



COURTESY PAY AGREEMENT

This Courtesy Pay Agreement becomes part of Northeast Credit Union's Share Account Agreement and supersedes and replaces Section 3.35 (Paying of Overdrafts) and any all prior terms related to account balances and the assessment of Courtesy Pay fees.

This Courtesy Pay Agreement ("Agreement") describes the circumstances when we, at our sole discretion, 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, we will charge a Courtesy Pay fee as described in our **Schedule of Fees**, which is updated periodically.

Transactions include ACH, debits, checks and transactions conducted at branches, by automated phone system or online banking. They do not include ATM or one-time debit card transactions.

Please note that for one-time debit card transactions, you must affirmatively consent (opt-in) to this coverage. Without your consent, we may not authorize and pay one-time debit card transactions that will result in a negative available balance in your account.

The following is important information regarding your account balance, how transactions are posted to your account and when a Courtesy Pay fee will be charged. You should read these disclosures carefully. If you have any questions, please see a Member Experience Specialist, email us at memberservices@necu.org or call us at 888-436-1847.

YOUR CHECKING ACCOUNT BALANCE. 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 actually "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 may have \$50, but you have already spent \$40.

Your available balance is the amount of money in your account that is available for you to use. 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 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 put a "hold" on your account for \$20. 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 a transaction is posted to your account is used to determine when your account is overdrawn.

The following example illustrates how this works:

Again, assume your actual and available balances are both \$100, and you swipe your debit card at a restaurant for \$60. A hold is placed on your account, so your available balance is only \$40. Your actual balance is still \$100. Before the restaurant charge is sent to us for processing, 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 is \$100 at the time the check is posted. In this case, we may pay the \$50 check, but you will be charged a Courtesy Pay fee based on our current **Schedule of Fees**. That fee will be deducted from your account, further reducing the available and actual balances. If the \$60 restaurant charge is then presented for payment, you will be charged another fee because your available balance at the time this payment is presented to us is only \$50 (less the fee for the overdraft check), even though there was enough money in your available balance at the time the transaction was authorized.

See other side for more information...



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.

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.

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 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, only \$200 will be made available at the time of deposit; the balance will be available two (2) business days later. There may be extended holds on checks over \$5,000. 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 the Funds Availability Policy section of your **Combined Disclosure Agreement**.

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.** 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 from low to high dollar value.
- **ACH Payments.** We receive data files several times daily 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 paid in the order in which they are received.
- **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. 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 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 at our sole discretion and in any order we chose 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 Courtesy Pay fee if we pay multiple transactions when your account is overdrawn.

The best way to know how much money you have and avoid paying Courtesy Pay 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 888-436-1847, MONDAY THROUGH FRIDAY, 9:00 AM TO 5:00 PM AND SATURDAY, 9:00 AM TO 12:00 PM EASTERN TIME.