



200 N. St. Clair Ste. 1600  
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## Overdraft Solutions Disclosures

This disclosure describes the general overdraft solutions 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 anyway. We can cover overdrafts in three different ways:

1. Overdraft Line of Credit. (Requires credit approval)
2. Premier Overdraft. (Savings transfer from regular savings account)
3. Flexible Overdraft (see description below)

### Nonsufficient Funds Returns

Any check or pre-authorized transfer, or transaction made through the use of your debit card, or other electronic means, as is applicable (including any in-person transaction), that is presented to us for payment on your account when your account lacks sufficient collected funds to pay any such item may, at our option, be returned for nonsufficient funds or we may honor any such item and regardless of whether we pay the item, we will charge you a fee.

### Standard Practices and Fees

1. Directions charges no fee for Overdraft Line of Credit Transfers but does charge a fee for each Premier or Flexible Overdraft we cover. (See the Fee Schedule).
2. Should an overdraft occur, we will first attempt to pay the item by transferring funds to your checking account from any approved Overdraft Line of Credit, we will then attempt to pay with Premier Overdraft from your regular shares to your checking. Finally, we will attempt to pay the item using the Flexible Overdraft program to cover the deficiency. To change this sequence, you must fill out the necessary form by calling our toll-free number or visiting a branch location. We will not change this sequence unless you explicitly sign the necessary form. If you alter your sequence that sequence will apply to all products you have with Directions.
3. If you do not have any of the overdraft solutions products or money available, your item will be rejected or returned, and you may incur a returned item fee. (See the Fee Schedule)

### Available Balance vs. Balance

The following is important information regarding your account balance, how transactions are posted to your account, and when an overdraft or NSF fee will be charged. You should read this disclosure carefully. If you have questions, please see a branch representative or call our toll-free number.

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, 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. This section explains actual and available balances and how they work.

Your actual balance is the full amount of all deposits, even though some portion of a deposit may be on hold and may not be available to you, less payment transactions that have "posted" to your account, but not payment transactions that have been authorized and are pending. Thus, 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 holds for purchase transactions, holds on deposits, or other checks, payments and fees that have not yet posted will not appear in your actual balance. For example, if you have a \$50 actual balance, but you just wrote a check for \$40, then your actual balance is \$50 but it does not reflect the pending check transaction. So at that point, you actually have \$50, but you have already spent \$40. Your available balance is the amount of money in your account that is available to you to use. The available balance is the actual balance less 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 you have an actual balance of \$50 and an available balance of \$50. If you were to swipe 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 reduce your available balance by \$20 because once we authorize the payment, we are obligated to pay. Your actual balance would still be \$50 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 at the time transactions are posted (not when they are authorized) is used to determine when your account is overdrawn. The following example illustrates how this works: Assume your actual and available balance



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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 actual 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 actual 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 (see fee schedule). That fee will be deducted from your account, further reducing the balance. 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 posted to 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 (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. Even if the hold is released, you still owe the authorized amount. The merchant controls when the payment is requested.

#### **How Transactions are Posted to your Account**

There are basically two types of transactions in your account: credits or deposits of money into your account, and debits or payments/withdrawals out of your account. It is important to understand how each is applied to your account so that you know how much money 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, only \$225 will be made available at the time of deposit; the balance will be available two (2) business days later. We reserve the right to hold checks for a longer period of time up to 9 days. 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 Funds Availability Disclosure.)

Debits. There are several types of debit transactions. The most frequent types of debit transactions are described generally below. Keep in mind that there are many ways transactions are presented for posting to your account by merchants, and the Credit Union is not necessarily in control of when transactions are received.

Checks. When you write a check, it is processed through the Federal Reserve system. We receive data files of cashed checks from the Federal Reserve. Checks drawn on your account are compiled from these data files and posted to your account each day.

ACH Payments. We receive data files multiple times every day from the Federal Reserve with Automated Clearing House or ACH transactions. These include, for example, automatic bill pays you have signed up for. Each day, ACH transactions for your account are grouped together and posted.

Point of Sale (POS) Debit Card PIN 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. 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 actual 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 posting to your account. 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



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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. The fact that we put an authorization hold on your available balance means that the authorization is set aside and made available to pay the specific transaction authorized. The hold is a reduction in your available balance based on the fact that we have authorized a transaction and the Credit Union is therefore obligated to pay it when presented even if the hold has expired.

Debit card transactions can be recurring or nonrecurring. Recurring transactions are where you use your debit card to set up a recurring monthly payment, such as a gym membership. Nonrecurring transactions are one time or everyday transactions that are authorized each time you use your debit card. Using your debit card at a restaurant is an example of a one-time or nonrecurring transaction. 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. **Note: Transactions that are declined may be presented to us again for payment multiple times until paid. You may be charged an overdraft fee each time a transaction is presented for payment, even if it was previously declined and a fee was previously charged. 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 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 prefer not to have Flexible Overdraft for checks and ACH items, please contact us at our toll-free number or visit any branch to complete the opt-out form.

#### **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 higher 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, 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.

#### **Premier Overdrafts**

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 Flexible Overdraft, unless you authorized a change of that sequence. Default Premier Overdraft 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.

#### **Flexible Overdraft**

Flexible Overdraft is a service we add to your checking account to cover inadvertent overdrafts to a set limit, subject to the eligibility criteria as explained below. With Flexible Overdraft, we will as a discretionary service and not as a right or obligation guaranteed to you, strive to pay your reasonable overdrafts when your account is in good standing, meeting eligibility and we reserve the right not to pay.

