

Temple-Inland FCU

Overdraft Policy Disclosure

This policy describes circumstances when we (the credit union) may, at our sole discretion, pay overdraft transactions from your checking account and when we may charge you a fee, along with other related information that may impact overdrawn transactions. The following definitions, examples and related information explain how we implement our policy. If you don't understand any of these terms or information in this policy, then please call us at 936-829-1616 or come by our office.

1. Definitions

- a. **Overdraft** means the Available Balance in your account does not have enough money to cover a transaction at the time it is presented to us for authorization or payment, but we authorize or pay in anyway.
- b. **Available Balance** is the amount of money in your account available to you for immediate use. The Available Balance may differ from the Total Balance because it takes into account amounts we deducted for pending debit transactions we have not yet posted to your account, such as debit card transactions that have been authorized by us. It also takes into account any holds on deposits. Pending debits and other holds will reduce the amount of funds in your Available Balance.
- c. **Total Balance** refers to the amount of money in your account, including credit for the full amount of all deposits posted without regard to any portion of the deposit that may be on hold. Total Balance only reflects transactions that have "posted" to your account, but not transactions that have been authorized and are "pending," or other payments such as checks you have written but not yet presented to us for payment. While these balance terms may sound as though the amount represents an up-to-date display of what is in your account that you can spend, that is not always the case. Any checks you have written, purchases, holds, fees, other charges, or deposits made on your account that have not yet posted will not appear in your balance.
- d. **Point of Sale (POS)** refers to everyday transactions where you pay for your purchase using your debit card, such as when you purchase gas at a gas station or buy lunch at a restaurant.
- e. **Card Payment Networks** refers to the different electronic networks used to process Point of Sale card transactions. Depending on the network used, a payment may be debited from an account immediately or may take several days before it is presented to us for posting to an account.
- f. **Automated Clearing House (ACH)** is an electronic network for financial transactions in the United States that processes large volumes of credit and debit transactions in batches.
- g. **Pending Transactions** are debit and credit transactions that have been initiated but have not yet posted to your account. These transactions will show as "pending" in our system until posted. For debit card transactions, your Available Balance will be reduced at the time the transaction has been initiated. Your Total Balance will not be reduced until the pending debit transaction posts.
- h. **Posted Transactions** are transactions reflected in your Total Balance and which have been processed and posted to your account.
- i. **Courtesy Pay** refers to a service we provide where we may, in our sole discretion, pay certain types of transactions you initiate, even if it causes an overdraft in your account.
- j. **Overdraft Protection** is different from Courtesy Pay. Overdraft Protection is a service whereby TIFCU links your existing savings account(s) to your checking account upon opening. These links enable funds to be automatically transferred from one or both of the linked accounts to your checking account in case of an overdraft. Overdraft Protection transfer can be added at any time and the fees are generally less expensive than the cost of Courtesy Pay fees, and we will always try to use Overdraft Protection, so long as you have enough funds available in your savings account to cover an overdraft before we use Courtesy Pay.
- k. **Insufficient Funds (NSF)** means the Available Balance in your account does not have enough money to cover a transaction at the time it is presented to us for authorization or payment, and we return the item.

