



Checking account overdraft agreement

Account Name	Account Number	Share #
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General. You are responsible for keeping track of the funds in your account that are available for you to use before you write a check, make a cash withdrawal at an ATM, or use your debit card for a transaction. Among other things, you should keep a running balance that reflects all of your transactions. It is imperative that you keep track of the transactions you may have authorized (such as outstanding checks or automatic bill payments), as your available balance (discussed in more detail below) will not reflect these transactions until they are paid from your account.

“Overdrawing” your account means that there are not sufficient available funds in your account to pay for a transaction, but the transaction is paid under either an optional overdraft protection or Courtesy Pay, which results in a negative “overdrawn” balance. Some transactions that can result in an overdraft in your checking account include, but are not limited to: (1) the payment of checks, electronic fund transfers, telephone-initiated transfers, pre-authorized payments under our bill payment service, or other withdrawal requests authorized by you; (2) the return (unpaid) of items deposited by you; (3) the assessment of service charges by us; or (4) the deposit of items that are treated as not yet “available” according to our *Funds Availability Policy*.

The section entitled “Your checking account balance” discusses how to determine and manage your account balances. The section entitled “How transactions are posted” then discusses how we will post transactions to your account. Based on these policies, your transactions can result in transaction(s) being presented for processing when your account’s available balance is insufficient to pay the transaction(s). The section entitled “Overdraft protection” and “Additional terms - Courtesy Pay” discuss the two kinds of services the credit union offers to allow for the payment of these transactions.

All fees referenced in this Agreement are assessed in accordance with our *Schedule of Fees and Charges*. Refer to the *Schedule of Fees and Charges* for a listing of all account fees.

Payment of overdrafts. We are not obligated to pay any item presented for payment against your account if your account does not have sufficient funds available. If we pay a transaction that overdraws your account, we are not obligated to continue paying such transactions in the future. We may pay all, some, or none of your overdrafts, without notice to you. You are liable to us to repay any overdrafts on your account whether you created them or not. If you do not pay us, and we take collection action against you, you agree to pay for any costs of collection. We may terminate, without notice, any account with excessive insufficient funds activity, and report the account to a consumer reporting agency.

We assess a fee for each item that we either pay, which results in an overdraft, or do not pay, which would have resulted in an overdraft had we paid it. If we pay an item with Courtesy Pay (described in more detail below), we will charge a Courtesy Pay fee. If we return an item, we will charge a Non-Sufficient Funds (NSF) fee.

We recommend that you enroll in overdraft protection (described below). This can help you avoid overdrafts and returned items. While fees apply when you use overdraft protection, the fees are less expensive than NSF and Courtesy Pay fees. Refer to the “Overdraft protection” section for more information.

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 amount of money that is actually in your account at any given time, but not all funds included in the actual balance are considered available for transactions on your account. The actual balance is shown as: (1) “current” in Digital Banking; and (2) as “ledger” on credit union ATM screens. Your actual balance reflects transactions that have “posted” to your account, but not transactions that have been authorized and are pending or pending deposits that are subject to holds under our *Funds Availability Policy*. 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. Your actual balance will not reflect any purchases, holds, fees, other charges, or deposits made on your account that have not yet posted. 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 without incurring a Courtesy Pay fee. The available balance is shown as “available” in Digital Banking and on credit union ATM screens. The available balance takes into account factors such as 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 use your debit card at a restaurant to buy lunch for \$20, then that merchant could ask us to pre-authorize the payment in that amount or even a different amount. Under this example, if the merchant requested preauthorization in the amount of \$20, we will put a “hold” on your account for \$20 (this is called an “authorization hold”). Your actual balance would still be \$50 because this transaction has not yet posted, but your available balance would be \$30 because of the restaurant’s preauthorization request that resulted in an authorization hold on \$20 in your account. When the restaurant submits its bill for payment (which could be a few days later and for a different amount from the amount of the authorization hold), we will release the authorization hold, post the transaction to your account, and reduce your actual balance by the amount of the posted transaction.

