

## Overview of Overdraft Privilege Service

Overdraft Privilege is a service which provides protection for your checking account. The service may be used to cover your eligible items when your available balance is insufficient. You should use your checking account responsibly and not intentionally overdraw your account; however, we realize that financial shortfalls happen and we offer overdraft protection services to ensure your eligible items are paid. Overdraft Privilege service is not a loan and is not subject to interest charges or late fees however items paid are subject to fees. Please read this entire disclosure to understand this service, including how items are paid and how fees are assessed. The Credit Union may change the terms of this program or revoke the privilege at any time without notice.

With Overdraft Privilege, we will generally pay your overdraft items when paying them would not cause your available balance to go further into the negative than \$500.00. The amount of your Overdraft Privilege is set by the Credit Union and we may grant you no privilege amount at all. Payment of your overdraft items is at our discretion, and we reserve the right not to pay. For example, we typically do not pay overdrafts if your account is not in good standing, if you are not making regular deposits, or if you use the service irresponsibly. When an item paid through this service is subject to a fee, the fee amount will be \$32.00 unless you opt to receive a paper notice for each use, in which case the fee amount will be \$33.00.

- We will charge a \$32.00 fee for Items Paid by Overdraft Privilege if you did not request paper statement notices.
- We will charge a \$33.00 fee for items paid by Overdraft Privilege if you opted for paper statement notices.
- The above fees will not apply to items paid by Overdraft Privilege when the items are for \$5.00 or less.
- Our fees for items returned for other reasons, such as Non-Sufficient Funds (NSF), are charged regardless of item amount and are charged per return.
- We will charge no more than 4 fees per day for items paid by Overdraft Privilege or returned NSF.

## Overdraft Privilege Services and Alternatives

Overdraft Privilege is one of several overdraft protection options and we encourage you to review all of them before making decisions to opt in or out of these services. Most of the options involve a fee or interest charges, and you are not required to use any of our overdraft protection services. We may automatically grant you Standard Overdraft Privilege service after 60 days from the opening date of your checking account. You may also opt to secure one or more of the alternative services listed below.

### Standard Overdraft Privilege

This level of overdraft privilege may be automatically granted to checking accountholders 60 days after their checking accounts are opened. Standard Overdraft Privilege can be used to cover your checks, individually authorized and recurring ACH transactions, internet banking and telephone transfers, Zelle money transfers, and online bill payments. Each item which is subject to a fee is assessed a **fee of either \$32.00 or \$33.00**. To obtain Standard Overdraft Privilege you must complete our Election Agreement for Overdraft Protection.

### Overdraft Privilege Plus

This optional additional protection may be added to your checking account at any time. Overdraft Privilege Plus can be used to cover your ATM and debit card transactions. Each item which is subject to a fee is assessed a **fee of either \$32.00 or \$33.00**. To obtain Overdraft Privilege Plus you must complete our Election Agreement for Overdraft Protection.

### Overdraft Protection Transfer from a CPM Account

If you have other transaction accounts with CPM Federal Credit Union, you can authorize us to set up an automatic transfer to move the funds needed to cover your overdraft. You can even specify more than one account to back up your checking account and you can specify the hierarchy of which account we should look to first to fund the transfer. There is no charge for this service. Visit our website [cpmfed.com](http://cpmfed.com) or call 800.255.1513 for more information. You can set this up by visiting one of our branches or you can do it yourself within our online banking services.

### Overdraft Protection Transfer from a CPM Line of Credit

You may qualify for a CPM line of credit to cover overdrafts. This service requires you to complete an application and approval is based on your credit worthiness. Visit one of our branches, our website [cpmfed.com](http://cpmfed.com), or call 800.255.1513 for applicable terms and conditions. Draws on your line of credit are a loan advance and are **subject to interest charges and the terms of the loan agreement**. There are **no fees** per transfer for this service.

