transactions
ATM withdrawals
NOT considered for Courtesy Pay; denied at time of request or returned to presenter unpaid.
If you have not opted-in, we will decline everyday debit card transactions <i>(Note: under limited circumstances, we may sometimes approve paying a transaction, but will not assess a fee if you have not opted-in.)</i>
If you contact us to request we not pay any type of transaction, we will decline or return items presented unpaid.

In all cases, whether or not we pay your overdraft is discretionary and we reserve the right to not pay. We may consider factors such as size of the transaction, if you are making regular deposits sufficient to cover transactions and the number of past overdraft occurrences. The fact that we may honor withdrawal requests that overdraw the account does not obligate us to do so later. In addition, if we elect to pay an overdraft, you have no right to defer payment and you must deposit additional funds into your account promptly in an amount sufficient to cover the overdraft and any related fees.

6) **OVERDRAFT FEE TYPES AND WHEN THEY MAY BE CHARGED**

Our Fee Schedule sets forth the amounts we charge for our services and is available online, at the branch, or by contacting our Member Service Center. The chart below explains when you will be charged a fee for transactions when your account has insufficient funds.

Cross Valley FCU Overdraft Decision	For Transaction Types	Fee Status (if and when fee is charged)
Pays overdraft	Check, ACH, recurring debit	Fee charged for each item paid if your Available Balance is insufficient when we post your payment.
Declines transaction	Check, ACH, recurring debit	Fee charged for each item returned unpaid if your Available Balance is insufficient to pay the item at the time your payment is presented.
Pays overdraft – if opted into Courtesy Pay	Point of Sale (POS) everyday non-recurring debit card transactions	Fee charged for each overdrawn item paid.
Declines, or under limited circumstances, we pay a transaction – if NOT opted into Courtesy Pay	Point of Sale (POS) everyday debit card transactions	No fee charged (including if we choose to pay an overdraft on occasion if you are not opted into Courtesy Pay for POS transactions)
Overdraft Protection (linked savings or Line of Credit (LOC) to cover overdrafts) Order of Payment with Overdraft Protection and Opted into Courtesy Pay: 1. Checking Account Available Balance 2. Personal LOC 3. Savings Account <i>(Member may request the Savings to be used first before the LOC)</i> 4. Courtesy Pay	Overdraft Protection transfers are available for all transaction types except for ATM debits.	Transfer Fees will be charged per each transaction used to cover the checking overdraft Balance (if applicable). -Transfers from your LOC amount are also subject to finance charges as described in your loan agreement. If funds are not available in the linked account(s) to cover any of the overdrawn transactions, then those transactions will be subject to an overdraft or returned item fee, as applicable and as explained in previous sections above.

7) **HOW TRANSACTIONS ARE POSTED TO YOUR ACCOUNT**

This section explains generally how and when we post transactions. This information may assist you with understanding how much money you have and how much may be available to you at any given time. The processing order may differ from the order you make the transactions and could also impact your Available and Total balances.

Transaction Type	Description and Order
"Real Time" transactions	Certain transactions are considered "Real Time" transactions that occur and post to your account generally when they are initiated during the course of the day. These include for example, ATM Transactions, Teller Transactions, POS Debit Card Transactions processed through the PIN network, Wire Transfers and other account transfers you initiate in the Branch, ATM, Member Service Center or Cross Valley FCU Online Banking.
Other "Batch" Transactions	Other transactions are grouped together in batches by similar transaction types, and post to your account at various times during the day. - ACH credits & debits (six files processed at various times during the day). - Cross Valley FCU online bill payments, check payments and similar items. - POS transactions processed through the MasterCard network can settle throughout the day.
Bank Initiated	- Bank initiated fees such as overdraft or returned check fees will generally post after the transaction to which it applies for ACH and items such as checks, or at the end of the processing cycle for online banking and POS debit card transactions. - Interest posting and automatic account transfers generally post at the end of our processing day.

8) **TIPS FOR AVOIDING OVERDRAFT FEES**

The best way to avoid overdraft and returned payments and any associated fees is to always make sure you have enough funds available in your account to cover all transactions you authorize for payment. You can always contact us by calling (570) 823-6836 or visiting one of our branches if you have any questions. In addition, the following tips offer options to assist you.

- Check your balances through a variety of options we offer including online, mobile and telephone access.
 - Activate the option we offer in online banking to receive low balance email or mobile alerts.
 - Make transfers into your account from funds you may have at other institutions.
 - Apply for Overdraft Protection service to transfer funds from a linked Member Savings account or an existing Line of Credit to your checking account to cover overdrafts, which may cost less and have a lower fee.
 - If opted into Full Courtesy Pay, you can opt out at any time, which means we will decline POS transactions that would create an overdraft.
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