Your available balance may not reflect all of your debit card transactions. We use your available balance at the time a transaction posts to determine when your account is overdrawn and whether fees will be assessed. Your account is considered overdrawn when the available balance in your account is negative (less than \$0). For debit card transactions involving merchant authorization holds, we look at the available balance at the time a transaction posts to determine whether the transaction results in an overdraft and potential related fees. In making this determination, we check your available balance at two separate times—first, at the time a merchant authorization request is received, and second, when the transaction “settles” and posts to your account. If your available balance is insufficient to pay the preauthorization amount requested by a merchant, we will decline the request. If your available balance is sufficient to cover a merchant’s authorization request, the authorization request will be approved and an authorization hold will be placed on your account in the amount of the merchant’s authorization request. If the transaction later “settles” and posts to your account at a time when the available balance is insufficient to pay the posted transaction without causing the account to have a negative balance (less than \$0), we will charge a Courtesy Pay fee on that transaction even though the available balance was sufficient to cover it at the time the transaction was authorized. Your account is considered overdrawn when the available balance in your account is negative (less than \$0).

The following example illustrates how this works:

Assume your actual and available balance are both \$50, and you use your debit card at a restaurant for \$20. If the restaurant requests preauthorization in the amount of \$20, an authorization hold is placed on \$20 in your account, so your available balance is only \$30. Your actual balance would remain \$50. Before the restaurant charge is sent to us for payment, a check that you wrote for \$40 clears. Because your available balance is only \$30 (due to the authorization hold of \$20), your account will be overdrawn by \$10, even though your actual balance is \$50. In this case, if we pay the \$40 check with Courtesy Pay, we will charge you a Courtesy Pay fee, which will be deducted from your account, further increasing the overdrawn amount. In addition, when the restaurant charge is finally submitted to us for payment, we will release the authorization hold and pay the transaction amount (which may be \$20 or even a different amount, for example, if you added a tip) to the restaurant. Because the amount of the restaurant charge exceeded your available balance at the time the restaurant charge “settled” (i.e., posted to your account), we will charge you a Courtesy Pay fee, even though the restaurant transaction was authorized and approved with a sufficient available 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 we check your available balance at two separate times as explained above, in addition to the fact that your available balance may not reflect all your outstanding checks, automatic bill payments that you have authorized, or other outstanding transactions that have not yet 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. Refer to the section entitled “Authorization holds for debit card transactions” below for information about how authorization holds affect your available balance.

Finally, your available balance may not reflect the most recent deposits to your account. Refer to our *Funds Availability Policy* for information regarding the availability for withdrawal of your deposits.

How transactions are posted. 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 \$275 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 \$6,725. Thus, your available balance may not reflect the most recent deposits to your account. For details on the availability for withdrawal of your deposits, refer to our *Funds Availability Policy*.

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.** A check is not withdrawn from your account until it is presented to Southland for payment. This could take days, even months. It all depends on the individual or business to whom you have written the check. Electronic Funds Transfer (EFTs) are also the same as a paper check written online or by phone. Many companies allow you to pay online when you enter your checking account information. EFT checks are also not withdrawn from your account until presented to Southland.
- **ATM withdrawals.** An ATM withdrawal is “real-time” and is withdrawn immediately from your account.
- **ACH (Automatic Clearing House).** ACH is an electronic network for financial transactions. ACH processes large volumes of debit transactions in batches daily. ACH debits include vendor payments like gym memberships.
- **Debit card purchase (PIN based).** A “debit” purchase using your PIN is also “real-time” and withdrawn immediately from your account.
- **Debit card purchase (Signature based).** 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. Southland will immediately place a “hold” on the amount of the transaction while we wait to receive the transaction from the merchant. Once we receive the transaction, the amount is then withdrawn from your actual balance. This can take up to a couple of days to receive from the merchant and appears as a “pending” transaction. 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 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. The available balance will not reflect this transaction once the hold has been released until the transaction has been received by Southland and withdrawn from your account.

This is a general description of how certain types of transactions are posted. For example, in connection with our item posting process, we reserve the right to: (i) establish different categories of items, (ii) establish a posting order for each category of item(s), (iii) establish different posting orders for items within each category, and (iv) change the timing of when items are posted during the day and whether they are posted individually or in batches. Except to the extent limited by applicable law, we have the right to change any of the factors described in (i), (ii), (iii) and (iv) listed above at any time without notice to you.

On any given business day, if we receive more than one item for payment and if we determine there are sufficient funds to pay one or more but not all of the items, then the number of items paid and the overdraft and returned item fees assessed could be affected by the order that we choose to post those items. We may choose our processing and posting orders regardless of whether additional fees may result. You can avoid overdraft fees by making sure that your account always has sufficient available funds to cover all your withdrawals and debits. You should also consider enrolling in one of our optional overdraft protection plans, described in detail below, as a possible way to avoid certain overdraft fees.

