

Healthcare Financial FCU Courtesy Pay Disclosure & Q and A

Effective Date: 02/15/2017

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What You Need to Know about Overdrafts and Courtesy Pay 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 offer Courtesy Pay, our standard overdraft program, which automatically comes with qualifying checking accounts.
2. We also offer overdraft protection plans, such as a link to a savings account or an overdraft line-of-credit, which may be less expensive than Courtesy Pay.

This notice explains our standard overdraft practices for Courtesy Pay.

Courtesy Pay is an overdraft program offered by Healthcare Financial Federal Credit Union (HCFFCU) in addition to our other types of overdraft protection (i.e. overdraft tied to a savings account or an overdraft line of credit). Courtesy Pay is available only on personal Checking Accounts. All members who meet each of the following criteria are automatically enrolled in Courtesy Pay: a) Account is in "good standing", defined as an account that has caused no loss to HCFFCU, b) Minimum duration of credit union membership is 90 days, c) No more than one 30 day delinquency on a credit union loan in the past year.

What type of overdrafts will Courtesy Pay cover?

Courtesy Pay will allow us to authorize and pay overdrafts for the following types of transactions:

- Checks and other transactions made using your checking account number
- Automatic bill payments, including "recurring" debit card transactions

HCFFCU will not authorize and pay overdrafts for the following types of transactions unless you Opt-in:

- ATM transactions
- One-time or non-recurring debit card transactions

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What fees will I be charged if HCFFCU pays my overdraft through Courtesy Pay?

Courtesy Pay will automatically provide qualified members with the ability to overdraw their personal Checking Account up to \$500 for a \$30 per-item fee. Courtesy Pay fees are included in the \$500 maximum. Courtesy Pay will only be activated when funds available through other overdraft arrangements have been exhausted. The Courtesy Pay overdraft program provides a service to our members that will protect their financial standing and provide a measure of protection against human error, while imposing a fee at a fair and reasonable cost. The credit union may limit the number of accounts eligible for Courtesy Pay to one per household.

Courtesy Pay costs nothing unless it is used to pay checks, ACH debits, debit card transactions, ATM withdrawals, Online Bill Pay payments, or any other payment or withdrawal request for more than is on deposit in the account. It allows HCFFCU to cover (pay) any overdraft transaction from a Checking Account instead of declining the transaction or returning the check unpaid. Please be aware that we have no obligation to notify accountholders before we pay an item. There is a maximum of 5 overdraft fees charged in one day (\$150.00).

If an outstanding balance is created as a result of using Courtesy Pay, the member is responsible for repaying the funds to HCFFCU. The amount of any Courtesy Pay overdraft, plus applicable fees, is due and payable on demand. If the member has Direct Deposit, repayment of funds will automatically be taken out of the member's next Direct Deposit and will require no action on the member's part. If an account remains in the negative for 15 days, our Collections Department will send the member a letter disclosing the total dollar amount overdrawn. If we pay an item on an account with more than one (1) signer on the signature card, each owner and/or agent drawing/presenting the item, thereby creating the overdraft, are jointly and severally liable for such Courtesy Pay overdrafts plus applicable fees.

This non-contractual and discretionary courtesy of paying overdrafts requires no accountholder action. It is not a loan. No additional agreements need to be signed. We are not obligated to pay any item presented for payment if the account does not contain sufficient collected funds. However, for any member who meets the above criteria, we may, at the credit union's sole discretion, pay overdrafts not to exceed a total of \$500 plus applicable fees for each item paid. Courtesy Pay may be revoked by the credit union for, but not limited to, the following reasons: a) the member exceeds the \$500 maximum limit, b) the member becomes unemployed, c) the member has a delinquent loan, d) the member requests to opt out of the service, e) the member files bankruptcy, f) we charge off a member's loan balance, g) the credit union feels the member is abusing the account.

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The order in which items (such as checks/drafts and debit card transactions) are paid is important if there is not enough money in your account to pay all of the items presented. When processing checks drawn on your account, our policy is to pay each batch in numerical sequence by check number and lower numbered items are paid first. Exceptions may apply. Checks are the only items that we post to your account with a numerical sequence. As a result, other transactions post in random order as we receive them. We encourage you to keep careful records and practice good account management. This will help you avoid writing checks or drafts without sufficient funds and incurring the resulting fees.

