



Advantages Overdraft Defense™ Policy

It is the policy of Utilities Employees Credit Union (UECU) to comply with all applicable laws and regulations and to conduct business in accordance with applicable safety and soundness standards.

The Account Agreement and Disclosures provided to you at the time you opened your account with UECU controls the duties, obligations and rights of the Depositor, the Authorized Signatories and UECU with regard to your checking account. The Account Agreement and Disclosures (and all amendments thereto) and its terms shall control any possible conflict, if any, between any provision of this *Advantages Overdraft Defense™* Policy and the Account Agreement and Disclosures. A copy of the Account Agreement and Disclosures is available to you on request from UECU or at uecu.org.

Advantages Overdraft Defense™ is available for all consumer checking accounts other than *Green Light Checking™*. *Advantages Overdraft Defense™* is not a line of credit. However, if you inadvertently overdraw your eligible consumer checking account, we will have the discretion to pay the overdraft, subject to the limit of your overdraft privilege and the amount of the overdraft fee. UECU is not obligated to pay any item presented for payment if your eligible consumer checking account does not contain sufficient available funds. Any discretionary payment by UECU of an overdraft check (or items, such as ATM withdrawals) does not obligate UECU to pay any other overdraft check (or item), or to provide prior notice of its decision to refuse to pay such check (or item).

Pursuant to UECU's commitment to always provide you with the best level of service, now and in the future, if your membership (primarily used for personal and household purposes) is in good standing, which includes at least:

- A) Bringing your account to a positive balance within every thirty (30) day period for a minimum period of 24 hours
- B) Not being in default on any loan or other obligation to UECU and
- C) Not being subject to any legal or administrative order or levy

As indicated in your Opt-In Form, you will incur an overdraft fee when the available balance in your account is not high enough to cover a transaction. Your eligible consumer checking account has two kinds of balances: the "account" balance and the "available" balance. It is important to understand how these balances differ so that you know when a given transaction may cause you to incur an overdraft fee through *Advantages Overdraft Defense™*.

The account balance is the amount of money that is actually in your account but may not be all available to you. It reflects all transactions that have "posted" to the account (i.e., completed transactions for which payment has been deducted from your account). It is important to note that your account balance may not reflect the money that is available for you to spend at any given time, as it does not reflect transactions that have occurred, such as purchases or deposits, but have not yet posted.

The available balance, on the other hand, is the amount of the actual balance that is available for you to use at any given time. This balance often differs from the account balance, as it reflects not only the completed and posted transactions, but also any transactions for which payment is authorized but still pending. It also reflects restrictions on the funds in your account such as deposit holds, and authorization holds for pending debit card transactions.

A common transaction that can cause your available balance to differ from your account balance is an everyday signature based (non-PIN) debit card transaction. When you present your debit card to a merchant to purchase an item, the merchant electronically contacts us to authorize the transaction. When that happens, we place an "authorization hold" on the available funds in your account. This reduces the available balance of your account, usually in the amount of the transaction (the hold can be for less than the full transaction amount when the amount is not known at the time of authorization, e.g., when you are purchasing gas or add a tip at a restaurant). Your account balance remains unchanged because the transaction has not yet posted, and the funds are still in the account. When the merchant processes the transaction and submits it to us for payment, the transaction is posted to your account and the payment amount is deducted from your account balance to reflect the completion of the transaction. This can happen hours or up to several days after you made the purchase, and we authorized the transaction.

UECU will have the discretion to pay overdrafts within the overdraft privilege limits, but payment by UECU is a discretionary courtesy and not a right of the eligible consumer checking account holder or an obligation of UECU. This privilege for eligible consumer checking accounts will generally be limited to a maximum of \$750 overdraft (negative) balance. Of course, any and all fees and charges, including without limitation the non-sufficient funds (NSF) fees (as set forth in our fee schedule), will be included as part of this maximum amount. It may be possible that your eligible consumer checking account will become overdrawn in excess of the overdraft privilege amount as a result of the assessment of a fee.

The total of the discretionary overdraft privilege (negative) balance, which includes any and all fees and charges, including all NSF/overdraft fees is due and payable upon demand, and Depositor and each Authorized Signatory will continue to be liable, jointly, and severally, for all such amounts, as described in the Account Agreement and Disclosures. Our standard NSF fee (as set forth in our fee schedule) will be imposed for overdrafts created by checks, ACH, ATM withdrawals, everyday debit card transactions, in-person withdrawals, or by other electronic means up to five (5) transactions per day. Transactions may not be processed in the order in which they occurred, and the order in which transactions are received and processed may impact the total amount of fees incurred.

While UECU will have the discretion to pay overdrafts on eligible consumer checking accounts in good standing (as described above), any such payment is a discretionary courtesy, and not a right of the eligible consumer checking accountholder or an obligation of UECU and UECU in its sole and absolute discretion, can cease paying overdrafts at any time without prior notice of reason or cause.

For our eligible consumer checking accountholders, UECU will not approve ATM or everyday debit card transactions using this privilege limit unless UECU has provided you with the notice required by section 1005.17(b) of Regulation E and you have opted into the authorization and payment of these overdrafts. In addition, you may opt out of the *Advantages Overdraft Defense*™ services for check, ACH, and debit card bill payment transactions at any time by contacting one of our Member Services Representatives.

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