Authorization holds for debit card transactions. When you use your debit card to pay for goods or services, the merchant may seek preauthorization from us for the transaction. When we pre-authorize the transaction, we commit to make the requested funds available when the transaction finally posts and as such, we generally place a temporary hold against some or all the funds in the account linked to your debit card, based on the amount of the preauthorization request from the merchant. Until the transaction finally settles or we otherwise remove the hold (for example, we may remove the hold because it exceeds the time permitted, as discussed below, or we determine that it is unlikely to be processed), the funds subject to the hold will not be available to you for other purposes. We refer to this temporary hold as an "authorization hold," and the amount of the authorization hold will be subtracted from your available 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.

The amount of an authorization hold may differ from the actual transaction amount because the actual transaction amount may not yet be known to the merchant when the authorization request is submitted. For example, this can happen at a restaurant or a gas station, where your debit card is swiped before your actual transaction amount is known, because you may choose to add a tip to a restaurant transaction or because the amount of gas you pump is unknown when your card is swiped. For these types of transactions, there may be no authorization hold, or the amount of the authorization hold may be different from the transaction amount. In some other cases we may not receive an authorization request from the merchant, and there will be no authorization hold reflected in your available balance. We cannot control how much a merchant asks us to authorize, or when a merchant submits a transaction for payment.

We are permitted to place an authorization hold on your account for up to three (3) business days (or for up to thirty (30) business days for certain types of debit card transactions, including but not limited to, car rental transactions, cash transactions and international transactions) from the time of the authorization or until the transaction is paid from your account. However, if the transaction is not submitted for payment, we will release the authorization hold, which will increase your available balance until the transaction is submitted for payment by the merchant and finally posted to your account. If this happens, we must honor the prior authorization and will pay the transaction from your account.

In certain instances, when the amount of the authorization hold is either more or less than the amount of the actual transaction, we may maintain the authorization hold even after the purchase amount is actually paid from your account. However, in these instances, we will not maintain an authorization hold for longer than three (3) business days (or for up to thirty (30) business days for certain transactions).

NSF transactions. We are not obligated to pay any item presented for payment if your account does not contain sufficient available funds. If we do not authorize and pay an overdraft, then we decline or return the transaction or item unpaid and charge a related NSF fee. You are responsible for ensuring that your account includes sufficient available funds to pay the transactions you initiate or authorize when they are processed for payment from your account, and you also acknowledge that the timing of when merchants or payees submit transactions to us for payment may vary.

If your account does not have sufficient available funds when a transaction or item is presented to us for payment and, as a result, returned unpaid, the merchant or payee of your transaction or item may choose to resubmit the same transaction, and may do so multiple times. In the event a transaction or item is resubmitted for payment at a time when your account lacks sufficient available funds to pay it and we decline it; we will charge a related NSF fee for each such resubmitted item each time that same transaction is returned unpaid.

Overdraft protection. We offer optional overdraft protection that you may apply for, such as a personal line of credit loan account where your line of credit is used for overdraft protection, and an overdraft transfer service where funds from a linked account are used for overdraft protection. If you apply and qualify, we will look first to your overdraft protection elections before applying our discretionary Courtesy Pay when your account is overdrawn. Overdraft protection may save you money on the total fees you pay, when compared to the costs of Courtesy Pay.

- **Line of credit.** This is a revolving line of credit, which is available to Members meeting certain credit requirements. With this plan, you authorize us to automatically advance the exact amount of your overdraft from your line of credit (linked to your checking account) to cover your overdraft, up to your credit limit. You must repay what you have borrowed in full or in minimum monthly payments (in addition to any late charges, finance charges, and annual fees). You authorize us to deduct the minimum monthly payment from the linked checking account.

If you apply for the line of credit, you will be provided with our Line of Credit Agreement, which contains the terms and conditions applicable to the line of credit.

- **Overdraft transfer.** With this service, you authorize us to make transfers of available funds automatically from your designated “linked” account to cover overdrafts in your checking account. You can designate your choice of “linked” account(s) below. Transfers from your designated linked account are made in the exact amount of the overdraft. You must request to enroll in this service. Each transfer is subject to an overdraft transfer fee.

If you decline to utilize any overdraft protection, you are not eligible for our Courtesy Pay, and there are insufficient funds in your checking account to pay an item, your items will NOT be paid. They will be returned, and an NSF fee will be charged for each item returned.