This service is not an obligation of the credit union and the credit union may refuse to provide the courtesy on any Checking Account at any time and from time-to-time. The accountholder does not have a contractual right to Courtesy Pay, nor is it guaranteed by the Courtesy Pay plan. We may refuse to pay an overdraft at any time, even though we may have previously paid the overdrafts. If we do not authorize and pay an overdraft, your transaction will be declined.

If you want Courtesy Pay to cover ATM transactions and one-time or non-recurring debit card transactions (in addition to checks and automatic bill payments), you will need to opt-in. *You have the right to revoke this consent at any time.*

You may also opt-out of Courtesy Pay. If you opt-out of Courtesy Pay entirely, overdrawn items will be returned unpaid and a \$30 NSF fee will be assessed after funds from other overdraft protection (if applicable) have been depleted. You may also be charged additional fees by the merchant/payee.

To receive additional information on how to opt-in and opt-out, please call our Member Services Department at 203-688-4589 or email us at info@hcffcu.org.

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Questions and Answers

Unforeseen circumstances happen to all of us. And sometimes, they seem to happen at just the wrong time. Whether it is an unanticipated car repair, a mistake while balancing your checkbook or unexpected expenses, these situations can cause stress and embarrassment and can impact personal financial management.

We at Healthcare Financial Federal Credit Union understand these events can happen to all of us. That's why we offer a Courtesy Pay program.

What Is Courtesy Pay?

The Courtesy Pay program is a service offered to eligible members that will provide a limited amount of overdraft protection from which we may authorize and pay checks, ACH/Electronic Items and everyday debit card transactions (subject to certain requirements applicable to debit card transactions) initiated for payment against your eligible checking account. While Courtesy Pay is not a loan, it may cover items such as checks, up to a \$500 limit, when account funds are not available. That means, instead of returning a check to the merchant because of insufficient funds, HCFFCU may pay your check, ACH/Electronic Item and everyday debit card transactions (subject to certain requirements applicable to debit card transactions), saving you additional charges from merchants as well as the embarrassment of an inadvertent overdraft.

What Is An Overdraft?

An overdraft occurs when the available balance in your checking account is insufficient to cover a transaction, but we pay it anyway.

How Is My Available Balance Determined And Why Is It Important?

The available balance in your account plays a significant role in the operation of your account and in determining whether a transaction will result in an overdraft. Your available balance is the balance in your account that we use to determine if you have sufficient funds to cover a transaction. Your available balance is the most current record we have about the funds that are available for withdrawal from your account. In determining the available balance in your account, we will consider all transactions that have posted to your account, any holds that may be in place on deposits you have made, and pending transactions (such as pending debit card purchases) that we have authorized but have not yet posted to your account. It's important that you know that transactions are generally not processed in the order in which they occurred. The order in which transactions are received and processed by us can affect your available balance and the fees that you incur for overdrafts.

What Are Authorization Holds For Debit Card Transactions?

When you make a purchase with your debit card, the merchant may seek our prior authorization for the transaction. We generally place a temporary hold against some or all of

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the funds in the account linked to your debit card if and when an authorization request is obtained. We refer to this temporary hold as an "authorization hold," and the amount of the authorization hold will be subtracted from your available balance (generally in real time as they are received by us throughout each day). The amount of an authorization hold may differ from the actual transaction amount. We are permitted to place an authorization hold on your account for up to three (3) business days (or for up to thirty (30) business days for certain types of debit card transactions) from the time of the authorization. For additional information on authorization holds, please see the section entitled Authorization Holds for Debit Card Transactions in our Disclosure of Account Information.

How does Courtesy Pay work?

Overdrafts on your eligible checking account, up to a limit of \$500, including the amount of the overdrawn item(s) and the Courtesy Pay fee(s), may be honored by HCFFCU. A Courtesy Pay fee of \$30.00 will be assessed for each item that draws your account negative. This is subject to certain requirements applicable to debit card transactions. Our daily limit fee charge for Courtesy Pay or Returned Item fee per day is \$150.00 (5 items per day).

