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## Overdraft Protection Disclosures

This disclosure describes the general overdraft protection services Directions Credit Union (Directions) offers and describes the nature and process of those services.

### General

These services are designed to cover an overdraft on your account. An overdraft occurs when there are not enough funds available in the account to cover a transaction, but Directions pays it anyways. We can cover overdrafts in three different ways:

1. Directions provides Overdraft Savings Transfers.
2. Directions offers an Overdraft Line of Credit. This does require credit approval.
3. Directions offers overdraft protection called Courtesy Pay. For a small fee, this authorization allows Directions to pay checks, ATM transactions, debit card transactions, and ACH transactions when there may not be sufficient funds in an account to pay them. For ATM and debit card transactions you must explicitly opt-in, in writing for this service to apply.

### Standard Practices and Fees

1. There is no limit for how many fees can be charged for overdrafts in one day. Fees are charged per item or per transaction that takes your account negative or further negative. For each transaction you will incur a separate fee.
2. Directions charges no fee for each Overdraft Savings transfer or Overdraft Line of Credit transfer but does charge \$27.50 for each Courtesy Pay item we cover. (Please See Fee Schedule for all Fees)
3. Default overdraft protection sequence will pull from Overdraft Line of Credit, Overdraft Savings Transfer, and then Courtesy Pay to in that order to cover the deficiency. To change this sequence you must fill out the necessary form by contacting the number below or visiting a branch location. We will not change this sequence unless you explicitly sign the necessary form. You must be eligible for Overdraft Line of Credit and Courtesy Pay. If you alter your sequence that sequence will apply to all products you have with Directions.
4. If you do not have any of the overdraft protection products or money available, your item will be rejected or returned and you may incur a returned item fee. (Please See Fee Schedule for all Fees)

### Overdraft Line of Credit

If your checking does not have sufficient funds to cover checks written and other transactions such as Point-of-Sale (POS) debit card transactions, ATM withdrawals, and ACH transactions, funds will be transferred from the line of credit in \$50 increments to the checking account to cover the item. The standard total line of credit amount is \$500 but can be up to \$1,500 if you are approved. There is no transfer fee for transfers. Minimum payment per month is \$25 on the balance. Please see current rate sheets for applicable APR. If payment is 14 days late, a fee of 20% of the interest that is due or \$5.00, whichever is greater, will be charged to the outstanding line of credit balance. Your account may exceed the \$500 due to fees and finance charge depending on your repayment. You must be 18 years or older to qualify for an Overdraft Line of Credit, and evaluation of creditworthiness is required.

### Overdraft Savings Transfers

If the checking account does not have sufficient funds to cover checks written and other transactions such as Point-of-Sale (POS) debit card transactions, ATM withdrawals, and ACH transactions, Directions will attempt to pay the overdraft by transferring funds from the designated savings account to the checking account. At the time the transaction is posted money is transferred from your primary (S1) savings to the checking. There is no transfer fee for this service. This transfer will be attempted after any Overdraft Line of Credit but before Courtesy Pay, unless you authorized a change of that sequence. Default Overdraft Savings Transfer will only pull from your (S1) account unless you explicitly authorize us to change this. We will transfer all or some of the funds from the savings account to the overdrawn checking account to reduce or eliminate the overdrawn amount, as permitted by law. Please note that if you have overdraft sequence set up to pull from a non-transaction account such as a money market a Regulation D limit and fee could apply if you exceed the 6 transfers per month.

### Courtesy Pay

If the checking account does not have sufficient funds, courtesy pay will allow the member to overdraw their account to cover checks written and other transactions such as Point-of-Sale (POS) debit card transactions, and ACH transactions. The limit is \$500 and the fee is \$27.50 per item. You have 30 days to pay the fee and bring the account current. Directions has the right to discontinue the program at any time to any member. No fee will be assessed for a single transaction if that transaction is less than \$10 if the transaction is a debit card/ POS transaction. If a check or ACH is less than \$10 you will still be assessed a fee. You are automatically opted into this service except for ATM and debit card transactions. For these transactions you must specifically opt-in by completing the required opt-in form. To opt out completely of the courtesy pay service you must notify us at the contact information provided below. You must be a member for 60 days before Courtesy pay will pay any items. You must have no delinquencies, and your accounts must be in good standing to qualify. Being enrolled in Courtesy Pay does not



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guarantee that we will pay overdrafts on your behalf. Directions pays overdrafts at our discretion. Directions can remove a checking account from the program based on poor performance of the account or failure to return the account to a positive balance at any time without notice.

#### **Available Balance vs. Balance**

The available balance is what is available for use or withdrawal at that moment. The available balance includes pending transactions that have been authorized by you but have yet to be posted. This could include debit card POS transactions, online transfers, ATM transactions or pending deposits, but doesn't include bill pay transactions, deposits with holds on them and checks that have been written but have not yet cleared the account. The balance is calculated after all transactions have posted to the account after the end of the business day (Eastern Time). This is subject to holds placed on deposits according our funds availability policy. When you use your Debit Card to make a purchase, the transaction is authorized based on your Available Balance plus any Checking Protection option you have enrolled in at the time of the purchase. Once a transaction is authorized, a temporary hold is placed on your account for the amount of the purchase; you will see this hold reflected in your Available Balance. Please note some merchants like gas stations pre-authorize set amounts.

#### **Assessment of Fees**

Fees are charged to an account based on the balance of the account at time the transactions are posted by Directions. Fees are not incurred at the time you authorize the transaction. The fee will not be incurred until Directions posts the file during business days. Postings do not occur in real time, after business hours, weekends, or holidays. You must pay attention to what you have authorized. For example, there is \$100 in the account, there are 2 Debit POS transactions pending. One is for \$50 and the other is \$60. The available balance will show \$0 because the transactions are pending. The balance will still show \$100 because the transactions have not posted yet. When the transactions post, the account will then be -\$10 and then the fee will be charged. You may be assessed a fee for every single transaction that you incur that takes your account negative. Directions does not have an additional daily overdraft fee. It is important that you keep a balanced checkbook to avoid fees.

#### **Transaction Processing**

Directions Credit Union first posts all incoming credits into your account, and then posts all debits coming out of your account. When more than one transaction from a group is processed on the same day, the items will be processed from smaller to larger. Directions may receive multiple files per day and depending when the originator sends the files. Directions will post files as we receive them. Debits or credits and debit (POS) transactions could post various times throughout the day. POS debit transactions post in real time during business hours. Directions will always post Credits then Debits of any files we have at the time of posting. You will be assessed a fee for every item or transaction that takes your account negative or further negative at the time of posting. Multiple transactions may be posted throughout the day depending on when we receive them.

#### **Tips to control overdraft fees**

1. A single larger overdraft will result in just one fee, as opposed to multiple smaller overdrafts.
2. Good account management is the best way to avoid overdrafts. The best way to do this is to keep a balanced checkbook. The second best way is to keep track of funds using online or mobile banking for more information please visit [www.directionscu.org](http://www.directionscu.org)