

PRIVILEGE PAY

What you need to know

CHECKING ACCOUNT OVERDRAFT AGREEMENT

Member Name <input type="text"/>	Account Number <input type="text"/>
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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, your account will be subject to a fee as set forth in our Fee Schedule. Our Overdraft Service is also referred to as "Privilege Pay".

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 (303) 573-1170.

YOUR CHECKING ACCOUNT BALANCE. Your checking account has two kinds of balances: the "current" 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.

Your **current** 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 "current" 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 current balance. For example, if you have a \$50.00 current balance, but you just wrote a check for \$40.00, then your current 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 current balance may differ from your available balance, which is described below. Available balance is used to determine when your account is overdrawn.

The following example illustrates how this works:

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 current 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 current 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 current 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 per the fee schedule. That fee will be deducted from your account, further reducing the balance. However, 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, but you will not be charged a fee for that transaction as it was authorized without a fee as you had available funds at the time of authorization.

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.

If your available balance is brought positive prior to settlement of **all** pending transactions, you will not be charged an overdraft fee.

The following example illustrates how this works:

Assume your current balance is \$10, and you swipe your debit card at a gas station for \$15. As a result, your available balance will be reduced by \$15 so your available balance is negative -\$5. If you were to make a deposit or transfer of \$10 prior to this transaction settling, your current balance would increase to \$5 and your account would not be charged an overdraft fee. However, if you have other holds on deposits or pending transactions (such as pending debit card purchases) that the Credit Union has authorized but have not yet posted to your account that exceeds the available balance of \$5, you may be charged an overdraft fee.

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 two (2) 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 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, not all funds will be available according to our funds availability (Regulation CC) disclosure found on our website at www.denvercommunity.coop. Thus, your available balance may not reflect the most recent deposits to your account.

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 (share drafts).** 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 that they are listed in each data file and process each file in the order that they are received, on the day they are received.
- **ACH Payments.** We receive several data files every business day from the Federal Reserve with Automated Clearing House or ACH transactions. These include, for example, automatic bill pays you have signed up for. We process ACH payments in the order that they are listed in each data file and process each file in the order that they are received. ACH items are posted on the effective date listed in the ACH record for each item and in the order they appear in the file.
- **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, or your signature may not be obtained by the merchant if the transaction is under a certain dollar amount. 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 current 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 choose 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 \$33 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 (303) 573-1170, MONDAY THROUGH FRIDAY, 8AM TO 5PM AND SATURDAY, 9AM TO 1PM MOUNTAIN TIME.

If you prefer not to have Overdraft Service (Privilege Pay), please contact us at (303) 573-1170, Monday through Friday, 8am to 5pm and Saturday, 9am to 1pm Mountain 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;

We are not obligated to pay any overdraft, even if you execute this agreement. We will decide to pay overdrafts on a case-by-case basis, in our sole and absolute discretion. However, depending on your qualifying Privilege Pay tier assigned to your account (One or Two), we shall not pay any check or other item/transaction if your negative Checking Account balance is greater than \$300 (for tier Two), or \$500 (for tier One). We may change or remove your limit (tier) at any time without prior notice. 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.

- a. Privilege Pay Tiers
 - 1) Tier One – Eligible to overdraw account up to \$500 if:
 - (a) At least 18 years old
 - (b) Consumer share draft account has been open for at least ninety (90) days, and
 - (c) Has one loan with the Credit Union (Excluding pay advance loans)
 - 2) Tier Two – Eligible to overdraw account up to \$300 if:
 - (a) At least 18 years old, and
 - (b) Consumer share draft account has been open for at least ninety (90) days

For your overdrafts cleared, you promise to promptly 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 within **14 calendar** days.

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 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 an OLOC (Overdraft Line of Credit) *, which may be less expensive than our Privilege Pay Overdraft Service. To learn more, ask us about these plans.

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If you prefer not to have Overdraft Service (Privilege Pay), please contact us at (303) 573-1170, Monday through Friday, 8am to 5pm and Saturday, 9am to 1pm Mountain Time.

_____ I DO want Denver Community Credit Union to authorize and pay overdrafts on ATM, everyday Debit Card transactions, Authorized ACH items, and Share Drafts.

_____ I DO NOT want Denver Community Credit Union to authorize and pay overdrafts on ATM, everyday Debit Card transactions, Authorized ACH items, and Share Drafts.

Signature: _____

Date

Signature: _____

* An approved OLOC Line of Credit is required. The Overdraft Line of Credit (OLOC) product is required to use this method. This is a loan. You must apply for and be approved for an OLOC. Approval depends on credit, income, and other factors.