Overdraft Disclosure and Available Balance Method

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Determination of Available Balance to Pay Items

Checks and other transactions on the checking account you have with us are paid based on your ***available balance***, and ***not the actual balance.*** Your actual balance is the actual amount of funds in the account (based on credits and debits posted to the account at that time). Your *available balance* is generally equal to the actual balance, less the amount of any holds placed on recent deposits, holds placed for other reasons, and holds for pending transactions (such as debit card purchases) we have authorized but have not yet posted to the account. If an item presented for payment against the account exceeds the *available balance*, we will treat it as presented against insufficient funds even if the actual balance exceeds the amount of the item.

Temporary Debit Authorization Holds and Your Available Balance

When you use your debit card, a merchant may request a temporary authorization hold on the account you have with us for an amount that may be greater than the final purchase amount (for example, at gas stations, hotels, or restaurants).

We use the amount of the authorization hold to determine your *available balance* for authorizing and paying transactions. We do not control the amount of the hold and cannot adjust it until the merchant submits the final transaction for payment. We cannot control the amount of the hold or when it is released.

The authorization hold will be removed and replaced with the actual purchase amount when the transaction settles, which may take up to three (3) days or longer. Until that time, the hold amount reduces your *available balance*.

As a result, other transactions may be declined or may be paid as overdrafts if the *available balance* of funds in the account is inadequate after considering the hold. If we do not pay a transaction, it may be returned unpaid and subject to a non-sufficient funds (NSF) charge. If we pay a transaction, it may be subject to a service charge under our overdraft policy.

Charges may apply even if the *available balance* of funds in the account would have been sufficient if the authorization hold amount had been equal to the final purchase amount.

Examples of Authorization Holds

Common situations where merchants may place authorization holds that exceed the final purchase amount include:

- **Gas stations (pay-at-the-pump):** A hold (for example, $75–$200) may be placed before you pump gas. The final charge will reflect the actual amount of fuel purchased.
- **Hotels:** A hold may be placed for the estimated cost of your stay plus an additional amount for incidentals (such as room service or damages).
- **Car rentals:** A hold may be placed for the estimated rental charges plus a security deposit.
- **Restaurants:** A hold may be placed for the bill amount plus an estimated tip (for example, 15%–25% more than the bill).

These holds may remain on the account for up to three (3) days or longer, depending on when the merchant submits the final transaction. Until the final amount is posted, the hold reduces your *available balance*.

Examples: You have $120.00 in the account. You swipe your card at the card reader on a gasoline pump. Since it is unclear what the final bill will be, the gas station's processing system immediately requests a hold on the account in a specified amount, for example, $80.00. Our processing system authorizes a temporary hold on the account in the amount of $80.00, and the gas station's processing system authorizes you to begin pumping gas. You fill your tank and the amount of gasoline you purchased is only $50.00. Our processing system shows that you have $40.00 available in the account for other transactions ($120.00 - $80.00 = $40.00) even though you would have $70.00 available for other transactions if the amount of the temporary hold was equal to the amount of your purchase ($120.00 - $50.00 = $70.00). Later, another transaction you have authorized is presented for payment from the account in the amount of $60.00 (this could be a check you have written, another debit card transaction, an ACH debit or any other kind of payment request). This other transaction is presented before the amount of the temporary hold is adjusted to the amount of your purchase (remember, it may take up to three days for the adjustment to be made). Because the amount of this other transaction is greater than the amount our processing system shows as the *available balance* in the account, our payment of this transaction will result in an overdraft transaction. Because the transaction overdraws the account by $20.00, the account will be assessed the overdraft charge of $30.00 according to our overdraft fee policy. This $30.00 charge will be imposed according to our policy even though you would have had a sufficient *available balance* in the account to cover the $60.00 transaction if the account had only been debited the amount of your purchase rather than the amount of the temporary hold or if the temporary hold had already been adjusted to the actual amount of your purchase.

