

KELLOGG COMMUNITY CREDIT UNION

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Courtesy Pay Disclosure

It is important for you to use your checking account responsibly and to never intentionally overdraw your account. However, we realize that financial shortfalls happen from time to time and we have several options available for you. As a benefit to our members, we offer these useful services to cover you if you overdraw your checking account.

Overdraft Protection Options

Transfer from another account - You may authorize us in advance to transfer funds from your saving account to cover you overdrafts. There is a \$5 per transfer fee.

Line of Credit & Credit Card - A line of credit or credit card may be available to cover overdrafts. This service requires you to complete an application and approval is based on credit worthiness. Contact Member Services for applicable terms and conditions

Courtesy Pay - Courtesy Pay is a service we add to your checking account to cover overdrafts to a set limit, subject to the eligibility criteria as explained below. With courtesy pay we will generally pay your overdraft items up to \$1,000, however, whether your overdrafts will be paid is discretionary and we reserve the right not to pay. For example, we typically do not pay overdrafts if your account is not in good standing, or you are not making regular deposits, or if you have too many overdrafts. When we pay overdraft items for you, you will be charged our normal Courtesy Pay fee, currently \$30, for each item that is presented. All deposits to overdrawn accounts are applied to the negative balance.

Eligibility

No application is required for Courtesy Pay; eligibility is at the sole discretion of the Credit Union and is based on you managing your checking account in a responsible manner. Your Courtesy Pay may be suspended or permanently removed based on the following criteria:

- * Account must have been opened a minimum of 30 days
- * Must have a positive balance at the time of evaluation
- * No NSF returns since account opening
- * Must have \$5 membership share in 000
- * 18 years of age or older
- * If a member's checking account is negative for 17 consecutive days, Courtesy Pay will be deactivated, and 'Neg Balance Limit' will be set to 0.00
- * Deactivation can occur at any time during the month
- * Once the member brings the account positive, Courtesy Pay will be automatically reactivated the first business day after the account remains with a positive balance, if there have been no more than 3 NSF returns in the calendar year
- * KCCU has the right to revoke Courtesy Pay at any time outside of these parameters

Transactions Covered by Courtesy Pay

Courtesy Pay will cover overdrafts for checks and other transactions made using the checking account number, ACH transactions, & re-occurring automatic bill payments and debit card transactions.

The Credit Union will also offer a one-time and ATM transaction that will cause an overdraft. To access this feature, you would have to go onto online banking and opt in for those transactions. However, if you are not enrolled in online banking, you must visit a KCCU Branch to opt in. After you opt in, you may opt out at any time by going onto online banking and opting out for those transactions. Each transaction that uses the Courtesy Pay feature is subject to the Credit Union's \$30 Courtesy Pay fee.

If an ACH debit fails to post to your account due to insufficient available funds to pay the item (including Courtesy Pay availability) and we charge an Insufficient Funds (NSF) fee, we may perform a "second look" to determine if there are now sufficient available funds for Courtesy Pay to be available; if there are, then we may pay the item and you will also be charged a Courtesy Pay fee in addition to the NSF fee.

Note

If you have consented to Courtesy Pay for ATM transaction, please verify your balance before initiating an ATM withdraw. The credit union goes by the "available" rather than the "actual" balance in an account.

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 when you review your account online, at most ATMs, 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. It reflects transactions that have "posted" to your account, but not transactions that have been authorized and are pending. 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 purchases, holds, fees, other charges, or deposits made on your account 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, which 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 an overdraft fee. 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 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 case, we will put a "hold" on your account for \$20. Your actual balance would still be \$50 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 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 \$50, and you swipe your debit card at a restaurant for \$20. A hold is placed on your account, so your available balance is only \$30. Your actual balance is still \$50. Before the restaurant charge is sent to us from processing, a check that you wrote for \$40 clears. Because you have only \$30 available (you have committed to pay the restaurant \$20), your account will be overdrawn by \$10, even though your actual balance is \$50 before the \$40 check posts. In this case, we may pay the \$40 check, but you will be charged a Courtesy Pay fee. That fee will be deducted from your account, further reducing both the actual and available balances.

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 available balance until it is presented to us and paid from your account.

In addition, your available balance may not reflect all 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 type 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: credit 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 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 one business day later (unless we receive notice that the check will be returned by the issuing institution). There may be extended holds on checks over \$5,000 or in other situations. 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 section of your Membership and Account Agreement and Funds Availability Disclosure.

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 weekday excluding Federal Reserve holidays. We process the payments in the order contained in the data file.

* ACH Payments. We receive data files every day from the Federal Reserve with Automated Clearing House or ACH transactions. These include, for example, automatic bill payments you have authorized. Each day, ACH transactions for your account are posted in order that we receive them.

* Point of Sale (POS) Debit Card Transactions. These are transactions where you use your debit card and 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 sign for the purchase instead of entering your PIN. 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, 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 transactions 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 in excess of the final charge; for instance, if you provide your debit card when you check into a hotel to pay for any incidentals, the hotel may request an authorization for several hundred dollars in anticipation of expenses you may incur during stay. When you check out of the hotel, that hold may be removed or posted for the exact amount of your expenses. However, until that happens, the amount of the authorization requested by the hotel may be unavailable for use in your account to pay other items such as checks and other debit card transactions. 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 type of transactions are posted. These practices may change, and we reserve the right to pay items in any order we choose 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 Courtesy Pay fees is to record and track all your transactions closely.

IF YOU DO NOT UNDERSTAND THIS DISCLOSURE OR HAVE ANY QUESTIONS, PLEASE CONTACT US AT 800.854.5421

All overdrafts will be subject to our \$30 Courtesy Pay fee for each withdraw until the account returns to a positive balance.

Membership and Account Agreement

Your Membership and Account agreement describes the duties, obligations, and rights of depositors, authorized signatories and the Credit Union regarding your deposit account. The account agreement is incorporated herein for all purposes as if were set forth verbatim as to matters not directly addressed by disclosure. Your agreement and this disclosure shall be construed to minimize conflict between them.

Waiver

The Credit Union forbearance from, or delay in, exercising any of the Credit Union's rights, remedies, privileges, or right to insist on your strict performance of any provisions on your account agreement, this Courtesy Pay disclosure, or any other provision related to your account, shall not be construed to be a current or future waiver of the Credit Union's rights, remedies of Privileges.

Remedy

You and the Credit Union agree that the exclusive remedy and forum for all disputes arising out of the Courtesy Pay or your Credit Union's performance there under, except for matters the Credit Union takes to small claims court, is arbitration by an independent arbitrator to the applicable rules of the American Arbitration Association, except as prohibited by law.

Opt Out

If you do not want Courtesy Pay on your account, please contact Member Service, or visit any of our branches. You may never need to take advantage of Courtesy Pay but may find its useful in the event of a temporary short fall. It is important for you to consider that there is no additional cost for Courtesy Pay and that by opting out you are instructing us to return unpaid items presented against insufficient funds, including electronic items. We will deny overdraft access through any channels such as ATM or debit card transactions. Even though you have opted out, you will still be charged our \$30 NSF fee for each item returned.