Transfers will appear on your periodic statements for each applicable account.

Limits on overdraft protection. We will not transfer more than the available account balance in a linked account or the available credit on a line of credit account, even if the amount of the overdraft is more than the available amount. If the available credit on a line of credit account is not enough to pay the overdraft or the available balance in a linked account is not enough to pay the transactions you have initiated on any day plus the overdraft transfer fee, we will transfer enough funds to pay one or more transactions plus the fee(s). Any transactions that are not paid by the transfer will either be paid or returned, and overdraft transfer or NSF fees will be charged as if you did not have overdraft protection.

Termination of overdraft protection. We may terminate overdraft protection at any time with or without notice to you. Any owner of the checking account, any owner of a linked account used for overdraft protection, or any borrower on a Line of Credit account used for overdraft protection may cancel overdraft protection in person or in writing. Cancellation will be effective after we have received notice and have had a reasonable time to act on it.

The best way to know how much money you have and avoid paying Overdraft Transfer and Courtesy Pay fees is to record and track all of your transactions closely.

Additional terms – Courtesy Pay. In accordance with our commitment to provide valued service and benefits, we may, at our discretion, pay your overdrafts that would cause your eligible checking account to have a negative balance up to the amount of your Courtesy Pay limit, which is determined by us in our sole and absolute discretion. We refer to this service as Courtesy Pay. Courtesy Pay is different from overdraft protection. These additional terms set forth the terms and conditions applicable to Courtesy Pay.

Covered transactions. In general, Courtesy Pay is available only for the payment of checks, preauthorized payments under our bill payment service, and ACH drafts and debits.

One-time Visa debit card transactions require you to “opt in” (in other words, you must provide us with your affirmative consent) if you would like to include them in Courtesy Pay. Choosing not to opt in may result in these transactions being declined:

You understand and agree that we do not require you to authorize Courtesy Pay for your one-time debit card transactions as a condition of us providing Courtesy Pay to you for your checks, ACH transactions or other transactions. If you want the credit union to authorize and pay overdrafts for one-time Visa debit card transactions, you must provide us with your consent by: (1) calling us at 800-426-1917; (2) visiting any branch and speaking with a Member Service Representative; (3) completing an online opt-in consent form at SouthlandCU.org; or (4) mailing an opt-in consent form to Southland Credit Union, P.O. Box 3003, Los Alamitos, CA 90720-1303.

Eligibility for Courtesy Pay. Courtesy Pay is not a credit product and requires no credit application. Courtesy Pay will only be applied to your checking account if:

- You have a checking account (excluding Opportunity and Teen Checking) with the credit union that is more than ninety (90) days old;
- You have a current address on file with the credit union;
- You have no negative account history with any financial institution;
- You maintain your membership in good standing;
- Your loans with us and credit cards are not past due; and
- There are no legal or administrative orders or levies against your checking account.

We are not obligated to pay any overdraft, even if you request such coverage under Courtesy Pay. Eligibility for Courtesy Pay is at our discretion. We will decide to pay overdrafts on a case-by-case basis, in our sole and absolute discretion. However, we shall not pay any check or other item/transaction if your negative checking account balance is greater than \$1,000 Dollars. Fees are excluded, which means that the fees are applied towards your total overdraft/Courtesy Pay limit. We may change or remove your limit at any time without prior notice. You understand that we have no obligation to notify you before we pay or return any check, item, or other transaction. We may refuse to pay any overdrafts without first notifying you even though your account is in good standing and even if we have paid previous overdrafts. You will be notified by mail, or, if you have agreed to receive notices from us in an electronic format, you will be notified electronically of any nonsufficient funds checks, items or other transactions that have been paid or returned.

Courtesy Pay is a benefit. Any payment made by us with Courtesy Pay will be made on a case-by-case basis, in our sole and absolute discretion. Courtesy Pay does not constitute an actual or implied agreement between you and the credit union, nor does it constitute an actual or implied obligation of the credit union. Courtesy Pay is a privilege that the credit union provides from time to time and which may be withdrawn or withheld by the credit union at any time, without prior notice, reason or cause.