2. Payment Types and How They Are Processed

- a. **Credits** – These are deposits to your account that are generally added when we receive them. However, in some cases when you deposit a check, the full amount of the deposit may not be available to you at the time of deposit. Deposits made by ACH are posted before debits.
- b. **Debits** – These are payments taken out of your account. Keep in mind that there are many ways transactions are presented for payment by merchants, and we are not necessarily in control of when transactions are received.
- c. **ACH Transactions** – We receive data files every day from the Federal Reserve with Automated Clearing House (ACH) transactions which include for example, direct deposit of payroll checks and automatic payments you set up, such as a monthly utility bill. ACH transactions are posted throughout the day in order of receipt. If you don't have enough money in your Available Balance at the time an ACH is posted to your account, there will be an overdraft. If we pay the ACH, you will be charged a Courtesy Pay fee. If we decline to pay it, then it will be returned unpaid and you will be charged a non-sufficient (NSF) fee.
- d. **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 and the checks drawn on your account are compiled from these data files and paid each day. We process these payments from high to low dollar value. If you do not have enough money in your Available Balance at the time a check is posted to your account, then there will be an overdraft. Again, if we pay the check anyway, then you will be charged a Courtesy Pay fee. If we decline to pay it, then it will be returned unpaid and you will be charged a non-sufficient funds (NSF) fee.
- e. **ATM Withdrawals** – Withdrawals from ATMs immediately reduce the amount of money in both your Total Balance and Available Balance.
- f. **POS Debit Card Payments** – There are two ways your payment may be processed – either through the PIN network or the Signature based network.
 - i. **PIN Network** – These are purchase transactions using your debit card for which a merchant may require you to enter your personal identification number (PIN) at the time of sale. They are processed through a PIN debit network. If approved, the payment is deducted from your account immediately, reducing both your Available and Total Balance at the time of the transaction. However, depending on the merchant, a PIN-based transaction may not be immediately presented for payment.
 - ii. **Signature-Based** – These are purchase transactions using your debit card that are processed through a signature-based network. Rather than entering a PIN, you typically sign for the purchase; however, merchants may not require your signature for certain transactions. If authorized, the payment is routed to us for posting to your account, which may take hours or several days after the transaction, depending on the merchant and its payment processor. These payment requests are received in real time throughout the day and are posted to your account when they are received. The authorized amount reduces your Available Balance at the time of purchase, and will reduce your Total Balance when we receive it for posting. In the interim, the payment amount is identified in our system as a Pending Transaction. If your Available Balance has insufficient funds when the payment is presented for posting (for example, an intervening transaction was paid), your account will be debited, causing an overdraft since you committed to making this payment.
 1. 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 you present your card for payment. For example, if you use your debit card at a restaurant, a hold will be placed in an amount equal to 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 present your debit card for payment at gas stations, hotels and certain other retail establishments. We cannot control how much a merchant asks us to authorize, or when a merchant submits a transaction for payment.

3. Balance Examples

Your checking account Total and Available Balances can be checked online, by phone or in the office. 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. These examples illustrate how Total and Available Balances work.

Example A (illustrates the effect of a transaction you initiate that is not yet reflected in either your Available or Total Balance)

You have a \$50 Total and Available Balance and you just wrote a check for \$40.

* Your Total and Available Balances are still \$50 because the check has not yet posted to your account. So, even though your account shows you have \$50, you have already spent \$40.

Example B (illustrates the effect of a pending transaction on the Total and Available Balances)

You have a Total and Available Balance of \$50 at the start of a day.

* You pay for lunch at a restaurant for \$25 with your debit card and the payment is routed through the Visa network. When TIFCU authorized the payment at the time of the transaction, we will reduce your Available Balance by \$25. We must honor this payment when we receive it because you committed to paying this amount and we provided the merchant with authorization for payment. Your Total Balance will still show \$50 and the \$25 will show as a pending transaction in our system.

* When we post the payment, which may be several days later, the Total balance will be reduced by \$25.

Example C (illustrates how the Available Balance is used to determine that your account is overdrawn)

Again, assume your Total and Available Balances at the start of a day are both \$50.

* You use your debit card at a restaurant for \$25. If we authorize the transaction, we will reduce your Available Balance to \$25. Your Total Balance is still \$50.

* Before the restaurant charge processing is completed, a check you wrote for \$40 is presented to us for payment. Because you have only \$25 available (you committed to pay the restaurant \$25), your account will be overdrawn by \$15 if we pay the check, even though your Total Balance is still \$50.

* In this case, if we choose to pay the \$40 check, you will also be charged a Courtesy Pay Overdraft Fee. That fee will be deducted from both your Available and Total Balances. If we choose to return the check due to insufficient funds instead of paying it, you will also be charged a fee that will be deducted from your account.