Good standing includes the following criteria:

- Age of account
- Number of deposits
- Dollar amount of deposits
- Deposit patterns
- Repayment patterns
- Overdraft Activity



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For example, we typically do not pay overdrafts if your account is not in good standing, or you are not making regular deposits, or you have too many overdrafts. When we pay overdraft items for you, you will be charged our normal overdraft fee (see Fee Schedule), for each item that is presented. All deposits to overdrawn accounts are applied to the negative balance.

**Eligibility** - No application is required for our Flexible Overdraft; eligibility is at the sole discretion of Directions Credit Union and is based on you managing your checking account in a responsible manner.

**Non-Eligible Account Types**

- IOLTA accounts
- Public Fund accounts
- Minor accounts
- OTMA/UTMA
- Any account with withdrawal restrictions like Guardianship or Custodial accounts.

**Suspension/Revocation**- Your Flexible Overdraft may be suspended or permanently removed based on the following criteria:

- Your account type is not eligible.
- You are more than 30 days past due on any Directions Credit Union loan or delinquent on any other obligation to Directions Credit Union.
- You are subject to any legal or administrative orders, levy, or are currently a party in a bankruptcy proceeding.
- Your account is being reviewed for fraudulent activity or transactions.
- The primary account owner is less than 18 years old.
- A ChexSystems or another negative indicator has been reported to us.
- You have an account that has been opened less than 60 days.
- You have an outstanding balance on an Overdraft Repayment Plan.
- Your account is classified as inactive.
- You have an unresolved prior loss with Directions Credit Union.
- We do not have a valid address for you.

**Transactions Covered** – Flexible Overdraft will be available for all checks written, in-person withdrawals, ACH transactions, preauthorized automatic transfers, internet banking, and mobile banking. Flexible Overdraft will not be available for ATM and everyday debit card transaction unless you authorize the Directions Credit Union by completing an ATM/Debit Card Consent Form.

NOTE: If you have consented to Flexible Overdraft for ATM transactions, please verify your balance before initiating an ATM cash withdrawal. All overdrafts will be subject to our overdraft fee (See Fee Schedule) for each withdrawal until the account returns to a positive balance.

**Opt Out** - Flexible Overdraft is an expensive way of handling your account and you have the option to have this service removed at any time by writing us at Directions Credit Union, 200 N. St. Clair St., Suite 1600, Toledo, OH 43604 or contacting your local Directions Credit Union office. It is important for you to consider that by opting out of this service without some other form of overdraft plan such as an account transfer or line of credit (which is offered to qualified accounts) you are instructing us to return unpaid all items presented against insufficient funds. If you opt out, you will still be charged our returned item fee (See the Fee Schedule). Members who receive a Social Security, federal direct deposit, or any other entitlement benefit must opt out if they do not want Directions Credit Union to apply those funds to pay an overdraft.

**Note:**

1. **Your overdraft limit may change daily**
2. **Your overdraft limit may be lower than previous fixed limit**
3. **Your overdraft limit may be reduced to \$0**



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**Payment Order of Items** - The order in which items are presented may affect the total fees assessed to your account. We pay checks written off of your account that are cashed by our employees, ATM withdrawals and Point of Sale items. These items will immediately and automatically post to your account when presented.

Any items that were submitted electronically, such as ACH items are paid in this order: credits first, checks clearing, If more than one check is in the file, they are paid lowest amount to highest amount, ACH debits, preauthorized automatic transfers, and any other electronic transfers.

NOTE: Please be aware that holds placed on your account for pending electronic transactions, such as hotel or rental car deposits, reduce your available balance and may cause your account to become overdrawn.

**Financial Education** – Directions Credit Union believes that financial literacy and education helps members make informed decisions. Heightened awareness of personal financial responsibility helps members realize the benefits of responsible money management, understanding the credit process and the availability of help if problems occur. The federal government's website that serves as the one-stop for federal financial literacy and education programs, grants and other information is [www.MyMoney.gov](http://www.MyMoney.gov). To request a personal financial toolkit, call **1-888-MyMoney**.

**Account Agreement** - Your account agreement describes the duties, obligations, and rights of depositors, authorized signatories and Directions Credit Union with regard to your deposit accounts. That account agreement is incorporated herein for all purposes as if it were set forth verbatim as to matters not directly addressed by this disclosure. Your account agreement and this disclosure shall be construed so as to minimize conflicts between them.

**Remedy:** You and Directions Credit Union agree that the exclusive remedy and forum for all disputes arising out of Flexible Overdraft or you or Directions Credit Union's performance there under, except for matters you or Directions Credit Union take to small claims court, is arbitration by an independent arbitrator pursuant to the applicable rules of the American Arbitration Association, except as prohibited by law.

**Waiver:** Directions Credit Union's forbearance from, or delay in, exercising any of Directions Credit Union's rights, remedies, privileges, or right to insist on your strict performance of any provisions of your account agreement, this Flexible Overdraft disclosure, or any other provision related to your account, shall not be construed to be a current or future waiver of Directions Credit Union's rights, remedies or privileges.

#### **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. Not all postings occur in real time, some are after business hours, weekends, or holidays. You must pay attention to what you have authorized. It is important that you keep a balanced checkbook to avoid fees.

**Note: Transactions that are declined may be presented to us again for payment multiple times until paid. You may be charged an overdraft fee each time a transaction is presented for payment, even if it was previously declined and a fee was previously charged. 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 fee if we pay multiple transactions when your account is overdrawn.**

#### **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)

**IF YOU DO NOT UNDERSTAND THIS AGREEMENT OR HAVE ANY QUESTIONS, PLEASE CONTACT US.**