A Courtesy Pay fee will be charged to your checking account, for each overdraft that is authorized and paid with Courtesy Pay. This means that more than one Courtesy Pay fee may be assessed against your checking account per day depending upon the number of overdrafts authorized and paid with Courtesy Pay. You understand that your Courtesy Pay limit will be reduced by the amount of each overdraft paid by us with Courtesy Pay and the amount of the related Courtesy Pay fee imposed until such amounts are repaid by you as set forth herein at which time we may replenish your Courtesy Pay limit by the amount of the repayment. If we choose not to pay the item/transaction with Courtesy Pay, you are subject to a NSF fee for each such item. Your periodic statement will itemize Courtesy Pay fees and NSF fees for each cycle, as well as the year-to-date total of fees.

For your overdrafts cleared, you are required to immediately pay us all sums, including the fees and charges for this service advanced to you or any other person you permit to use your checking account and/or who causes an overdraft on your checking account.

You also agree that we have the right to transfer available funds from your other accounts you may have with us to cover the overdrawn items and pay the related fees. You understand and agree that we may transfer funds to your checking account from any of your other account(s) with us (excluding IRA accounts), including account(s) upon which you are a joint owner, in an amount equal to the overdrawn check, item, or other transaction which we may pay according to the terms and conditions of this Agreement and to pay the related fees. In addition to any other rights that we may have, you agree that any deposits or future deposits or other credits to any account in which you may now or in the future may have an interest are subject to our right of off-set for any liabilities, obligations, or other amounts owed to us by you (e.g., overdrafts, Courtesy Pay and any related fees and charges) and such right is applicable irrespective of any contribution to the account or source of funds in the account. Moreover, unless you "opt-out" of Courtesy Pay by calling the telephone number below, you consent and expressly agree that the application of an off-set of funds in any account includes the off-set of government benefits (such as Social Security and other public benefit funds) deposited to your account. Each person who causes an overdraft, which is paid by us, is a maker and agrees to be individually and jointly obligated to repay the unpaid negative balance in accordance with the terms and conditions of this Agreement. We reserve the right to limit Courtesy Pay to one (1) account per household or Member without notice of reason or cause.

You will be in default under the terms of this Agreement if you fail to live up to any of the terms and conditions of this Agreement or you are in default on any loan obligation with us and/or a negative balance exists in any other deposit account with us on which you are an owner. If you are in default, we may temporarily suspend overdraft privileges or terminate Courtesy Pay or close your checking account and demand immediate payment of the entire unpaid negative balance. You also agree to pay any collection costs, attorneys' fees, and court costs, which you or we shall or may incur as a result of your default.

We may terminate or suspend Courtesy Pay at any time without prior notice. In no event shall any termination relieve you of your obligation to repay such sums already overdrafted, Courtesy Pay fees, collection costs, and attorneys' fees, if any. We can delay enforcing any of our rights under this Agreement without losing them.

IF YOU DO NOT UNDERSTAND THIS AGREEMENT, HAVE ANY QUESTIONS, OR PREFER NOT TO HAVE OVERDRAFT PROTECTION OR COURTESY PAY PLEASE CONTACT US AT 800-426-1917, MONDAY THROUGH FRIDAY, 8 AM TO 5 PM AND SATURDAY, 9 AM TO 1 PM PACIFIC TIME.



Checking account overdraft agreement

Your overdraft protection elections

Your overdraft preferences are (in this order):

First Choice: _____

Second Choice: _____

Third Choice: _____

Overdraft options include:

- Savings account
- Sub-savings account
- Other Southland checking account
- Money market account
- Overdraft line of credit
- Personal line of credit
- Another account at Southland under a different membership number that you have ownership. Please include the account number and account ID.

All new accounts will be verified through ChexSystems and are subject to approval. Loans are subject to credit approval. If no preference is listed, Courtesy Pay will be the default. Courtesy Pay will also take effect if funds are unavailable for transfer from preferences listed above.

Initial Here_____ If you **DO NOT** want Southland Credit Union to authorize and pay overdrafts for share drafts, ACH Debits or bill pay transactions on your account.

Your Courtesy Pay elections

Initial Here_____ If you **DO NOT** want Southland Credit Union to authorize and pay overdrafts on your one-time Visa debit card transactions.

Initial Here_____ If you **DO** want Southland Credit Union to authorize and pay overdrafts on your one-time Visa debit card transactions.

Signature/ Date

Signature/ Date

*Transaction limitations apply. **An approved overdraft line of credit is required.

Please refer to your *Schedule of Fees and Charges* for fees regarding overdraft transfer from other account, Courtesy Pay, and NSF whether items are paid or returned as unpaid.

FOR CREDIT UNION USE ONLY			
Account Name	Account Number	SHARE ID	DATE