* If the \$25 restaurant charge is then presented for payment, it too will cause an overdraft because your Available Balance is not sufficient to pay it. The debit card overdraft will also result in another Courtesy Pay Overdraft fee because your Total Balance is insufficient.

4. Additional Considerations

It is important to understand, you may still overdraw your account even though the Available Balance appears to show there are sufficient funds to cover a transaction you want to make. This is because your Available Balance may not be sufficient to cover all your outstanding checks and automatic bill payments you authorized or other outstanding transactions not yet posted to your account. In Example C, the outstanding check will not be reflected in your Total or Available Balances 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 the debit card transaction for payment within three (3) business days of authorization, we may release the authorization for the transaction. The Available Balance will not reflect this transaction once the authorization has been released, until the transaction has been received by us and posted to your account. A merchant may also request an authorization exceeding the amount of the purchase. For example, a restaurant may request an authorization for an amount that includes an anticipated tip.

Most Pending Transactions and related authorizations that reduce your Available Balance are either posted or released within three (3) business days. However, Pending Transactions for services such as hotel stays and car rentals, can take as long as thirty (30) days to post or be released. After the authorization has been released, the merchant may still present the authorized transaction for payment.

5. Overdraft Fee Types and When They May Be Charged

The chart below explains when you will be charged a fee for transactions when your account has insufficient funds.

TIFCU Overdraft Protection	For Transaction Types	Fee Status (if and when fee is charged)
Pays overdraft	Check, ACH, recurring debit, point of sale, preauthorized debits	Fee charged for each item paid if your Available Balance is

		insufficient when we post your payment.
Declines transaction	Check, ACH, recurring debit, , point of sale, preauthorized debits	Fee charged for each item returned unpaid if your Available Balance is insufficient to pay the item at the time your payment is presented and each time an item is resubmitted for payment.
Pays overdraft – if opted into Courtesy Pay	Point of sale (POS) everyday non-recurring debit card transactions & ATM transactions	Fee charged for each overdrawn item paid.
Declines, or under limited circumstances, we pay a transaction – if NOT opted into Courtesy Pay	Point of sale (POS) everyday debit card transactions & ATM transactions	No fee charged.
Declines transaction	ATM and Online Bill Payments	No fee charged.
Overdraft protection	Overdraft protection transfers are available for all transaction types except for ATM debits.	A transfer fee will be charged and available funds will be transferred from the savings into the checking account to cover the amounts that would have otherwise overdrawn the account.

Overdraft protection from savings - \$8.00 per item

Insufficient funds fee - \$28 each time an item is submitted or resubmitted for payment regardless if paid or returned

Courtesy pay fee - \$28.00 per item

6. How Transactions Are Posed To Your Account

This section explains generally how and when we post transactions. The processing order may differ from the order you make the transactions and could also impact your Available and Total Balances.

Transaction Type	Description and Order
“Real Time” Transactions	These transactions occur and post to your account generally when they are initiated during the course of the day. These include for example, ATM Transactions, Teller Transactions, POS Debit Card Transactions processed through the PIN network, or online banking transfers.
Other “Batch” Transactions	These transactions are grouped together in batches by similar transaction types, and post to your account at various times during the day.
Bank Initiated	These fees such as overdraft or returned check fees will generally post after the transaction to which it applies for ACH and items such as checks, or at the end of the processing cycle for online banking and POS debit card transactions.

7. Tips for Avoiding Overdraft Fees

The best way to avoid overdraft and returned payments and any associated fees is to always make sure you have enough funds available in your account to cover all transactions you authorize for payment. In addition, use the following tips:

- Check your balance through a variety of options we offer including online, mobile, and telephone.
- Activate the option we offer in home banking to receive low balance email or mobile alerts.
- Make transfers into your account from funds you may have at other institutions.
- Apply for Overdraft Protection.