You must then bring your account back to a positive balance immediately or as soon as possible, and at least once every 15 days, either through a direct deposit, transfer of funds or a deposit at either of our full-service ATMs or one of our branches.

What If I Already Have Overdraft Protection?

If you have established alternate overdraft protection methods such as a line of credit or automatic transfer from your other accounts, we will look first to these methods of overdraft protection before applying our Courtesy Pay program.

Do I Have To Apply For This Service?

When you open an eligible checking account type, you are automatically enrolled in the Courtesy Pay program for checks and ACH/Electronic Items. You must provide your consent (**opt in**) to take advantage of **Courtesy Pay**.

As long as your eligible checking account is in good standing, you may remain enrolled in Courtesy Pay for checks and ACH/Electronic Items. You may also revoke your opt in to the debit card feature at any time. You may revoke your **opt in** by visiting one of our branches, logging into Online Banking under the Self Service tab or contacting Member Services at **203-688-4589**.

Who Is Responsible For Ensuring That Funds Are Available In My Account To Cover Transactions?

Please remember that the responsibility for ensuring that the funds in your account will cover a transaction is yours. You should keep a running balance of the amount of funds

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in your account to ensure that there are sufficient funds in your account. We provide various tools that will help you manage your account, such as online banking and mobile banking applications. Please remember that the balance displayed using these tools may be either your available balance or your account balance. It is important that you understand the difference between these two balances. Your available balance is the most current record we have about the funds that are available for withdrawal from your account (but does not include certain pending transactions as described in greater detail previously under "How Is My Available Balance Determined And Why Is It Important"). Your account balance, on the other hand, is simply the current posted balance in your account. It includes only deposits and withdrawals posted to your account. Your account balance does not include any pending transactions and may include deposits that are not yet available for withdrawal.

For a variety of reasons, neither your available balance nor your account balance may represent the funds in your account that will be available to cover a particular transaction at the time you enter into it (such as delivering a check to a merchant) depending on a number of factors, including, without limitation, how and when the transaction is presented to us. **The responsibility for ensuring that a transaction will not overdraw your account is yours.**

Important Courtesy Pay Information

The Courtesy Pay program is a service offered to eligible members that will provide a limited level of protection from insufficient funds, returned checks, ACH/Electronic Items, everyday debit card transactions and returned check charges from merchants. Under the program, HCFFCU may overdraw your checking account up to \$500, which includes any fees associated with the program. The \$500 limit may be reduced by non-program transactions and applicable fees affecting your checking account balance.

You must maintain your eligible checking account in good standing. This includes, among other requirements, the following:

1. You are not in default on any loan obligation with us;
 2. You bring your account to a positive balance at least once every fifteen days; and;
 3. Your account is not the subject of any legal or administrative order or levy.
- If you meet these requirements, we may, at our sole discretion, pay overdrafts up to the limit mentioned above, including Courtesy Pay fees. Whether we pay or return an item, your account will be assessed a \$30.00 fee, either as a Courtesy Pay fee or a Returned Item fee. This is subject to certain requirements applicable to debit card transactions. Our daily limit fee charge for Courtesy Pay or Returned Item fee per day is \$150.00 (5 items per day).

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HCFFCU is committed to keeping our members informed. If you have any questions regarding our Courtesy Pay program, please do not hesitate to contact Member Services at **203-688-4589**.

Subject to a maximum of five overdraft (Courtesy Pay) fees per day, a Courtesy Pay fee of \$30.00 will be imposed each time we pay an overdraft on checks and ACH/Electronic Items and, if you are opted in to Courtesy Pay for Everyday Debit Card Transactions, on everyday debit card transactions. Once an overdraft has occurred, you must bring your account to a positive balance (not overdrawn) at least once every fifteen days. Whether your overdrafts will be paid is discretionary and we reserve the right not to pay. For example, we typically do not pay overdrafts if your account is not in good standing.