### **Overdraft Privilege Opt Out**

*You may never need to take advantage of Overdraft Privilege but you may find it useful in the event of a temporary financial shortfall. If you do not want to have Standard Overdraft Privilege complete the Election Agreement for Overdraft Protection form to remove this benefit from your account. There is no fee to opt in or opt out. If you opt out you are instructing us to return any overdraft items unpaid. CPM will charge a returned item fee for checks and ACH transactions which are returned, and if those items are presented more than once CPM will charge a fee each time an item is returned.*

*If you opt out, we will charge a \$32.00 returned item fee for checks and ACH transactions which are presented to us and we return. If a check or ACH transaction is presented and returned more than once we will charge a fee each time the item is returned. We do not charge a returned item fee for certain declined transactions including internet banking and telephone transfers, Zelle® money transfers, and ATM and debit card transactions.*

*Our fees for returned items are charged regardless of the amount of the returned items, and are charged per return, although the fees may be limited by our cap of not charging more than 4 Overdraft or NSF fees per day.*

*Members who receive Social Security, federal direct deposit, or any other entitlement benefit must opt out if they do not want the Credit Union to apply those funds to pay an overdraft.*

### **Eligibility**

No application is required for Overdraft Privilege. Eligibility is at the sole discretion of the Credit Union and is based on you managing your checking account in a responsible manner. Your Overdraft Privilege service may be suspended or permanently removed at our discretion. Our reasons may include but are not limited to:

- You have an account that has been open less than 60 days.
- You do not bring your account to a positive balance within 30 days of becoming overdrawn.
- Your account type is not eligible.
- You are more than 30 days past due on any Credit Union loan or delinquent on any other obligation to the Credit Union.
- You are subject to any legal or administrative orders or levies, or you are currently a party in a bankruptcy proceeding.
- The primary account owner is under 18 years old.
- Your account is classified as inactive.
- You have an unresolved prior loss with the Credit Union.
- We believe you are managing your account in an irresponsible manner which may harm you or us.

### **Transactions Eligible for Overdraft Privilege**

Standard Overdraft Privilege can be used to cover your checks, individually authorized and recurring ACH transactions, online banking and telephone transfers, Zelle® money transfers, and online bill payments. To obtain Standard Overdraft Privilege you must complete our Election Agreement for Overdraft Protection form.

Overdraft Privilege Plus can be used to cover all of the above plus your ATM transactions and one time/everyday debit card transactions. To obtain Plus coverage you must complete our Election Agreement for Overdraft Protection form.

Branch transactions such as a cash withdrawal or the purchase of a negotiable instrument are not covered by either Standard Overdraft Privilege or Overdraft Privilege Plus.

### **Accounts Eligible for Overdraft Privilege**

Overdraft Privilege provides protection for personal checking accounts. Share accounts, money market accounts, and business accounts are not eligible. We limit the service to a maximum of one checking account per household.

## Notices

We offer you an option to receive a paper notice. You may choose either option below:

### **No Notice Option**

This has a \$32.00 fee for each item paid which is subject to a fee and is the default option. If you choose this option, you will not be sent a paper notice each time we cover an item. This service may work best for you if you use our free services such as CPM Anytime Online Banking, CPM Mobile banking, or our PAL 24-Hour automated phone service. These services enable you to monitor your account without paying the higher fee. You can use CPM Mobile banking even if your phone only has text ability. CPM Mobile banking allows you to set custom alerts to notify you by text or e-mail when your available balance falls below a threshold you set. Alerts are fast and they are free.

### **Mail Paper Notice for each Item Covered**

This has a \$33.00 fee for each item paid which is subject to a fee. You must specifically request to receive paper notices. If it is not convenient to monitor your account by other methods this may be the best service for you. We will mail you a notice for each item covered, including for those items which are not subject to a fee.

## **Obligation To Repay**

You must bring your account to a positive balance within thirty (30) days of the overdraft. Failure to do so will result in account termination, our possible exercise of right to offset without prior notice, collection actions, reporting to ChexSystems, and negative credit reporting. Please contact us immediately if you are unable to pay your balance in full within the required timeframe. If we pay an overdraft on an account with more than one (1) owner, each owner is jointly and severally liable for such overdrafts and/or fees. The Credit Union reserves the right to apply any other or later deposits, including direct deposits, to pay your overdrafts or overdraft fees.

## **Minimize Fees by Monitoring Your Account**

Overdraft Privilege is intended to provide protection to ensure your items are paid if you have a temporary financial shortfall or make an error such as forgetting to properly record a transaction in your account register. The best way to minimize overdraft fees is to monitor your account balance and ensure you have sufficient funds at all times. You will want to know about the tools we offer to help you monitor your account, because a financial shortfall may cause a number of items to be covered each with a fee. All of these services are free.