Overdrafts - It is the policy of Ferguson Federal Credit Union (Ferguson or The Credit Union) to comply with applicable laws and regulations, and to conduct business in accordance with applicable safety and sound standards. In general, we pay checks and other transactions in the order they are presented to us, regardless of when you issued or authorized them. Insufficient funds balances on accounts may result from 1) checks paid, 2) holds on funds of deposited checks, 3) ACH debits such as online bill payment transactions, 4) payments authorized by an owner or other withdrawal requests, 5) items deposited by an owner and returned unpaid by the paying institution, and 6) imposition of requested or required service charges. Checks and ACH debits may be presented to us in batches or data files and are paid when we process the data file. Checks in the same data file are processed in serial number order. Checks presented for payment at our branch are processed at the time of payment. Debit card transactions are processed when transmitted to us, which may occur immediately or up to several days later.

If the available balance of funds in a checking account are not sufficient to pay a check or other item presented on the account, we may return it for insufficient funds, and require a service charge for the dishonored check or item. You understand we have no duty to notify you if there are insufficient funds to pay your check or other items drawn on an account: *this is a matter you must pay attention to and are responsible for*. If we pay a check or transfer that exceeds the available balance in an account, you agree to immediately repay us the amount of the paid check or transfer and any charge for that service, unless otherwise addressed by the Business Service Agreement (BSA) or other contract with you. If we pay a check or transfer that exceeds your available balance, it does not mean we will pay a check or transfer that overdraws an account in the future. If we charge an account you have with us for any obligation you owe, you understand the balance thereafter may be insufficient to pay a check or item drawn on the account, and we will rightfully refuse to pay the check or item for insufficient funds. If we return an item for insufficient funds, the payee (or the payee's institution) may re-present it. Each presentment against insufficient funds will result in a separate charge. You agree we may apply funds deposited to account(s) with us to your outstanding overdrafts and service charges, regardless of the source of the deposit as stated in the BSA. Finally, if we are repeatedly presented with checks or items drawn on an account for insufficient funds, we may consider that account abuse and may terminate the account. We can change our practice of paying overdrafts on the account without notice to you. You agree that we may impose service charges for overdrafts. We may use subsequent deposits, including direct deposits of social security or other government benefits, to cover such overdrafts and overdraft charges.

Courtesy Pay

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 or by the Credit Union. This service represents a purely discretionary courtesy or privilege that is provided to you from time to time and which may be withdrawn or withheld by the Credit Union at any time without prior notice or reason or cause.

Rather than automatically returning, unpaid, any non-sufficient funds items that you may have, if you maintain the account in good standing, which includes at least: A) Continuing to make deposits consistent with your past practices; B) not being in default on any loan obligation to Ferguson Federal Credit Union; C) bringing the account to a positive balance (not overdrawn) at least once every thirty (30) days; and D) if the account is not the subject of any legal or administrative order or levy we will consider, as a discretionary courtesy or service and not a right or obligation, approving your reasonable overdrafts as permitted under the law and banking regulations. A charge of up to $30.00 may be assessed for each overdraft we pay as of the printing of this disclosure. More than one overdraft charge may be assessed per day depending on the number of checks or transactions presented against insufficient funds. After 45 days of continuous overdraft status the account will be closed and processed for collections. This may include but is not limited to credit bureau reporting. We may refuse to pay an overdraft for you at any time, even though the account is in good standing and even though we may have previously paid overdrafts for you. You will be notified by mail or electronically of any non-sufficient funds items paid that you may have; however, we have no obligation to notify you before we pay any item. The amount of any overdraft and Courtesy Pay service charge that you owe us, is due and payable upon demand. If there is an overdraft paid by us on an account with more than one (1) owner on the BSA, each owner, and agent if applicable, drawing or presenting the item creating the overdraft, will be jointly and severally liable for such overdrafts plus the Courtesy Pay service charge. Limitations: Available only to eligible share draft/checking accounts. You may at any time opt-out of Courtesy Pay by calling 1-601-806-3328, contacting a Financial Service Representative, or visiting your local branch. However, you need to opt-in to overdraft coverage for single debit point-of-sale transactions for our consideration to pay this transaction type.

Alternatives

You may apply for an Overdraft line of credit or a Home Equity line of credit as alternatives to Courtesy Pay. Consumer lines of credit assume finance charges based on both the prime rate and member credit ratings. All lines of credit are subject to credit approval.