

## What You Need to Know About Overdrafts and Overdraft 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 overdrafts in four different ways:

1. We have **Standard Overdraft Protection (SOP)** that comes with specific checking accounts (SmartRate Checking and Allegacy Preferred Checking).
2. We provide **Linked Account Transfers** that are included at no additional cost with your checking account. To learn more, see the accompanying disclosure or ask us about this feature.
3. We offer **Checking Line of Credit**, which requires credit approval and may be less expensive than our fee-based overdraft program, Standard and Enhanced Overdraft Protection. To learn more, ask us about this plan.
4. We offer **Enhanced Overdraft Protection (EOP)**. You cannot enroll in EOP without enrolling with SOP. This form and the accompanying disclosure explain our Enhanced Overdraft Protection (EOP)

### ➤ **How does Standard Overdraft Protection (SOP) and Enhanced Overdraft Protection (EOP) work?**

We do authorize and pay overdraft for the following types of transactions unless opted-out:

- Checks and other transactions made using your checking account number
- Automatic bill payments, electronic transfers, international transactions, external transfers, and recurring debit card payments

We do not authorize and pay overdrafts for the following types of transactions unless you ask us to (see below):

- Debit Card Transactions

We pay overdrafts at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction. If we do not authorize and pay an overdraft, your transaction will be declined, and associated returned item fees and additional merchant fees may apply.

### ➤ **What fees will I be charged if Allegacy Federal Credit Union pays my overdraft under SOP and/or EOP?**

1. A fee of \$29 is charged each time we pay an overdraft.
2. SOP and EOP have a \$100 limit for the first 60 days, increasing to \$700 if qualified. This limit includes fees and other overdrawing.
3. If you have 180 Overdraft Transaction within a calendar year, your overdraft services will be suspended for a minimum of six (6) months, pending re-qualification.

# Overdraft Guidelines: Standard & Enhanced Overdraft Protection

An overdraft occurs when you do not have enough money available in your account to cover a transaction, but we pay it anyway. We can cover overdrafts in three different ways: We provide Linked Account Transfers that are included at no additional cost with your checking account. To learn more, see below or ask us about this feature. We also offer an **Overdraft Line of Credit (OLOC)**, which requires credit approval and may be less expensive than our fee-based overdraft program, Standard and/or Enhanced Overdraft Protection. To learn more, ask us about this or visit our Learning Resource Page (<https://www.allegacy.org/learning-resources/#overdraft>)

1. We offer an optional Overdraft Protection service; Standard and Enhanced Overdraft Protection.

Under **Standard Overdraft Protection (SOP)**, we may pay checks, Automatic Clearing House (ACH), online bill payments, electronic transfers, international and external transfers, and reoccurring debit card payments presented against your checking account when you do not have enough money available in your account to cover the transaction. Under **Enhanced Overdraft Protection (EOP)**, we may pay Individual Debit Card transactions in addition to what is potentially covered by SOP. One can only have EOP if also enrolled at the same time as SOP. You must be at least 18 years of age, and a member of Allegacy Federal Credit Union. There is no limit to the number of accounts that members can have Overdraft Protection Service for. If you have enrolled in a specific Overdraft Protection (SOP or EOP), review the Membership Agreement, Fee Schedule, and these guidelines for more details regarding your Overdraft Coverage. You may enroll in Overdraft Protection by completing an our Allegacy Overdraft Protection Opt-in/out form, or on-line through our online account opening process.

## Standard Practice and Fees

1. We may charge a fee of \$29 each time we pay an overdraft.
2. SOP is limited to \$100 for the first 60 days of enrollment. After the first 60 days, the limit is increased to \$700, if qualified (see Qualifications for increased limit). Your Account may become overdrawn in excess of the aforementioned limits, due to fees. The limits include the amount of overdrawn items, overdraft fees, and any other transactions that result in overdrawing your account, such as returned deposits and other fees described in our *Schedule of Fees*.
3. Enrolling in SOP and/or EOP does not guarantee that we will pay overdraft. Allegacy Federal Credit Union pays the overdrafts at our discretion. If we do not authorize and pay an overdraft, your transaction will be declined and/or your check/ACH will be returned, unpaid.

## Qualifying for additional \$600 Overdraft Limit; \$700 Overdraft Account(s) Limit Cap

- 1) **Account Open for 60 Days:**
  - a) Your qualifying account (SmartRate and/or Preferred Checking) should be open for at least sixty (60) days.
- 2) **Good Standing:**
  - a) Keep a good relationship with Allegacy by:
    - i) Making regular deposits equal to the overdraft limit or more.
    - ii) Bringing your account to a positive balance at least once every 30 days, and keep it positive for 24 hours.
- 3) **Loan and Legal Status:**
  - a) Stay Account Eligible: Keep Your Financial Slate Clean
    - i) Don't be in default on any loan or other obligation to Allegacy Federal Credit Union.
    - ii) Don't have any legal or administrative orders or levies against you.

## Linked Account Transfers

A Linked Account Transfer is service that transfers funds, at no charge to you, from your other accounts to your checking account when there are insufficient or unavailable funds in your checking account. If an Overdraft occurs (account balance does not have sufficient funds to cover a presented check, ACH, or debit card item), you, the member have the option to set the order in which your overdraft may be covered. This can include Savings accounts, Lines of Credit (Including OLOC), Money Market accounts, or other Checking accounts. If you wish to designate, change, or update your Linked Account(s), you may call Allegacy Federal Credit Union at 336-774-3400, or visit an Allegacy Federal Credit Union Branch.

