



A GUIDE TO UNDERSTANDING OVERDRAFTS AND USING COURTESY PAY

UNDERSTANDING YOUR ACCOUNT BALANCE FOR OVERDRAFTS

Your checking account has two kinds of balances: the “actual” balance and the “available” balance. You can review both balances when you review your account online, at an ATM, by phone or at a branch. We use your available balance when determining whether a transaction will cause your account to overdraw and for charging overdraft fees. The information below explains how your checking account balance works and the various transactions that can result in overdrafts and Courtesy Pay fees.

YOUR ACTUAL BALANCE

Your actual balance is the amount of money that is actually in your account at any given time. Your actual balance reflects transactions that have “posted” to your account but it does not include transactions that have been authorized and are pending. While it may seem that the actual balance is the most up-to-date display of the funds that you can spend from your account, this is not always the case. Your account may have purchases, holds, fees, other charges, or deposits made on your account that have not yet posted and, therefore, will not appear in your actual balance.

YOUR AVAILABLE BALANCE

Your available balance is the amount of money in your account that is available to you for spending. Your available balance includes holds that have been placed on deposits and pending transactions (such as pending debit card transactions) that we have authorized but that have not yet posted to your account.

TYPES OF DEBIT CARD TRANSACTIONS

Debit card transactions differ depending on whether you enter your PIN (personal identification number) to authorize the transaction or sign for it. There is also a type of PINless debit transaction in which neither a signature nor PIN is required for smaller amounts up to a specific threshold authorized by Visa.

- **PIN debit transactions** post and subtract the funds from your account immediately and include purchase transactions as well as ATM transactions.
- **Signature transactions** are also called credit transactions (even though you are using your debit card) because they process just like a credit card transaction. These transactions do not post to your account immediately and therefore, result in a hold. While signature/credit transactions typically post the next day, it can take up to 72 hours to post to your account. At Neighborhood Credit Union signature/credit transactions do not post over the weekend or holidays.
- **PINless debit transactions** do not require a PIN or a signature. These transactions appear to be the same as a signature/credit transaction in which you are not required to sign because of the smaller amount. However, when these transactions process, they subtract the funds from your account immediately just like a PIN debit transaction.

EXPLANATIONS OF DEBIT CARD AUTHORIZATION HOLDS

Debit card authorization holds are a huge factor in understanding how ATM/Debit Courtesy Pay works and how you can use it.

What is a debit card authorization hold?

When you use your debit card to conduct a Signature or "Credit" transaction (i.e., you do not enter your PIN), the merchant sends us the amount, usually the purchase total, for authorization. This amount is placed on hold and removed from your available balance immediately. The hold is released after approximately 72 hours or when the transaction clears, whichever comes first. The hold helps determine the available balance on your account.

Will debit card authorization holds apply to all my purchases?

No, debit card authorization holds only apply to debit card transactions when you sign your name or do not enter a PIN (does not include PINless debit). For example, a debit card purchase made at a restaurant or with an online merchant would be treated as a signature/credit transaction and would be subject to an authorization hold.

Debit card purchases and ATM withdrawals made using a PIN subtract the funds immediately from your account.

Gas station purchases are a unique type of transaction.

- **If you select "credit" and do not enter a PIN**, an authorization hold will be placed on your account for approximately 30 minutes. This "hold" may be for an amount up to \$100 but generally it is \$25 to \$50. After 30 minutes, the hold is removed but the transaction is still pending and may not post for up to three days depending on the timing (we do not post signature/credit transactions on the weekends).
- **If you select "debit" and enter a PIN**, the transaction will post and the funds will be deducted from your account immediately.

WHAT IS THE DIFFERENCE BETWEEN MY ACTUAL BALANCE AND MY AVAILABLE BALANCE?

Your available balance reflects any authorization or deposit holds and is used by us to determine available funds when transactions attempt to clear your account. The balance we use as transactions clear is also your available balance and includes all items that have cleared your account up to that point and reflects any items on hold. If your available balance is not sufficient to cover a transaction, we may pay the item and charge you a Courtesy Pay fee. Due to the timing of merchant posting, Courtesy Pay fees could be imposed even if your available balance is sufficient. A Courtesy Pay fee may be charged even though your actual balance indicates a positive amount.

