

The following information is intended to clarify the Payment of Overdrafts section (Section 14) of your Anoka Hennepin Credit Union Membership and Account Agreement and any Overdraft Protection Practices and Plans applicable to your accounts:

Understanding Your Account Balance. Your share draft/checking account has two kinds of balances: the current balance and the available balance. Both balances are accessible via AHCUDigital, by phone or at a branch. We use the available balance when determining whether a transaction will cause your account to overdraw and for charging overdraft fees. You can enroll in (or decline) any overdraft program at any of our branch locations or by calling us at 763.422.0290.

Your Current Balance. Your current balance is the amount of money that is actually in your account at any given time. Your current 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 current 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 that have not yet posted and, therefore, do not appear in your current balance.

Example of Current Balance. If you have a \$100 current balance and you wrote a check for \$60, then your current balance will show \$100.00 because the current balance does not include the pending check transaction which has not yet posted. While your current balance is \$100, you have already spent \$60.

Your Available Balance. Your available balance is the amount of money in your account that is available to you without incurring an overdraft fee. Your available balance is your current balance less: (1) holds that have been placed on deposits; (2) pending transactions (such as pending debit card or other transactions that have been authorized but are not yet posted); and (3) any other holds, such as holds related to pledges of account funds, minimum balance requirements, or to comply with court orders. We use your available balance to determine whether there are sufficient funds in your account to pay items, including but not limited to checks and drafts, as well as ACH, debit card and other electronic transactions. Pending transactions and holds placed on your share draft account may reduce your available balance and may cause your account to become overdrawn regardless of your current balance. Your available balance may also be reduced due to overdraft protection transfer fees, non-sufficient funds (NSF) fees, and all applicable fees pursuant to the Fee Schedule. You should assume that any item which would overdraw your account based on your available balance may create an overdraft.

Example of Available Balance. If your current and available balance are both \$100 and you swipe your debit card at a restaurant for \$35, the merchant could ask us to preauthorize the payment. The Credit Union would place a “hold” on your account for \$35. Your current balance is still \$100 because the debit card transaction has not yet posted to your account however, your available balance would be \$65 because you have already authorized the \$35 payment to the restaurant. When the restaurant submits the transaction for payment (which could be a few days later and could be for a different amount if you added a tip), the Credit Union will post the transaction to your account and your current balance will be reduced.

Example of Overdraft Fee for Insufficient Account Balance. If your current balance and available balance are both \$100 and you swipe your debit card at a restaurant for \$35, a hold is placed on your account and your available balance will be reduced to \$65. Your current 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 the Credit Union for processing, you will incur an overdraft fee. This is because your available balance was \$65 when the \$75 check was presented for payment. In this case, we may pay the \$75 check and charge you an overdraft fee. The overdraft fee will also be deducted from your account, further reducing your balance.

How Transactions are Posted to Your Account. There are two main types of transactions that affect your account: credits (deposits of money into your account) and debits (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. We may receive multiple deposit and withdrawal transactions on your account in many different forms throughout the day. This means you may be charged more than one overdraft fee if we are presented with multiple transactions when your account is overdrawn.

Credits. Deposits are generally added to your account when we receive them. However, in some cases when you deposit a check, the full amount of the deposit may not be available to you at the time of deposit. Please refer to the Funds Availability Policy Disclosure and Digital Services Agreement for details regarding the timing and availability of funds from deposits.

Debits. There are several types of debit transactions. Common debit transactions are generally described below. Keep in mind that there are many ways transactions are presented for payment by merchants, and we are not necessarily in control of when transactions are received.

- **Checks.** When you write a check, it is generally 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 day. We generally process the payments received each day by sequential order of the items.
- **ACH Payments.** We receive data files every day from the Federal Reserve with Automated Clearing House (ACH) transactions. These include, for example, automatic bill payments you have authorized. ACH debit transactions for your account are posted throughout the day in order of receipt. At the time of posting, we generally post ACH credit transactions prior to posting any ACH debit transactions.

- **PIN-Based Debit Card Purchase Transactions.** These are purchase transactions using your debit card for which a merchant may require you to enter your personal identification number (PIN) at the time of sale. They are processed through a PIN debit network. These transactions are similar to ATM withdrawal transactions because the money is usually deducted from your account immediately at the time of the transaction. However, depending on the merchant, a PIN-based transaction may not be immediately presented for payment.
- **Signature-Based Debit Card Purchase Transactions.** These are purchase transactions using your debit card that are processed through a signature-based network. Rather than entering a PIN, you typically sign for the purchase; however, merchants may not require your signature for certain transactions. Merchants may seek authorization for these types of transactions. The authorization request places a temporary hold on funds in your account when the authorization is completed. The authorization hold will reduce your available balance by the amount authorized but will not affect your current balance. The transaction is subsequently processed by the merchant and submitted to the Credit Union for payment. This can happen hours or sometimes days after the transaction, depending on the merchant and its payment processor. These payment requests are received in real time throughout the day and are posted to your account when they are received.

The amount of an authorization hold may differ from the actual payment because the final transaction amount may not yet be known to the merchant when you present your card for payment. For example, if you use your debit card at a restaurant, a hold will be placed in an amount equal to 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 present your debit card for payment at gas stations, hotels and certain other retail establishments. 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 certain types of transactions. These practices may change, and we reserve the right to pay items in any order we choose as permitted by law.

Reliability of Your Available Balance. You can review both your current and available balances when you review your account via AHCUDigital (online or mobile), by phone or at a branch. However, it is 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 particular transaction. 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 yet posted to your account. Additionally, your available balance may not reflect all of your debit card transactions due to circumstances outside of the Credit Union's control.

As demonstrated by the examples below, the best way to know how much money you have available (including all prior checks and authorizations) is to record and track all of your transactions closely.

Examples of Transactions Not Reflected in Your Available Balance.

Outstanding Checks and Bill Payments: If you have written checks from your account or have set up automatic bill payments, those transactions will not be reflected in your available balance when authorized. Rather, these transactions will be reflected in your current balance and available balance when the transactions post to your account.

Debit Card Holds: If a merchant obtains the Credit Union's authorization and an authorization hold is placed on funds in your account, it is possible the hold may be released before the merchant submits a one-time debit transaction for payment. In such case, your available balance would not reflect this transaction until the transaction has been received by the Credit Union and paid from your account.

The following information is intended to clarify that Overdraft/Non-Sufficient Funds Fees may be charged each time an item is submitted: Should you have insufficient funds to cover an item you have written or authorized, the payee may resubmit the item to us as allowed by federal and state law and regulation. Should you not have sufficient funds to pay the resubmitted item at the time of presentation of any resubmission, the Credit Union may charge a separate overdraft or non-sufficient funds fee each time. At the Credit Union's discretion, and as a courtesy to you, we may pay your item causing an overdraft, subject to applicable fees. Except as otherwise agreed in writing, the Credit Union, by covering any overdraft, does not agree to cover subsequent overdrafts and may discontinue covering overdrafts at any time without notice.