- **CPM Mobile banking** –Download our app on your tablet or smartphone and you can login with Face ID or Touch ID to check your available account balance and recently posted transactions. Our app even offers a Snapshot feature which lets you quickly use your smart phone to view available balances for your accounts without having to fully login.
- **CPM Anytime Online banking** – Most of our mobile banking functionality is also available from a desktop PC or tablet, so even if you do not have our app you can simply login from cpmfed.com to check your recent transactions and available balance.
- **Free account alerts**- CPM Mobile Banking and CPM Anytime Online banking collectively constitute our online banking services. Our online banking services offer free customizable alerts and you can set and change the alerts from your smart phone, tablet, or desktop PC. Want to know whenever your available balance dips below \$200.00? Simply set a low balance alert at \$200. Want to know when your payroll was posted? Simply set a deposit alert.
- **Free debit card alerts**- Through our online banking services we also offer you free alerts which are near real-time on transactions made with your CPM debit card. You set your alert preferences and choose whether to receive your alerts as SMS text messages or emails. The waiter took your card from your table to run your meal purchase? You will probably receive your alert before you get your card back! View all your recent transactions including your pending and posted debit card transactions. Just look for the Card Controls widget when you login to our online banking services and follow the instructions to register your CPM debit card. This widget is a great way to keep track of your pending debit transactions, especially those which take longer than normal to post to your CPM checking account. If you are a long time user, this widget replaced the separate CardNav app which has been discontinued.
- **CPM Text banking** – From our online services you must first specify a mobile number for SMS messages and then you can utilize our text banking. Once you set up text banking simply text a command like BAL CHK and we will text back your current and available checking account balances. This service supports one text banking user per unique mobile number.
- **PAL Telephone banking** – you can call our automated service 24x7 and check your available balance and recent transactions.

Of course, the best method is to keep an accurate account register. Our mobile, online, and phone banking systems may not know all your transactions. For example, our systems will not know if you have written a check that has not cleared yet. As another example, a restaurant typically obtains an authorization on the amount of your bill before you tip. We initially hold only the authorization amount and we do not know the total you agreed to pay until the restaurant charge settles.

## Which Items are Subject to Fees?

- **Small items we pay using your Overdraft Privilege will not be assessed a fee.**
  - There is no fee for items of \$5.00 or less when we pay them using your Overdraft Privilege.
  - This protection does not apply to items returned for non-sufficient funds (NSF). NSF items are assessed a fee for each return regardless of amount.
- **We will charge you a maximum of four (4) check fees per day.**
  - This cap limits the total of Overdraft and NSF fees we will assess you in a day. For example, if in the same day we pay 2 items using your Overdraft Privilege and also return 5 items for non-sufficient funds (NSF), we will charge you only 4 fees for that day.

## Fees are Based on your Available Balance

Overdraft Privilege service is triggered when we pay an item and you do not have a sufficient available balance to cover it.

### Scenario I

Your account balance is \$100.00 and your available balance is also \$100.00. You make an ATM withdrawal for \$200.00. If we process your withdrawal using your Overdraft Privilege you will be assessed one fee.

Your available balance can differ from your account balance and an overdraft can occur even when you have a positive account balance. For example:

### Scenario II

Your account balance is \$100.00 and your available balance is also \$100.00. You make a purchase with your debit card at a merchant who submits an authorization of \$35.00. When we approve the authorization we commit to pay the merchant and place a hold for the preauthorization amount which reduces your available balance to \$65.00. As the merchant has not settled yet your account balance remains at \$100.00. Next you request an \$80.00 withdrawal at an ATM. You do not have sufficient available funds for the ATM transaction and if we honor your request using Overdraft Privilege we will assess a fee. The fee is based on your having only \$65.00 available and is not based on your account balance of \$100.00.

Next the merchant submits the settlement transaction for \$35.00 before the preauthorization hold expires. Because the \$35.00 transaction was authorized against good funds and settled before the preauthorization hold expired you will not be assessed a fee when we post the settlement. In this scenario you will be assessed one fee.

In this scenario if the merchant failed to promptly submit the settlement transaction and the preauthorization hold had already expired you would be charged a fee for the \$35.00 transaction. That fee is in addition to the fee for the ATM withdrawal, such that in this version of the scenario you will be assessed two fees.