If your checking account does not have sufficient funds to pay a check or ACH, or a previously authorized debit card point-of-sale transaction that posts to your checking, Allegacy may transfer funds from your linked account(s) to pay for the transaction. For example, assume your checking account has a balance of \$50. If you authorize a \$100 check or ACH transaction, the Linked Account Transfer will move \$50 from you linked account(s) in the order you have chosen to your checking account to pay the transaction. If the checking and linked account(s) do not have sufficient funds to cover the full transaction, Allegacy Federal Credit Union may return the transaction and assess a non-sufficient funds (NSF) fee to your checking account as detailed in the *Schedule of Fees*.

## Transaction Processing and Overdraft Service

If you are enrolled in Overdraft Protection, and have also elected for Linked Account Transfers, and your checking account does not have sufficient funds to cover a check or ACH transaction, Allegacy Federal Credit Union will first attempt to pay for the transaction at no charge using the Linked Account Transfer, provided it has sufficient funds available, before using selected Overdraft Protection. If your checking account becomes overdrawn due to a check, ACH, or debit card point-of-sale transaction posting to your account, Allegacy Federal Credit Union will first use the Linked Account Transfer to reduce or eliminate the overdrawn amount before using Overdraft Protection. To determine whether a transaction may cause an overdraft, it is important to understand that your checking account has two kinds of balances: the Available Balance and the Current Balance.

1. Your current balance reflects the full amount of all deposits to your account (including those deposits that may not have a hold) as well as payment transactions that have been posted to your account. It does not reflect checks you have written and are still outstanding or transactions that have been authorized but are still pending. Please note that current balance may also be referred to as actual balance in other documentation but references the same information
2. Your available balance is the amount of money in your account that is available for you to use. Your available balance is your current balance less: (1) holds placed on deposits, and (2) holds on debit card or other transactions that have been authorized but are not yet posted. We use your available balance to determine whether there are sufficient funds in your account to pay items, including checks and drafts, as well as ACH, debit card and other electronic transactions. Pending transactions and holds placed on your account may reduce your available balance and may cause your account to become overdrawn regardless of your current balance, which may appear positive. You should assume that any item which would overdraw your account based on your available balance may create an overdraft or the item may be returned or denied.

When more than one transaction from a group is processed on the same day, the items will be processed in the order of lowest to highest amount within that group of transactions. You may check your current and available balances online at Allegacy.org, at an ATM, by visiting a Credit Union branch or by calling us at 336-774-3400 or 1-800-782-4670.

If, on any day, the available funds in your share or deposit account are not sufficient to pay the full amount of a check, draft, transaction, or other item posted to your account plus any applicable fee (overdraft), we may pay or return the overdraft. The Credit Union's determination of an insufficient available account balance may be made at any time between presentation and the Credit Union's midnight deadline with only one (1) review of the account required. We do not have to notify you if your account does not have sufficient available funds to pay an overdraft. Your account may be subject to charge for each overdraft regardless of whether we pay or return the overdraft. For ATM and one-time debit transactions, you must consent to the Credit Union's overdraft protection plan in order for the transaction amount to be covered under the plan. Without your consent, the Credit Union may not authorize and pay an overdraft resulting from these types of transactions. Services and fees for overdrafts are shown in the document the Credit Union uses to capture the member's opt-in choice for overdraft protection and the Schedule of Fees and Charges. Except as otherwise agreed in writing, if we exercise our right to use our discretion to pay an overdraft, we do not agree to pay overdrafts in the future and may discontinue covering overdrafts at any time without notice. If we pay an overdraft or impose a fee that overdraws your account, you agree to pay the overdrawn amount in accordance with your overdraft protection plan or, you do not have such a plan with us, in accordance with our overdraft payment policy.

#### **Tips to Control Costs for your Overdraft Protection Plan:**

1. Good account management is the best way to avoid overdrafts.
2. Digital banking services at allegacy.org and using our app on your mobile device can help you keep track of your balance.

#### **Restriction of Overdraft Protection**

Standard and Enhanced Overdraft Protection is not a loan or line of credit and must be repaid promptly. If a member is deemed to be an excessive user of the overdraft service provided, the service will be suspended for a period of six (6) months. A member who incurs 180 or more in overdraft/NSF transactions within a calendar year is considered an excessive user. This is regardless of how long it takes the member to reach the 180 threshold within the calendar year. For a member who has lost access to overdraft protection to regain access, the member must have maintained a positive account balance for a minimum of 6 months, paid back any money or fees that are owed to Allegacy and otherwise be in good standing as a member. After successfully meeting these requirements, the member can visit a Financial Center or call the Contact Center to have their access to overdraft service reinstated.

#### **Cancelling Your Enrollment in SOP and/or EOP**

You have the right to revoke your consent by opting out of SOP and/or EOP at any time by calling Allegacy Federal Credit Union at 336-774-3400, or visit an Allegacy Federal Credit Union Branch and completing the Allegacy Overdraft Protection Opt-in/out form.