EXAMPLES OF COURTESY PAY FEE FOR INSUFFICIENT AVAILABLE BALANCE

1. If your actual balance and available balance are both \$100 and you swipe your debit card at a store for \$35, a hold is placed on your account and your available balance will be reduced to \$65. Your actual balance is still \$100 because the transaction has not yet posted to your account. If a check that you had previously written for \$75 clears through your account before the restaurant charge is sent to us for processing, you will incur a Courtesy Pay fee. This is because your available balance was \$65 when the \$75 check was paid. In this case, we may pay the \$75 check and charge you a Courtesy Pay fee. The Courtesy Pay fee will also be deducted from your account, further reducing your balance.
2. **Restaurant Example.** If your actual balance and available balance are both \$150 and you swipe your debit card at a restaurant for \$50 and include a \$10 tip when you sign the slip, a hold is placed on your account excluding the tip of \$10 and your available balance will be reduced to \$100. If you view your account online, you will observe a pending charge of \$50. The tip is not included in your available balance or the pending charge you see online. Your actual balance is still \$150 because the transaction has not yet posted to your account. You notice the \$50 pending charge online and forget about the tip. You then visit a Neighborhood CU fee-free ATM and withdraw \$100. Your actual balance is \$50 and your available balance is \$0. We will pay the restaurant item of \$60 (\$50 + \$10 tip) when it posts reducing your actual balance to a -\$10 and we will charge a Courtesy Pay fee. The Courtesy Pay fee will also be deducted from your account, further reducing your balance.
3. **Gas Station Example.** If your actual balance and available balance are both \$100 and you swipe your debit card at a gas station for \$50 in gas and don't enter your PIN, there is a temporary hold placed on your account for a short time period of approximately 30 minutes. At gas stations, the hold is often for an amount greater than the actual purchase with \$100 being a common amount. In this example, we will assume that the hold is \$100. During this short time period of the hold, your available balance is \$0 and the actual balance is \$100. If you withdraw \$20

from a Neighborhood CU fee-free ATM during the 30 minute time period, you will incur a Courtesy Pay fee. The Courtesy Pay fee will also be deducted from your account, further reducing your balance. After 30 minutes, the hold is released and the pending item of \$50 is not included in your available balance. It is also not visible as a pending charge in online banking. The item will not be visible until it posts to your account and if not accounted for in the available balance, it could result in Courtesy Pay fees for any overdrawn items.

EXAMPLES OF TRANSACTIONS NOT INCLUDED IN THE AVAILABLE BALANCE

There are several types of transactions on your account that are not included in the available balance. You will not see the items reflected in your balance until they have posted to your account.

- When a check has been written but not presented for payment
- Automatic bill payments that have been scheduled but not yet sent
- Debit card transactions where the authorization hold has been released and the transaction has not yet been submitted to your account for posting (i.e., gas station transactions)

HOW TRANSACTIONS ARE POSTED TO YOUR ACCOUNT

There are two main 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 transaction is handled so that you know how much money you have available for use in your checking account.

The information below describes how we handle credits and debits to your account and the resulting impact on your available balance. The information is a general description of how certain types of transactions are posted. We may receive multiple deposit and withdrawal transactions on your account in many different forms throughout each day. This means you may be charged more than one overdraft fee if we pay multiple transactions when your account is overdrawn.

CREDITS OR DEPOSITS

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 and the remainder will be available two (2) business days later. Additionally, 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 additional information on when your deposited funds will be available for withdrawal, please see our Funds Availability Policy.

We receive daily files Monday-Friday for automatic and direct deposits (ACH). These deposits are credited in the mornings and may post to your account anytime between 12:00 am and 9:00 am. We receive multiple files that post at different times during this period.

DEBITS OR PAYMENTS

You can make several types of debit transactions from your account. Keep in mind that there are many ways transactions are presented for payment by merchants and other financial institutions and we are not necessarily in control of when transactions are received and posted to your account.

- Signature/credit transactions are posted Monday-Friday in the mornings before 8:00 am. We do not post signature/credit transactions on the weekends or holidays. These transactions are posted in the order that they are received in the incoming file.
- PIN/debit and PINless/debit are posted to your account immediately.
- Automatic payments (ACH) are received daily Monday-Friday. These payments or debits are posted anytime between 12:00 am and 9:00 am. We receive multiple files that post at different times during this period. Note: We post credits before debits when they are received in the same file.
- Checks that you write and that are presented for payment are posted daily Monday-Friday after 6:00 pm.