## Merchant Authorizations Reduce your Available Balance

We post debit card authorizations and settlements from merchants as we receive them and we cannot control when we receive them. Please also note that some merchants may submit authorizations for more than the settlement amounts. For example, your local car rental agency may disclose to you they submit authorizations for \$500.00 before approving you to leave with the rental car. If your rental expense is only \$185.00 they only send a settlement for \$185.00. But the \$500.00 authorization reduces your available balance by that amount until we receive the corresponding settlement transaction. The most common transactions that generate authorizations for amounts which differ from settlement amounts are travel and entertainment transactions such as renting cars and holding hotel rooms. Generally, retail stores know the exact amount of their transactions when they first initiate your card transaction and send us authorizations and settlements for the same amount. You choose the merchants you do business with and if the car rental companies, hotels, and other merchants you use do not disclose their authorization policies or have unfavorable policies you may want to consider not using your CPM debit card with them. If you want to avoid holds on your checking account you can perform PIN based transactions when possible, as those settle immediately and have no holds.

## Understanding Your Overdraft Privilege

We generally cover your items when doing so would take your available balance no further negative than your \$500.00 Overdraft Privilege. We then assess the applicable fees even if that takes your available balance further negative than your Overdraft Privilege. The scenarios below demonstrate how fees can impact your balance and the payment or return of subsequent items:

### Scenario III

Your account balance is \$100.00 and your available balance is also \$100.00. A check is presented against your account for \$600.00 requiring we allow your available balance to go \$500.00 into the negative. We would generally pay the check using Overdraft Privilege and assess the fee. If the fee were \$32.00, your balance would then be -\$532.00.

**Scenario IV**

Your account balance is \$100.00 and your available balance is also \$100.00. A check is presented against your account for \$300.00 requiring we allow your available balance to go \$200.00 into the negative. We would generally pay the check using Overdraft Privilege and assess the fee. In this example, if the fee were \$32.00 your account balance is then -\$232.00 and your available balance is -\$232.00. which leaves you another \$268.00 to cover your items. If another check is presented for \$300.00 we would generally not pay it as you were left with only \$268.00 to cover your items. If we return the \$300.00 check unpaid we would normally assess a \$32.00 returned check fee and that would lower your account balance to -\$264.00. Your Overdraft Privilege does not limit your returned check fees.

**Payment Order of Items**

The order in which items are presented may affect the fees assessed to your account.

Most transactions are posted when you conduct them. The following transactions are generally posted real time or very near real time:

<b>Transactions which are posted real time or very near real time to when you conduct them</b>
Transactions you conduct at our teller counters such as deposits*, withdrawals, and cashing on-us checks
Transactions you conduct at shared branching locations to include deposits and withdrawals*
Your ATM deposits* and withdrawals
Your debit card purchases conducted with a PIN
Authorizations (holds) for your debit card purchases conducted using the VISA network**
Transfers you conduct using our automated phone system PAL
Transfers you conduct using our CPM Anytime Online Banking or CPM Mobile Banking systems, including Zelle© transfers

\*Note that funds availability rules apply and funds deposited on a real time basis may not be made available immediately. For example, checks you deposit may be subject to uncollected funds holds. See our funds availability disclosure, mobile remote deposit agreement, and shared branching rules for details.

\*\*The corresponding settlements may lag hours or days based on when the merchants submit them. We post settlement transactions at the time we receive them.

For ACH entries and checks which are received in batch files, CPM posts in the following manner:

<b>Transactions which are posted in batch items</b>
Posting of that day's ACH credits is followed by ACH debits, followed by checks
ACH debits are posted by amount from small to large
Checks are posted by amount from small to large

Posting by amount from small to large allows for the most items to be paid and helps you minimize fees.

**Account Agreement**

Your account agreement describes the duties, obligations, and rights of depositors, authorized signatories, and the Credit Union with regard to your deposit accounts. That account agreement is incorporated herein for all purposes as if it were set forth verbatim as to matters not directly addressed by this disclosure. Your account agreement and this disclosure shall be construed so as to minimize conflicts between them.

**Waiver**

The Credit Union's 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 of your account agreement, this Overdraft Privilege 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, or privileges.

**Remedy**

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